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

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

| |
|---|
| Exact Legal Name: St. Margaret's Health-Spring Valley |
| 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 61362 |
| Name of Chief Executive Officer: Timothy A. Muntz |
| CEO Street Address: 600 East First Street |
| CEO City and Zip Code: Spring Valley 61362 |
| CEO Telephone Number: 815-664-1372 |

### 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: Timothy A. Muntz |
| Title: President & CEO |
| Company Name: St. Margaret's Health-Spring Valley |
| Address: 600 East First Street, Spring Valley, IL 61362 |
| Telephone Number: 815-664-1372 |
| E-mail Address: tim.muntz@aboutsmh.org |
| Fax Number: 815-664-1335 |

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

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

## Post Permit Contact

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

| |
|---|
| Name: Timothy A. Muntz |
| Title: President & CEO |
| Company Name: St. Margaret's Health-Spring Valley |
| Address: 600 East First Street, Spring Valley, IL 61362 |
| Telephone Number: 815-664-1372 |
| E-mail Address: tim.muntz@aboutsmh.org |
| Fax Number: 815-664-1335 |

## Site Ownership

[Provide this information for each applicable site]

| |
|---|
| Exact Legal Name of Site Owner: St. Margaret's Health-Spring Valley |
| Address of Site Owner: 600 East First Street, Spring Valley, IL 61362 |
| Street Address or Legal Description of the Site:<br>**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: St. Margaret's Health-Spring Valley |
| Address: 600 East First Street, Spring Valley, IL 61362 |

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

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **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**). **NOTE:** A SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM has been added at the conclusion of this Application for Permit that must be completed to deem a project complete.

**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

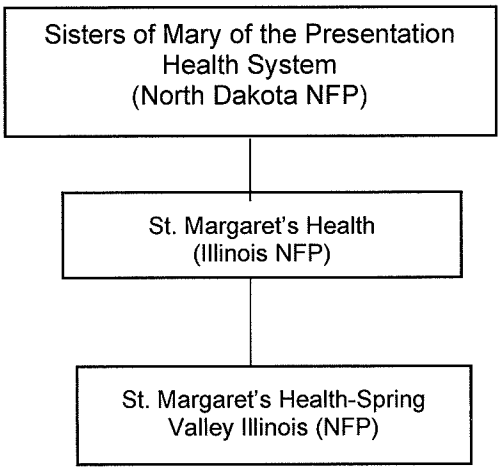
☐ Non-substantive

## 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.

Effective January 1, 2021, St. Margaret's Health-Spring Valley and St. Margaret's Health-Peru formed an integrated health system under the common control of St. Margaret's Health. The hope at that time was that the integrated system would ensure the financial stability through consolidation of certain services, if necessary, and the enhancement of other clinical services, to provide a comprehensive spectrum of health care services locally in Spring Valley, Peru, and the surrounding communities. For a variety of reasons, including the COVID-19 pandemic, a computer hacking that rendered the Hospitals' ability to bill for services for greater than six weeks, the incredibly high cost of agency nurses, and the EHR implementation system that did not go as planned, both St. Margaret's Health-Spring Valley and St. Margaret's Health-Peru found themselves in severe financial distress. Over the last several months, St. Margaret's Health-Spring Valley has been engaged in exploring all options for continuing operation of the Hospital. These efforts have included pursuing either continuation and expansion of existing financing, seeking new financing from the State of Illinois and lenders, and exploring potential affiliations with other health systems. The leadership of the Hospital engaged an investment banker to conduct a sale process and to see if it could arrange an acquisition by another health care entity. Finally, one of the Hospital's biggest creditors and lender took action to freeze the Hospital's accounts, and then applied several million dollars inappropriately. None of the above-referenced options will permit the Hospital to continue operation under its current structure. The cashflow analysis conducted in early June showed the Hospital could only meet payroll through June 16, 2023. While St. Margaret's Health-Spring Valley continues to seek suitors to buy all or some of the assets, the Hospital no longer has funds to operate. Therefore, the Board of Directors, presented with the above scenario, made the difficult decision to cease operations of St. Margaret's Health-Spring Valley at the end of June 16, 2023. Thus, the Hospital had no choice but to discontinue operations of the inpatient hospital, the medical surgery services, the ICU services, as well as the emergency room services, and seek a Certificate of Need for such discontinuation of services.

