

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: St. Margaret's Hospital		
Street Address: 600 East First Street		
City and Zip Code: Spring Valley 61362		
County: Bureau	Health Service Area: II	Health Planning Area: C-2

Legislators

State Senator Name: Sue Rezin
State Representative Name: Lance Yednock

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

Exact Legal Name: SMP Illinois Region Health System
Street Address: 600 East First Street
City and Zip Code: Spring Valley 61362
Name of Registered Agent: Timothy A. Muntz
Registered Agent Street Address: 600 East First Street
Registered Agent City and Zip Code: Spring Valley, IL 61362
Name of Chief Executive Officer: Timothy A. Muntz
CEO Street Address: 600 East 1 st Street
CEO City and Zip Code: Spring Valley 61362
CEO Telephone Number: 815-664-1372

Type of Ownership of Applicants

- | | |
|--|--|
| <input checked="" type="checkbox"/> Non-profit Corporation | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> For-profit Corporation | <input type="checkbox"/> Governmental |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship |
| Other <input type="checkbox"/> | |
- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
 - o Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Timothy A. Muntz
Title: President & CEO
Company Name: SMP Illinois Region Health System
Address: 600 East First Street, Spring Valley, IL 61362
Telephone Number: 815-664-1372
E-mail Address: tmuntz@aboutsmb.org
Fax Number: 815-664-1335

Additional Contact [Person who is also authorized to discuss the Application]

Name: Roy M. Bossen
Title: Attorney
Company Name: Hinshaw & Culbertson LLP
Address: 151 North Franklin, Suite 2500, Chicago, IL 60606
Telephone Number: 312-704-3067
E-mail Address: rbossen@hinshawlaw.com
Fax Number: 312-704-3001

Applicant Information. (Refer to Part 1130.220.)

Exact Legal Name: St. Margaret's Hospital
Street Address: 600 E. First Street
City and Zip Code: Spring Valley, Illinois 61362
Name of Registered Agent: Timothy A. Muntz
Registered Agent Street Address: 600 E. First Street
Registered Agent City and Zip Code: Spring Valley, Illinois 61362
Name of Chief Executive Officer: Timothy A. Muntz
CEO Street Address: 600 E. First Street
CEO City and Zip Code: Spring Valley, Illinois 61362
CEO Telephone Number: 815.664.1372

Type of Ownership of Applicant

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> 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.

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Primary Contact. (Person to receive ALL correspondence or inquiries)

Name: Timothy A. Muntz
Title: President & CEO
Company Name: SMP Illinois Region Health System
Address: 600 East First Street, Spring Valley, Illinois 61362
Telephone Number: 815.664.1372
E-mail Address: tmuntz@aboutsmh.org
Fax Number: 815.664.1335

Additional Contact. (Person who is also authorized to discuss the Application)

Name: Roy M. Bossen
Title: Attorney
Company Name: Hinshaw & Culbertson LLP
Address: 151 N. Franklin Street, Suite 2500, Chicago, Illinois 60606
Telephone Number: 312.704.3067
E-mail Address: rbossen@hinshawlaw.com

Fax Number: 312.704.3001

Applicant Information. (Refer to Part 1130.220.)

Exact Legal Name: Sisters of Mary of the Presentation Health System

Street Address: 1202 Page Drive South

City and Zip Code: Fargo, ND 58103

Name of Registered Agent: Aaron K. Alton

Registered Agent Street Address: 1202 Page Drive South

Registered Agent City and Zip Code: Fargo, ND 58103

Name of Chief Executive Officer: Aaron K. Alton

CEO Street Address: 1202 Page Drive South

CEO City and Zip Code: Fargo, ND 58103

CEO Telephone Number: 701-237-9290

Type of Ownership of Applicant☒ Non-profit Corporation☐ Partnership☐ For-profit Corporation☐ Governmental☐ Limited Liability Company☐ Sole Proprietorship☐ Other

Corporations and limited liability companies must provide an Illinois certificate of good standing.

Partnerships must provide the name of the state in which 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: Aaron K. Alton

Title: President/CEO

Company Name: Sisters of Mary of the Presentation Health System

Address: 1202 Page Drive South, Fargo, ND 58103

Telephone Number: 701-237-9290

E-mail Address: aaron.alton@smphs.org

Fax Number: 701-235-0906

Additional Contact. (Person who is also authorized to discuss the Application)

Name: Roy M. Bossen

Title: Attorney

Company Name: Hinshaw & Culbertson LLP

Address: 151 N. Franklin Street, Suite 2500, Chicago, Illinois 60606

Telephone Number: 312.704.3067

E-mail Address: rbossen@hinshawlaw.com

Fax Number: 312.704.3001

Post Exemption Contact

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

Name: Timothy A. Muntz
Title: President & CEO
Company Name: SMP Illinois Region Health System and St. Margaret's Hospital
Address: Address: 600 East First Street, Spring Valley, Illinois 61362
Telephone Number: 815-664-1372
E-mail Address: tmuntz@aboutsmbh.org
Fax Number: 815-664-1335

Site Ownership after the Project is Complete

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: St. Margaret's Hospital
Address of Site Owner: 600 East First Street, Spring Valley, Illinois 61362
Street Address or Legal Description of the Site: 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.

Current Operating Identity/Licensee

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

Exact Legal Name: St. Margaret's Hospital	
Address: 600 East First Street, Spring Valley, Illinois 61362	
<input checked="" type="checkbox"/> Non-profit Corporation <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Other	<input type="checkbox"/> Partnership <input type="checkbox"/> Governmental <input type="checkbox"/> Sole Proprietorship

Operating Identity/Licensee after the Project is Complete

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

Exact Legal Name: St. Margaret's Hospital

Address: 600 East First Street, Spring Valley, Illinois 61362



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.