Current


Sisters of Mary of the Presentation Health System (North Dakota NFP)
St. Margaret's Health (Illinois NFP)
St. Margaret's Health-Spring Valley Illinois (NFP)

## Project Costs and Sources of Funds N/A

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 healthcare, 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 | | | |
| Off Site Work | | | |
| New Construction Contracts | | | |
| Modernization Contracts | | | |
| Contingencies | | | |
| Architectural/Engineering Fees | | | |
| Consulting and Other Fees | | | |
| Movable or Other Equipment (not in construction contracts) | | | |
| Bond Issuance Expense (project related) | | | |
| Net Interest Expense During Construction (project related) | | | |
| Fair Market Value of Leased Space or Equipment | | | |
| Other Costs to Be Capitalized | | | |
| Acquisition of Building or Other Property (excluding land) | | | |
| **TOTAL USES OF FUNDS** | $0 | $0 | $0 |
| **SOURCE OF FUNDS** | **CLINICAL** | **NONCLINICAL** | **TOTAL** |
| Cash and Securities | | | |
| Pledges | | | |
| Gifts and Bequests | | | |
| Bond Issues (project related) | | | |
| Mortgages | | | |
| Leases (fair market value) | | | |
| Governmental Appropriations | | | |
| Grants | | | |
| Other Funds and Sources | | | |
| **TOTAL SOURCES OF FUNDS** | **$0** | **$0** | **$0** |
| **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 (includir operating deficits) through the first full fiscal year when the project achieves or exceeds the targ utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ _____.

**Project Status and Completion Schedules**

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

Indicate the stage of the project's architectural drawings:

☒ None or not applicable ☐ Preliminary
☐ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): _____

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

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☐ Financial Commitment will occur after permit issuance.

**APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**State Agency Submittals** [Section 1130.620(c)]

Are the following submittals up to date as applicable?
☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
**Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.**

## Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is available. Include observation days in the patient day totals for each bed service.** Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

| **FACILITY NAME: SMH-Spring Valley** | | **CITY: Spring Valley, Illinois** | | | |
|---|---|---|---|---|---|
| **REPORTING PERIOD DATES:** | | **From: Calendar Year 2021** | | | |
| **Category of Service** | **Authorized Beds** | **Admissions** | **Patient Days** *includes observation days | **Bed Changes** | **Proposed Beds** |
| Medical/Surgical | 28 | 993 | 5353* | | |
| Obstetrics | (0)* | 268 | 534* | | |
| Pediatrics | | | | | |
| Intensive Care | 6 | 125 | 911* | | |
| 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:** | **34** | **1,386** | **6798** | | |

*Changes by November 2021 COE

Source: Annual Hospital Questionnaire for 2021

| FACILITY NAME: SMH-Spring Valley | | CITY: Spring Valley, Illinois | | | |
|---|---|---|---|---|---|
| **REPORTING PERIOD DATES:** | **From: Calendar Year 2022** | | | | |
| **Category of Service** | **Authorized Beds** | **Admissions** | **Patient Days** *includes observation days | **Bed Changes** | **Proposed Beds** |
| Medical/Surgical | 28 | 993 | 4250* | | |
| Obstetrics | (0)* | 268 | 200* | | |
| Pediatrics | | | | | |
| Intensive Care | 6 | 125 | 953* | | |
| 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:** | **34** | **1,386** | **5403** | | |

*Changes by November 2021 COE

Source: Annual Hospital Questionnaire for 2022

## 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 Health-Spring Valley* 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.**

Timothy A. Muntz
SIGNATURE

Timothy A. Muntz
PRINTED NAME

President & CEO and
Board Member
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 23rd day of June, 2023

Bonnie L. Marusich
Signature of Notary

Seal

OFFICIAL SEAL
BONNIE L MARUSICH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 4/30/2025

Lisa Lynch
SIGNATURE

Lisa Lynch
PRINTED NAME

Vice President of Finance and
Board Member
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 23rd day of June, 2023

Bonnie L. Marusich
Signature of Notary

Seal

OFFICIAL SEAL
BONNIE L MARUSICH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 4/30/2025

*Insert the EXACT legal name of the applicant

**CERTIFICATION**

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

## SECTION II. DISCONTINUATION

This Section is applicable to the discontinuation of a health care facility or the discontinuation of more than one category of service in a 6-month period. If the project is solely for a discontinuation of a health care facility the **Background of the Applicant(s) and Purpose of Project MUST** be addressed. **A copy of the Notices listed in Item 7 below MUST be submitted with this Application for Discontinuation** https://www.ilga.gov/legislation/ilcs/documents/002039600K8.7.htm

### Criterion 1110.290 – Discontinuation

READ THE REVIEW CRITERION and provide the following information:

**GENERAL INFORMATION REQUIREMENTS**

1. Identify the categories of service and the number of beds, if any that are to be discontinued.
2. Identify all the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued and the length of time the records will be maintained.
6. Provide copies of the notices that were provided to the local media that would routinely be notified about facility events.
7. **For applications involving the discontinuation of an entire facility, provide copies of the notices that were sent to the municipality in which the facility is located, the State Representative and State Senator of the district in which the health care facility is located, the Director of Public Health, and the Director of Healthcare and Family Services. These notices shall have been made at least 30 days prior to filing of the application.**
8. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 90 days following the date of discontinuation.

**REASONS FOR DISCONTINUATION**

The applicant shall state the reasons for the discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.290(b) for examples.

**IMPACT ON ACCESS**

1. Document whether the discontinuation of each service or of the entire facility will have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within the **geographic service area**.

**APPEND DOCUMENTATION AS ATTACHMENT 10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

## SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

### 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 can 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** 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 VI. 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, Obstetrics, 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):

| Spring Valley Category of Service | # Existing Beds | # Proposed Beds |
|---|---|---|
| ☒ **Medical/Surgical** | **28** | **0** |
| ☒ **Obstetric** | **0** | **0** |
| ☒ **Pediatric** | | |
| ☒ **Intensive Care** | **6** | **0** |

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

## SECTION X. SAFETY NET IMPACT STATEMENT

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

1. The project's material impact, if any, on essential safety net services in the community, ***including the impact on racial and healthcare disparities 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 healthcare 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.

**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, ***including the impact on racial and health care disparities 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 healthcare 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.

**APPEND DOCUMENTATION AS ATTACHMENT 38, 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.**

**APPEND DOCUMENTATION AS ATTACHMENT 39, 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 | |
| 2 | Site Ownership | |
| 3 | Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. | |
| 4 | Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc. | |
| 5 | Flood Plain Requirements | |
| 6 | Historic Preservation Act Requirements | |
| 7 | Project and Sources of Funds Itemization | |
| 8 | Financial Commitment Document if required | |
| 9 | Cost Space Requirements | |
| 10 | Discontinuation | |
| 11 | Background of the Applicant | |
| 12 | Purpose of the Project | |
| 13 | Alternatives to the Project | |
| 14 | Size of the Project | |
| 15 | Project Service Utilization | |
| 16 | Unfinished or Shell Space | |
| 17 | Assurances for Unfinished/Shell Space | |
| | | |
| | **Service Specific:** | |
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| 19 | Comprehensive Physical Rehabilitation | |
| 20 | Acute Mental Illness | |
| 21 | Open Heart Surgery | |
| 22 | Cardiac Catheterization | |
| 23 | In-Center Hemodialysis | |
| 24 | Non-Hospital Based Ambulatory Surgery | |
| 25 | Selected Organ Transplantation | |
| 26 | Kidney Transplantation | |
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| 28 | Community-Based Residential Rehabilitation Center | |
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| 31 | Freestanding Emergency Center Medical Services | |
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| 33 | Availability of Funds | |
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| 35 | Financial Viability | |
| 36 | Economic Feasibility | |
| 37 | Safety Net Impact Statement | |
| 38 | Charity Care Information | |
| 39 | Flood Plain Information | |

**ATTACHMENT 1**
**Applicant Identification including Certificate of Good Standing**

Copies of the following Applicants' Illinois Certificates of Good Standing follow this page.

- St. Margaret's Health-Spring Valley

#23-031

*File Number* 0961-499-1

STATE OF ILLINOIS

OFFICE OF

THE SECRETARY OF STATE

## *To all to whom these Presents Shall Come, Greeting:*

*I,* Alexi Giannoulias, *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 HEALTH-SPRING VALLEY, 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.