St. Margaret's Hospital is the current licensee and operator of St. Margaret's Hospital. Upon the closing of the transaction, it will continue to be the licensee and operator of the Hospital.

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.

Narrative Description

In the space below, provide a brief narrative description of the change of ownership. 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.

Sisters of Mary of the Presentation Health System is being replaced as the Member of St. Margaret's Hospital by SMP Illinois Region Health System. Thus, SMP Illinois Region Health System has control over St. Margaret's Hospital. St. Margaret's Hospital remains a current licensee of the Hospital and the current operator of the Hospital and will remain located at 600 East First Street, Spring Valley, Illinois 61362.

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: \$ _____

Project Status and Completion Schedules

Outstanding Permits: Does the facility have any projects for which the State Board issued a permit that is not complete? Yes ☐ No ☒. If yes, indicate the projects by project number and whether the project will be complete when the exemption that is the subject of this application is complete.

Anticipated exemption completion date (refer to Part 1130.570): December 31, 2020, or as soon thereafter as all closing conditions are satisfied.

State Agency Submittals

Are the following submittals up to date as applicable:

- ☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☐ All reports regarding outstanding permits **N/A**
Failure to be up to date with these requirements will result in the Application being deemed incomplete.

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 09/2019 Edition

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 St. Margaret's Hospital

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.

Joyce T. McCullough
SIGNATURE

Joyce T. McCullough
PRINTED NAME

Chairperson of the Board
PRINTED TITLE

Timothy A. Muntz
SIGNATURE

Timothy A. Muntz
PRINTED NAME

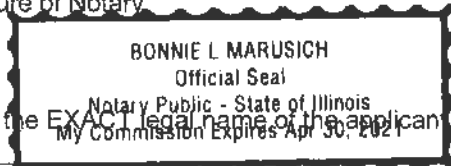
President & CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 29 day of September 2020

Bonnie L. Marusich
Signature of Notary

Seal

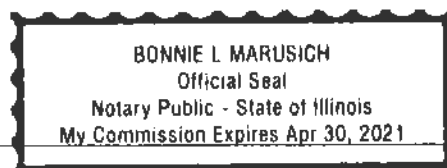
*Insert the EXACT legal name of the applicant



Notarization:
Subscribed and sworn to before me
this 29 day of September 2020

Bonnie L. Marusich
Signature of Notary

Seal



ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
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- 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 SMP Illinois Region Health System

in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application 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.

Joyce T. McCullough
SIGNATURE

Joyce T. McCullough
PRINTED NAME

Chairperson of the Board
PRINTED TITLE

Timothy A. Muntz
SIGNATURE

Timothy A. Muntz
PRINTED NAME

President & CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 29 day of September 2020

Bonnie L. Marusich
Signature of Notary

Seal

*Insert the EXACT legal name of the applicant
Notary Public - State of Illinois
My Commission Expires Apr 30, 2021

Notarization:
Subscribed and sworn to before me
this 29 day of September 2020

Bonnie L. Marusich
Signature of Notary

Seal

BONNIE L. MARUSICH
Official Seal
Notary Public - State of Illinois
My Commission Expires Apr 30, 2021

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 09/2019 Edition

CERTIFICATION

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- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o 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);
- o 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);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

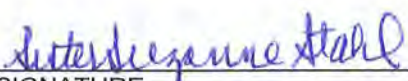
This Application is filed on the behalf of Sisters of Mary of the Presentation Health System

in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.


SIGNATURE

Aaron K. Alton
PRINTED NAME

President & CEO
PRINTED TITLE


SIGNATURE

Sr. Suzanne Stahl
PRINTED NAME

Chairperson of the Board
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 28th day of September, 2020

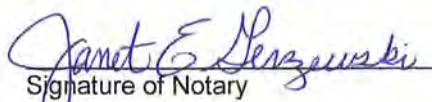

Signature of Notary

Seal
JANET E. GERSZEWSKI
Notary Public
State of North Dakota
My Commission Expires Nov. 22, 2022

*Insert the EXACT legal name of the applicant
Sisters of Mary of the Presentation Health System

Notarization:

Subscribed and sworn to before me
this 28th day of September, 2020


Signature of Notary

Seal
JANET E. GERSZEWSKI
Notary Public
State of North Dakota
My Commission Expires Nov. 22, 2022

SECTION II. BACKGROUND.**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. 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. 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.
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, 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 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 5.

SECTION III. CHANGE OF OWNERSHIP (CHOW)**Transaction Type. Check the Following that Applies to the Transaction:**

- ☐ Purchase resulting in the issuance of a license to an entity different from current licensee.
- ☐ Lease resulting in the issuance of a license to an entity different from current licensee.
- ☐ Stock transfer resulting in the issuance of a license to a different entity from current licensee.
- ☐ Stock transfer resulting in no change from current licensee.
- ☐ Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee.
- ☐ Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee.
- ☒ Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity.
- ☐ Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets.
- ☐ Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility.
- ☐ Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee.
- ☐ Change of ownership among related persons resulting in a license being issued to an entity different from the current licensee
- ☐ Change of ownership among related persons that does not result in a license being issued to an entity different from the current licensee.
- ☐ Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets and explain in "Narrative Description."

1130.520 Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility

1. Prior to acquiring or entering into a contract to acquire an existing health care facility, a person shall submit an application for exemption to HFSRB, submit the required application-processing fee (see Section 1130.230) and receive approval from HFSRB.
2. If the transaction is not completed according to the key terms submitted in the exemption application, a new application is required.
3. READ the applicable review criteria outlined below and **submit the required documentation (key terms) for the criteria:**

APPLICABLE REVIEW CRITERIA	CHOW
1130.520(b)(1)(A) - Names of the parties	X
1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.	X
1130.520(b)(1)(C) - Structure of the transaction	X
1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction	X
1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.	X
1130.520(b)(1)(F) - Fair market value of assets to be transferred.	X
1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]	X
1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section	X
1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction	X

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 09/2019 Edition

1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community	X
1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership;	X
1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;	X
1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body;	X
1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.	X

APPEND DOCUMENTATION AS ATTACHMENT 6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV.CHARITY CARE INFORMATION

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 7.

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

APPEND DOCUMENTATION AS ATTACHMENT 7, 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 NO.			PAGES
	1	Applicant Identification including Certificate of Good Standing	17
	2	Site Ownership	21-22
	3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	23-25
	4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	26-28
	5	Background of the Applicant	29-31
	6	Change of Ownership	32-44
	7	Charity Care Information	45

ATTACHMENT 1
Applicants

Copies of the following Applicants' certificates of good standing follow this page.

- SMP Illinois Region Health System
- St. Margaret's Hospital (hospital licensee)
- Sisters of Mary of the Presentation Health System

File Number

7173-547-8



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

SMP ILLINOIS REGION HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 04, 2019, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 2026702332 verifiable until 09/23/2021
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 23RD day of SEPTEMBER A.D. 2020 .

Jesse White

SECRETARY OF STATE

File Number

0961-499-1



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

ST. MARGARET'S HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 19, 1905, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 2026702338 verifiable until 09/23/2021
Authenticate at: <http://www.cyberdriveillinois.com>

**In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 23RD
day of SEPTEMBER A.D. 2020 .**

Jesse White

SECRETARY OF STATE

State of North Dakota

SECRETARY OF STATE



Certificate of Good Standing of SISTERS OF MARY OF THE PRESENTATION HEALTH SYSTEM

SOS Control ID#: 0000025730

Certificate #: 019016116 - 1

The undersigned, as Secretary of State of the state of North Dakota, hereby certifies that, according to the records of this office,

SISTERS OF MARY OF THE PRESENTATION HEALTH SYSTEM

a Corporation - Nonprofit - Domestic was formed under the laws of NORTH DAKOTA and filed with this office effective August 11, 1980. This entity has, as of the date set forth below, complied with all applicable North Dakota laws.

ACCORDINGLY, the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Good Standing.

DATE: September 23, 2020

A handwritten signature in cursive script, reading "Alvin A. Jaeger".

Alvin A. Jaeger
Secretary of State

ATTACHMENT 2
Site Ownership after the Project is Complete

Proof of Ownership of St. Margaret's Hospital follows this page.



St. Margaret's Health

St. Margaret's Hospital

SMP Health System

600 East First Street
Spring Valley, IL 61362
(815) 664-5311
(815) 223-5346
aboutsmh.org

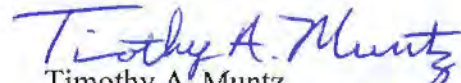
September 29, 2020

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

Dear Ms. Avery:


I hereby attest that the site of St. Margaret's Hospital located at 600 East First Street, Spring Valley, Illinois, is owned by St. Margaret's Hospital.

Sincerely,


Timothy A. Muntz
President & CEO

Notarized: State of Illinois, County of Bureau

Subscribed and sworn before me this 29 day of September, 2020.


Notary Public

My commission expires: 4-30-2021



ATTACHMENT 3
Operating Identity

St. Margaret's Hospital is the current licensee and operator of St. Margaret's Hospital. Upon the closing of the transaction, it will continue to be the licensee and operator of the hospital.

Copies of the documents listed below follow this page.

- St. Margaret's Hospital's hospital license; and
- St. Margaret's Hospital's certificate of good standing.

 Illinois Department of PUBLIC HEALTH		HF 119230
LICENSE, PERMIT, CERTIFICATION, REGISTRATION		
<small>This person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes, rules, rules and regulations and is hereby authorized to engage in the activity as indicated below.</small>		
Ngozi O. Ezike, M.D. Director		<small>Issued under the authority of the Illinois Department of Public Health</small>
<small>EXPIRATION DATE</small> 12/31/2020	<small>CATEGORY</small> General Hospital	<small>LIC. NO.</small> 0002576
Effective: 01/01/2020		
St. Margaret's Hospital 600 E First St Spring Valley, IL 61362		
<small>This form of this license has a permanent background. Printed by authority of the State of Illinois • PD, 11-9-195-001, 10/4/2016</small>		

← DISPLAY THIS PART IN A
CONSPICUOUS PLACE

Exp. Date 12/31/2020
Lic Number 0002576

Date Printed 11/5/2019

St. Margaret's Hospital
600 E First St
Spring Valley, IL 61362

FEE RECEIPT NO.

File Number

0961-499-1



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

ST. MARGARET'S HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 19, 1905, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 2026702338 verifiable until 09/23/2021
Authenticate at: <http://www.cyberdriveillinois.com>

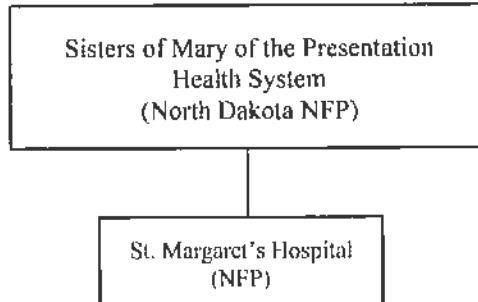
***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 23RD
day of SEPTEMBER A.D. 2020 .***