***In Testimony Whereof,*** *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 8TH *day of* JUNE *A.D.* 2023 .

Authentication #: 2315901098 verifiable until 06/08/2024
Authenticate at: https://www.ilsos.gov

SECRETARY OF STATE

**ATTACHMENT 2**
**Site Ownership**

Proof of Ownership of St. Margaret's Health-Spring Valley follows this page.

#23-031

# St. Margaret's Health - Spring Valley

*SMP Health*

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

June 23, 2023

John P. Kniery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Dear Mr. Kniery:

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

Sincerely,

Timothy A. Muntz
Timothy A. Muntz
President & CEO

Subscribed and sworn to
before me this 23rd day of June, 2023.

Bonnie L. Marusich
Notary Public

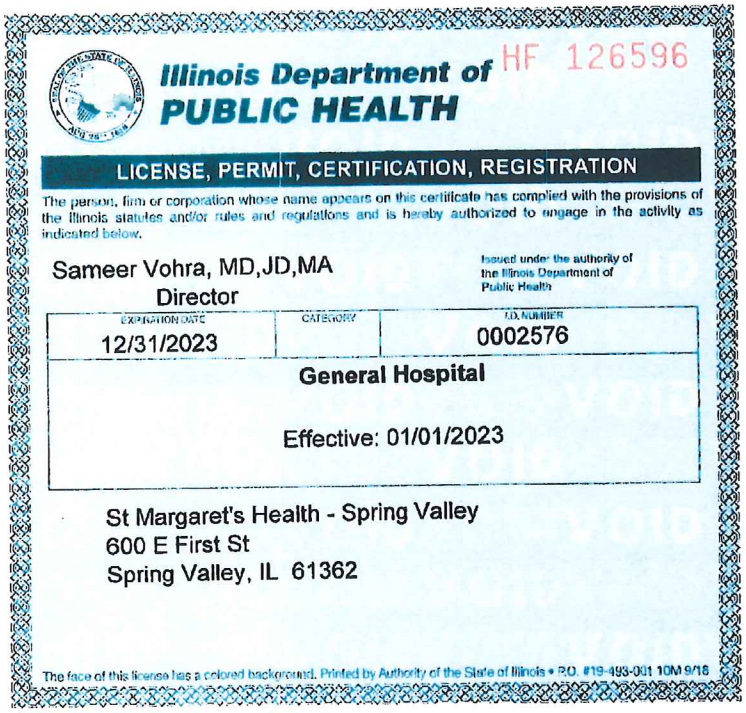
OFFICIAL SEAL
BONNIE L MARUSICH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 4/30/2025

**ATTACHMENT 3**
**Operating Identity**

St. Margaret's Health-Spring Valley is the current licensee and operator of St. Margaret's Health-Spring Valley.

Copies of the documents listed below follow this page.

- St. Margaret's Health-Spring Valley Hospital License



**Illinois Department of PUBLIC HEALTH**

HF 126596

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

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

Sameer Vohra, MD,JD,MA
Director

Issued under the authority of the Illinois Department of Public Health

| EXPIRATION DATE | CATEGORY | I.D. NUMBER |
|---|---|---|
| 12/31/2023 | | 0002576 |

**General Hospital**

Effective: 01/01/2023

St Margaret's Health - Spring Valley
600 E First St
Spring Valley, IL 61362

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #19-493-001 10M 9/16

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2023

Lic Number 0002576

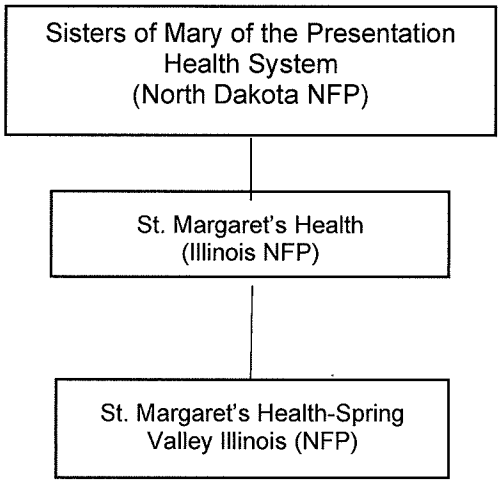
Date Printed 10/26/2022

St Margaret's Health - Spring Valley

600 E First St
Spring Valley, IL 61362

FEE RECEIPT NO.

**ATTACHMENT 4**
**Organizational Chart for Applicant**



## ATTACHMENT 10
## Discontinuation Criterion 1130.290

Criterion 1110.290 (a) General Information.