Jesse White

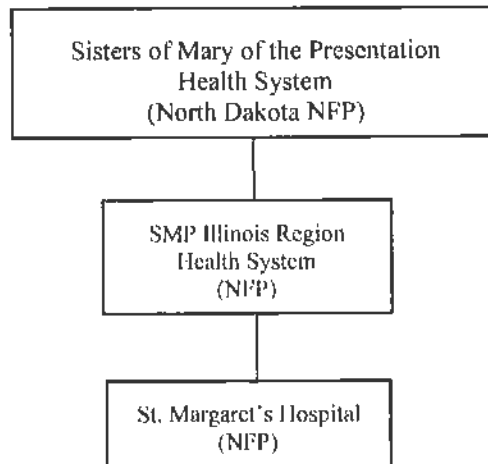
SECRETARY OF STATE

ATTACHMENT 4
Organizational Relationships

St. Margaret's Hospital's Pre-Change of Ownership Organization Chart:



St. Margaret's Hospital's Organizational Relationship Post-Change of Ownership:



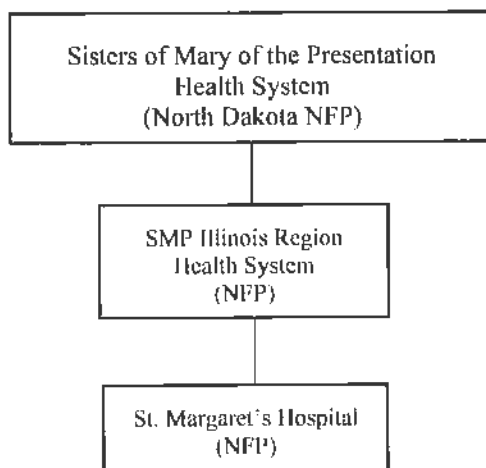
Attachment 4A
Narrative Description**St. Margaret's Hospital (Co-Applicant)**

St. Margaret's Hospital, an Illinois not-for-profit corporation doing business as St. Margaret's Health, is a Sec. 501(c)(3) organization which owns and operates a 44 licensed bed hospital in Spring Valley, Illinois. The sole member of St. Margaret's Hospital is currently (i.e., before the Change of Ownership) Sisters of Mary of the Presentation Health System, a North Dakota nonprofit corporation also described in Sec. 501(c)(3) ("SMP Health System").

SMP Illinois Region Health System was organized as an Illinois not-for-profit corporation in 2019. It has been recognized as a Sec. 501(c)(3) organization. The sole member of SMP Illinois Region Health System is SMP Health System. SMP Illinois Regional Health System was organized to become the Sole Member of St. Margaret's Hospital and IV HealthCorp, Inc. parent corporation of Illinois Valley Community Hospital ("IVCH"). The change of ownership of IVCH is the subject of a companion Change of Ownership Application. Both change of ownerships are scheduled to close on December 31, 2020, or as soon thereafter as all closing conditions are satisfied. SMP Illinois Regional Health System will be the parent company to St. Margaret's Hospital (post-Closing). To better ensure that SMP Illinois Region Health System can better accomplish charitable health care, religious and scientific purposes for which it is organized, upon the Effective Date of the Closing, the Articles of Incorporation and Bylaws of St. Margaret's Hospital will be amended to substitute SMP Illinois Region Health System as the Sole Member, vested with extensive reserve powers over St. Margaret's Hospital.

In furtherance of its charitable healthcare, religious, scientific and educational purposes, SMP Illinois Region Health System will perform the following for St. Margaret's Hospital:

- Provide policy and direction, including long-range, strategic and financial planning;
- Assist in the development of strategic plans, management objectives, and capital and operating budgets;
- Develop new charitable activities;
- Coordinate governmental relations activities;
- Coordinate and manage the acquisition, erection, support, maintenance and equipping by its affiliates and itself of healthcare facilities;
- Foster and promote contributions for and on behalf of their charitable activities.

Post-Change of Ownership Organizational Chart:

ATTACHMENT 5
Background of Applicant**SMP Illinois Region Health System**

1. Applicant, SMP Illinois Region Health System, either owns and/or operates the following facilities (with applicable certification and licensing information, if applicable).

St. Margaret's Hospital (Post-Closing)
600 East First Street
Spring Valley, IL 61362-1512
License Number: 0002576

2. A corporate officer or director, LLC members, partner, or owners of at least 5% of SMP Illinois Region Health System currently owns or operates the following health care facilities in Illinois.

None.

3. SMP Illinois Region Health System, by its representatives' signatures to its Certification page of this Application, certifies that neither Medicare, Medicaid, nor any State or Federal regulatory authority has taken any adverse action against any facility that Applicant owns or operates, either directly or indirectly, during the 3 years before the filing of this Application; and

4. SMP Illinois Region Health System, by its representatives' signatures to its Certification page of this Application, authorizes the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to access documentation (including official records of IDPH or other State agencies, the licensing or certification records of other states, when applicable, and the records of nationally recognized accreditation organizations) necessary to verify any documentation or information Applicants submitted in this Application.

St. Margaret's Hospital

1. Applicant, St. Margaret's Hospital, either owns and/or operates the following facilities (with applicable certification and licensing information, if applicable).

St. Margaret's Hospital
License No. 0002576.
Medicare No. 14-0143.

2. A corporate officer or director, LLC members, partner, or owners of at least 5% of St. Margaret's Hospital currently owns or operates the following health care facilities in Illinois.

None.

3. St. Margaret's Hospital, by its representatives' signatures to its Certification page of this Application, certifies that neither Medicare, Medicaid, nor any State or Federal regulatory authority has taken any adverse action against any facility that Applicant

owns or operates, either directly or indirectly, during the 3 years before the filing of this Application; and

4. St. Margaret's Hospital, by its representatives' signatures to its Certification page of this Application, authorizes the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to access documentation (including official records of IDPH or other State agencies, the licensing or certification records of other states, when applicable, and the records of nationally recognized accreditation organizations) necessary to verify any documentation or information Applicants submitted in this Application.

Sisters of Mary of the Presentation Health System

1. Applicant, Sisters of Mary of the Presentation Health System, either owns and/or operates the following facilities (with applicable certification and licensing information, if applicable).

None.

2. A corporate officer or director, LLC members, partner, or owners of at least 5% of Sisters of Mary of the Presentation Health System currently owns or operates the following health care facilities in Illinois.

None.

3. Sisters of Mary of the Presentation Health System, by its representatives' signatures to its Certification page of this Application, certifies that neither Medicare, Medicaid, nor any State or Federal regulatory authority has taken any adverse action against any facility that Applicant owns or operates, either directly or indirectly, during the 3 years before the filing of this Application; and

4. Sisters of Mary of the Presentation Health System, by its representatives' signatures to its Certification page of this Application, authorizes the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to access documentation (including official records of IDPH or other State agencies, the licensing or certification records of other states, when applicable, and the records of nationally recognized accreditation organizations) necessary to verify any documentation or information Applicants submitted in this Application.



St. Margaret's Health

St. Margaret's Hospital

SMP Health System

600 East First Street
Spring Valley, IL 61362
(815) 664-5311
(815) 223-5346
aboutsmh.org

September 29, 2020

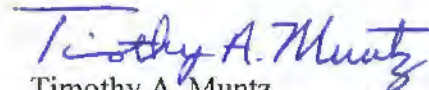
Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Dear Ms. Avery:

On behalf of St. Margaret's Hospital ("SMH"), I am submitting this letter to certify to the Illinois Health Facilities and Services Review Board ("HFSRB") that:

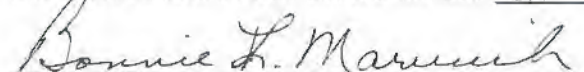
1. SMH has not had any adverse action (as that term is defined in 77 IAC 1130.140) against any Illinois health care facility owned and operated by it during the three-year period immediately prior to the filing of a Certificate of Exemption ("COE") application relating to the change of control of SMH, and
2. SMH authorizes the HFSRB and the Illinois Department of Public Health ("IDPH") to access information to verify documentation or information submitted by SMH in connection with the COE filing requirements, or to obtain any documentation or information which HFSRB or IDPH finds pertinent to the SMH COE application.

Sincerely,


Timothy A. Muntz
President & CEO

Notarized: State of Illinois, County of Bureau

Subscribed and sworn before me this 29 day of September, 2020.


Notary Public

My commission expires: 4-30-2021



ATTACHMENT 6**1130.520 Requirements for Exemptions Involving
the Change of Ownership of a Health Care Facility****1130.520(b)(1)(A) – Name of the Parties:**

SMP Illinois Region Health System
St. Margaret's Hospital
Sisters of Mary of the Presentation Health System

1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.

St. Margaret's Hospital was founded in 1903 and incorporated in 1905, and currently employs approximately 764 staff members. The current corporate member of St. Margaret's Hospital is SMP Health System, a not-for-profit Catholic health system sponsored by Sisters of Mary of the Presentation. The SMP Health System, through St. Margaret's Hospital, has been providing hospital services in the Spring Valley area for over a hundred years. It is because of the affiliation with Illinois Valley Community Hospital, the subject of the companion Certificate of Exemption, SMP Illinois Region Health System was organized to be the member of St. Margaret's Hospital and IV HealthCorp, Inc.

No adverse action has been taken against either of St. Margaret's Hospital, SMP Health System, or SMP Illinois Region Health System within three (3) years preceding the filing of this application.

1130.520(b)(1)(C) - Structure of the transaction

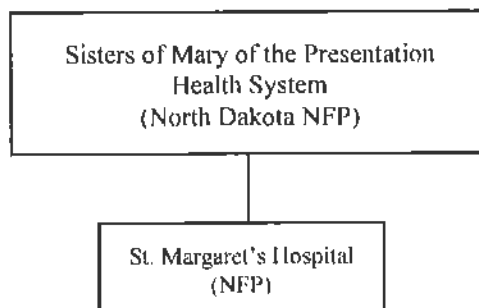
To effect the Change of Ownership, SMP Illinois Region Health System was organized as an Illinois not-for-profit corporation on June 4, 2019. SMP Illinois Region Health System's sole member is Sisters of Mary of the Presentation Health System. SMP Illinois Region Health System will act as a "parent company" to IV HealthCorp, Inc. and St. Margaret's Hospital (as the sole member of both of them) and will indirectly control Illinois Valley Community Hospital and various affiliates of IV HealthCorp, Inc. and of St. Margaret's Hospital. See companion COE Application.

1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction

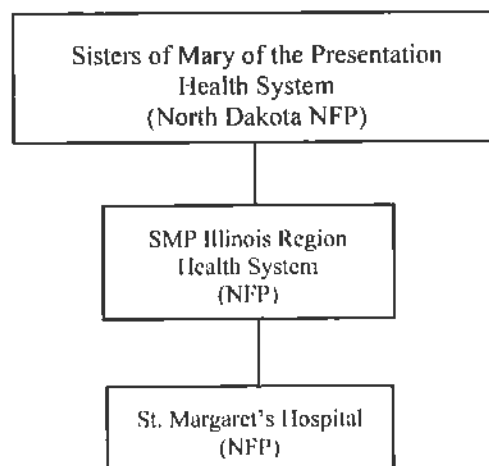
St. Margaret's Hospital will remain the licensed entity following the transaction.

1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.

The sole member of St. Margaret's Hospital is currently Sisters of Mary of the Presentation Health System. A pre-change of ownership, pictorial listing of St. Margaret's Hospital and its affiliates/subsidiaries is as follows:



Immediately after the Closing of the Change of Ownership, SMP Illinois Region Health System will become the sole member of St. Margaret's Hospital. A post-affiliation, pictorial listing of Sisters of Mary of the Presentation Health System and St. Margaret's Hospital which it will control, directly or indirectly, is as follows:



1130.520(b)(1)(F) - Fair market value of assets to be transferred.

The fair market value of St. Margaret's Hospital is \$57,194,893. This figure reflects the Net Assets of St. Margaret's Hospital as of September 30, 2019, as reported on the audited financial statement of St. Margaret's Hospital. It represents a snapshot of the Net Asset value, which is subject to changes over time based on fluctuations in the data in the ordinary and non-ordinary course of business.

1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]

N/A

1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section

Neither St. Margaret's Hospital, SMP Region Illinois Health System or Sisters of Mary of the Presentation Health System have outstanding projects for which permits have been issued.

1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction.

St. Margaret's Hospital's Charity Care Policy, which was in effect in 2019, will remain in place for at least a two year period after the change of ownership, or the Hospital will adopt a less restrictive Charity Care Policy.

1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community

The proposed Change of Ownership will lead to the creation of a new integrated and vibrant local health care system (see companion COE Application). The new health system will:

- Preserve and enhance health care in the communities served by St. Margaret's Hospital and IVCH;
- Promote greater access to and improved coordination of health care services to the community served;

- Leverage the strengths of two established providers to ensure access to high quality cost-effective health care;
- Integrate and strengthen clinical programs;
- Increase efficiency and eliminate duplication of administrative services and redundant costs;
- Ensure local access to strong network of physicians and ambulatory clinics;
- Assess opportunities to provide new services in the area; and
- Evaluate plans to consolidate service lines across the sites.

1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership.

Currently, SMP Illinois Region Health System is engaging in a comprehensive review of hospital operations. That review will conclude after the change of ownership is complete. As part of that review it will seek to identify operational changes that would result in cost savings as well as improving services to its patients. If such changes require approval of the Illinois Health Facilities and Services Review Board, St. Margaret's Hospital will seek permission from the Illinois Health Facilities and Services Review Board prior to making any such changes.

1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control.

St. Margaret's Hospital's Quality Assurance and Performance Improvement Plan is enclosed as Exhibit A to this Attachment 6.

1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body.

At and as of Closing, the Bylaws of St. Margaret's Hospital will reflect that the SMP Illinois Region Health System Board will appoint St. Margaret's Hospital's Board of Directors.

1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.

After the closing of the Change of Ownership, SMP Illinois Region Health System Board intends to continue with its comprehensive review of all services provided, and each community served by the new System. Recommendations from this review will be reviewed by the St. Margaret's Hospital Board and SMP Illinois Region Health System Board. To the extent that the review identifies changes in

services or staffing, or additional investments in physical plant, the SMP Illinois Region Health System Board, working with St. Margaret's Hospital's Board, will determine which changes or investments are in the best interest of the communities served, and implement changes as it determines appropriate. If such changes require approval of the Illinois Health Facilities and Services Review Board, the hospital will seek permission from the Illinois Health Facilities and Services Review Board prior to making any such changes.

St. Margaret's Health

PERFORMANCE IMPROVEMENT PLAN 2019

ST. MARGARET'S HOSPITAL MISSION STATEMENT

St. Margaret's Hospital is committed to caring for the needs of our patients and their families, the community and one another. Through our belief in God and our respect for life, we provide wholistic quality health care with dignity and compassion.

ST. MARGARET'S HOSPITAL'S VALUES ARE:

Caring is looking at the whole person and ministering with sensitivity, concern and compassion.
Commitment/Dedication is being faithful to the mission of St. Margaret's Hospital.
Dignity/Respect is the recognition that everyone is of value and worthy of high regard.
Quality is characterized by excellence, high standards and professionalism.

VISION STATEMENT

St. Margaret's Hospital aspires to:

Continuously improve through collaborative evaluation, action and strategic planning;
Be a recognized leader in the provision of patient and community health care;
Be an organization where patients want to come, physicians want to practice, and employees want to work.

PURPOSE

To ensure a systematic, coordinated and continuous method of improving the processes and mechanisms that address the delivery of care, sustain the improved performance, and optimize outcomes in an environment of minimal risk. The program incorporates a collaborative and multidisciplinary approach that encompasses both patient-focused and organization-focused functions that are in accordance with the Ethical and Religious Directives of Catholic Health Care.

GOALS

The Performance Improvement Program goals are to improve key processes relative to patient care and services. To achieve these goals, the program is designed to:

- maintain a comprehensive organized approach for process design and performance measurement, assessment and improvement of important patient care outcomes, processes, and services throughout the facility.
- encourage collaborative interdisciplinary patient care and services at an optimum level, consistent with the professional standards held in the medical community.
- establish an effective interdisciplinary communication system for performance improvement activities throughout the organization.
- assure that patients are exposed to the minimum risk necessary to accomplish their treatment objectives.

AUTHORITY AND RESPONSIBILITY

Board of Directors:

The Board of Directors has the ultimate authority and responsibility for an effective and comprehensive performance improvement program that promotes excellence and quality patient care and services. This responsibility is delegated to the Medical Staff and Hospital President to implement and maintain the program activities as described. The Board of Directors will strive to:

- assure quality patient care by requiring and supporting an integrated, systematic, facility wide performance improvement program;
- provide resources and support for performance improvement and risk management functions related to patient care and safety; and
- monitor the effectiveness of performance improvement activities.

Medical Staff:

The Executive Medical Staff Committee has the responsibility to exercise professional leadership in measuring, assessing and improving performance in both clinical and non-clinical processes and resulting patient outcomes. Characteristics of medical staff participation are;

- the continuous monitoring, assessment and evaluation of the quality of care and services provided by individuals with delineated clinical privileges; and
- consideration of relevant findings from performance improvement assessment activities as part of:
 - reappraisal and reappointment of medical staff members; and
 - renewal or revision of the clinical privileges of the individuals who practice independently.

Leadership:

The Hospital President, Medical Staff, management team, department managers and other key individuals will communicate expectations for new and modified processes, set priorities, and establish a planned organization wide approach to process design, performance measurement, analysis and improvement. They will have the responsibility to:

- allocate adequate human, space, equipment, and financial resources necessary to achieve important improvement efforts throughout the organization;
- foster communication and coordination of information among departments, individuals and disciplines to effect an integrated process;
- assess needs, and satisfaction of patients and staff, regarding performance improvement activities; and
- incorporate assessment findings in evaluating staff competence.

Staff:

Hospital staff is responsible for their participation in performance improvement activities either through established hospital performance improvement teams, focus groups and/or within their department's program.

PROGRAM COMPONENTS

A. Design:

The leaders will promote performance improvement activities, which involve appropriate individuals and disciplines to collaborate in the planning and implementation of improvement

strategies. Performance expectations will be identified during the design or redesign phase of a function, process or service. Some key elements that will be considered in designing processes are:

- hospital mission, vision, values, and strategic plan;
- needs and expectations of the primary constituents;
- consistent with current clinical knowledge and technology; and
- incorporation of experience from other organizations to reduce the occurrence and risk of sentinel events.

B. Performance Measurement:

Measurement is accomplished through data collection on processes and outcomes, established indicators, other sensors of performance and to address improvement priorities. Data are collected to:

- monitor the stability of existing processes;
- identify opportunities for improvement;
- identify changes that will lead to improvement; and
- demonstrate that improvement is sustained.

The hospital leaders will determine the *scope* of measurement based on important patient services and organizational functions, and prioritize its *focus* by placing emphasis upon the dimensions of performance.

- | | | |
|--------------|-------------------|------------------|
| • Efficacy | • Appropriateness | • Availability |
| • Timeliness | • Effectiveness | • Continuity |
| • Safety | • Efficiency | • Respect/caring |

Performance measures will be designed to assure the measure can:

- identify the events and population it was intended to identify;
- define data elements and allowable values;
- detect changes in performance over time;
- allow for comparison within the organization or other entities;
- demonstrate that data intended for collection is available; and
- report results in a way useful to the organization and others.

Performance measures will include data on the following:

1. The needs, expectations, and satisfaction of individuals and organizations served.
2. The performance of processes that involve risks or may result in sentinel events, some of which may include:
 - medication use;
 - operative or other procedures that place patients at risk;
 - use of blood and blood components;
 - restraint use;
 - care/services provided to high risk populations; and
 - outcomes related to resuscitation.
3. The performance of areas targeted for further study, which may be identified by data on process stability, risks, sentinel events, and priorities set by the leaders.
4. The monitoring of improvements in performance and to determine the effectiveness of change, and that sustained improvement continues.

C. Data Aggregation and Analysis:

The goal of aggregating and analyzing data is to develop a process that incorporates four basic comparisons: with self, with other comparable organizations, with standards, and with best practices. Conclusions about current performance are based on comparison with:

- pre-established criteria;
- sentinel events;
- control limits;
- review of all occurrences; and
- other interpretation methods.

Data are aggregated and analyzed on an ongoing basis appropriate to the activity or area being studied, and to make judgments about a particular process's stability or an outcome's predictability in relation to performance expectations.

Appropriate statistical techniques and tools will be used to assess variation and identify where improvement opportunities need to occur.

Performance is compared internally over time, to the performance of similar processes in other organizations, and to external sources of information.

Benchmarking comparisons, to identify excessive variation or unacceptable performance may include:

- current scientific, clinical and management literature;
- practice guidelines or parameters;
- performance measures;
- reference databases; and
- standards.

Significant undesirable patterns or trends in performance and sentinel events will be intensively analyzed to determine where best to focus changes for improvement. Based on the scope of care and services, intense analysis is performed for the following:

- confirmed blood transfusion reactions;
- significant adverse drug reactions; and
- significant medication errors.

A root cause analysis will be performed for:

- sentinel events;
- major discrepancies, or patterns of discrepancies, in pre operative and post operative diagnoses, including those identified during pathologic review of specimen's removed during surgical or invasive procedures; and
- significant adverse events associated with anesthesia use; and
- other events as identified.

D. Performance Improvement:

A fundamental goal of the performance improvement function is to improve existing processes and outcomes and then to assure that the improved performance is sustained. A systematic approach will be used in redesigning current processes or acting on opportunities for incremental improvement activities. This includes:

- identifying potential improvement opportunities;
- testing a strategy for change;
- assessing test data to see if achievement of desired results occurred; and
- implementing the improvement strategy facility wide.

The process for improvement strategy will be modeled on the **FOCUS-PDCA** concept:

- F** Find a process improvement opportunity
 - O** Organize a team or focus group that knows the process
 - C** Clarify current knowledge of the process
 - U** Uncover root causes of process variation
 - S** Start improvement cycle
-
- P** Plan a strategy
 - D** Do changes on a small test scale
 - C** Check test data for desired results
 - A** Act - implement facility wide

PROGRAM ORGANIZATION

Structure:

The program oversight responsibility, as delegated from the Board of Director's to the Hospital President and Medical Staff, is embodied in the Quality Council and the Executive Medical Staff Committee. The Quality Council has established a Performance Improvement Subcommittee to oversee performance improvement activities. Director of Quality will be responsible for

The structure of the Performance Improvement Program encompasses the collective efforts of the following:

- Quality Council;
- Executive Medical Staff Committee;
- Performance Improvement Subcommittee
- Multidisciplinary Improvement Teams; and
- Departmental Improvement Activities.

☐ **Quality Council:**

Membership:

Hospital President
 Vice President of Finance
 Vice President of Nursing
 Vice President of Quality & Community Services
 Vice President of Ancillary and Support
 Vice President of Clinic Operations
 Director, Quality Management
 Director of Safety
 Medical Staff President, Ad Hoc
 Board of Director's Member, Ad Hoc

The Quality Council's role and responsibility is to:

- design the structure of the program to incorporate strategic planning, the mission, values and established organizational goals;
- formulate policies regarding performance improvement priorities and participation;
- facilitate reporting and communication processes throughout the program;
- assess the needs of the program participants, patients and the community;
- establish performance measurement indicators based on statistically valid data collection methods;

- promote comparison of performance to external databases, and evaluate data for trends and opportunities to improve performance;
- charter performance improvement teams, establish parameters, review their activities and approve recommendations/action plans; and
- ensure that all levels of the organization have the appropriate education, and leadership for performance improvement participation.

☐ **Executive Medical Staff Committee:**

Membership:

Medical Staff President, Chairman	Treasurer/Secretary
Vice President	Department Chairmen (5)
Hospital President (non-voting)	Vice President of Nursing

The Executive Medical Staff Committee's role and responsibility is to:

- provide effective mechanisms to monitor, assess and evaluate the quality and appropriateness of patient care, and clinical performance of all individuals with delineated clinical privileges;
- provide leadership and active participation in performance improvement activities and processes which include, but are not limited to, those within the:
 - medical assessment and treatment of patients;
 - use of medications;
 - use of blood and blood components;
 - use of operative and other procedures;
 - efficiency of clinical practice patterns; and
 - significant departures from established patterns of clinical practice.

☐ **Performance Improvement Subcommittee**

Membership

Director of Quality Management, Chair	Vice President of Finance
Vice President of Nursing	Vice President of Quality & Community Services
Vice President of Ancillary and Support	Vice President of Clinic Operations
Director of Medical-Surgical Nursing	Director of Critical Care/ED Services
Director of OB/Float Pool	Director of Surgical Services
Director of Facilities	Director of Environmental Services
Director of Dietary	Director of Medical Records
Director of Pharmacy	Director of MIS
Director of Pastoral Care	Director of Accounting
Director of Patient Accounts	Director of Human Resources
Director of Physical Therapy	Director of Laboratory
Director of Cardio-pulmonary Services	Clinic Managers
DME Supervisor	Other members AD HOC

The Performance Improvement Subcommittee's role and responsibility is to:

- To oversee, coordinate and support hospital PI activities
- To provide leadership and active participation in performance improvement activities and processes

☐ **Multidisciplinary Improvement Teams**

Teams are formed by the Quality Council and PI Subcommittee when specific issues are identified

11 Departmental Improvement Activities

Hospital departments may establish an improvement team within the department, to further a more focused review of a process or to implement change.

Reporting of Information:

The findings, conclusions, recommendations, actions taken to improve performance and the results of actions taken are documented and reported through established channels.

- Results of the outcome of performance improvement activities performed by the *medical staff departments and committees* will be reported to the Executive Medical Staff Committee and to the Quality Council.
- The *Quality Council* will receive relevant reports multidisciplinary teams, department directors, focus groups and chairpersons of appropriate hospital committees, on the results of quality controls and performance improvement activities. This data will be aggregated and evaluated for patterns or trends, and opportunities for improvement.
- Performance Improvement Subcommittee will oversee the individual interdisciplinary projects and report to Quality Council quarterly.

Program Evaluation:

The Performance Improvement Program will be evaluate periodically for effectiveness and revised as necessary, to assure that the appropriate approach to planning, setting priorities, assessing performance, implementing improvement activities, and maintaining achieved improvements are accomplished.

CONFIDENTIALITY

All information related to performance improvement activities performed by the medical staff or facility personnel in accordance with this plan, are confidential and when appropriate, protected by the Health Care Quality Improvement Act.

Confidential information may include, but is not limited to, the medical staff committee minutes and reports, Quality Council reports, untoward incident reporting, clinical profiling and Board of Director's reports.

The hospital will maintain appropriate levels of security and confidentiality of data and information. Access will be restricted to levels of authority and in accordance with hospital policy. The patient's right to dignity and assurances of confidentiality will be respected.

REV: 03/2019

ST. MARGARET'S HEALTH
PERFORMANCE IMPROVEMENT PLAN

#E-046-20

Date:

4-25-19

Reviewed and Approved by:

Ei. [Signature]
President, Medical Staff

Timothy A. Muntz
President & CEO

John T. McLaughlin
Chairperson, Board of Directors

Date:

Reviewed and Approved by:

President, Medical Staff

President & CEO

Chairperson, Board of Directors

Date:

Reviewed and Approved by:

President, Medical Staff

President & CEO

Chairperson, Board of Directors

ATTACHMENT 7
Charity Care Information

For St. Margaret's Hospital (from audit reports):

	FY2017	FY2018	FY2019
Net Patient Revenue	\$82,864,414	\$84,676,946	\$85,714,901
Charity Charges	\$3,010,636	\$2,782,404	\$3,107,462
Charity Costs	\$1,038,000	\$1,012,000	\$1,095,000
Ratios of Charity Cost to Net Patient Revenue	1.25%	1.20%	1.28%



St. Margaret's Health

St. Margaret's Hospital

SMP Health System

600 East First Street
Spring Valley, IL 61362
(815) 664-5311
(815) 223-5346
aboutsmh.org

October 8, 2020

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

**Re: Change of Ownership (COE)
St. Margaret's Hospital's (Spring Valley, IL)**

Dear Ms. Avery:

Enclosed please find the original COE application involving the change of ownership of St. Margaret's Hospital, along with a duplicate copy of the application and our check for the application fee. From a representative of Illinois Valley Community Hospital (Peru, IL), you will also receive a COE application for that facility's change of ownership. These two companion COE applications reflect the change of ownership of each facility, in order to establish a regional health system involving both entities.

Sincerely,

Timothy A. Muntz
President & CEO
St. Margaret's Hospital

TM/blm

Enclosures