1. Category of Service

**CHART**

| | Number |
|---|---|
| Medical Surgical | 28 |
| Intensive Care | 6 |
| Obstetrics | 0 |

2. Clinical Service Areas

All of the Clinical Service Areas recognized by the Review Board will be discontinued at SMH-Spring Valley.

**NEED TO VERIFY**

| Clinical Service Areas | Number |
|---|---|
| Operating Rooms | 6 |
| Stage I Recovery Stations | 9 |
| Stage II Recovery Stations | 23 |
| Procedure Rooms | 3 |
| Emergency Room Stations | 11 |

3. Anticipated Date of Discontinuation:

The applicants anticipate that the discontinuation of SMH-Spring Valley will be shortly after the date of HFSRB approval.

4. Anticipated Use of Physical Plant and Equipment.

Seeking a purchaser for the Spring Valley site, including real estate and assets.

5. Medical Records. Following the discontinuation of SMH-Spring Valley, the Hospital will initially maintain medical records at the Spring Valley campus. As soon as possible, the Hospital will contract with Midwest Medical Records Association, who will be responsible for maintaining the records and responding to record requests. This should ensure that SMH-Spring Valley's medical records are stored, maintained and accessible to SMH-Spring Valley's patients, and authorize third-parties in conformance with state and federal law, including but not limited to Section 6.17 of the Illinois Hospital Licensing Act, which requires an Illinois hospital maintain medical records for no less than ten years after discharge, or twelve years if there is litigation. *See*, 210 ILCS Section 85/6.17.

6. Notice to Local Media. The co-applicants provided a notice of the proposed discontinuation of SMH-Spring Valley to local media on _____, 2023, specifically the News Tribune Paper, a copy of which is attached as Attachment A. The Paper ran the notice on _____. A copy of the Paper's proof of publication is also attached as Attachment B.

7. Certification Regarding Completion of Future Reports. An affidavit from Timothy A. Muntz, the President and CEO of SMH-Spring Valley, certifying that SMH-Spring Valley will provide complete and file all questionnaires and data required by the Review Board and IDPH (e.g., Annual Questionnaires, Capital Expenditure Surveys, etc.) through the date of discontinuation of SMH-Spring Valley, and that the required information will be submitted no later than sixty (60) days following the date of discontinuation of SMH-Spring Valley is attached at Attachment 10.

8. Pre-Filing Notices to Certain Local and State Officials. Pursuant to 20 ILCS 3960/8.7 on June 26, 2023, the applicant provided notice of their intent to file a Certificate of Need to discontinue SMH-Spring Valley to the following local and state officials:

a. State Senator Sue Rezin;

b. State Representative Lance Yednock;

c. The Honorable Melanie Malooley Thompson, Mayor of Spring Valley;

d. Director Theresa Eagleson, Illinois Department of Healthcare and Family Services;

e. Director Sameer Vohra, MD, JD, MA, Illinois Department of Public Health; and

f. Administrator John P. Kniery, Illinois Health Facilities and Services Review Board.

Copies of the Notices are attached at Attachment D.

**ATTACHMENT A**
**Notice of Publication**

St. Margaret's Health-Spring Valley intends to file a Certificate of Need application with the Illinois Health Facilities and Service Review Board (the "Review Board") to discontinue in its entirety the general acute care hospital known as St. Margaret's Heath-Spring Valley, formerly known as St. Margaret's Hospital, the hospital located at 600 East First Street, Spring Valley, Illinois 61354. The applicant anticipates that the Review Board will consider the application on or about _____. The applicant's final day of operation as an inpatient center was June 16, 2023.

Spring Valley newspaper

**ATTACHMENT B**

Newspaper Certification or Publication

_____ Newspaper does hereby certify that it has published the attached advertisement in the following secular newspapers. All newspapers meet Illinois Compiled Statute requirements for publication of notices per Chapter 705 ILCS 5/0.01 *et seq*. R.S. 1874. Publication Date: _____.

**ATTACHMENT C**

**AFFIDAVIT OF TIMOTHY A. MUNTZ**

I, Timothy A. Muntz, being duly sworn on oath, state as follows:

1. I am presently employed at St. Margaret's Health-Spring Valley as President & CEO, and have served in that capacity since December 2, 1993.

2. St. Margaret's Health-Spring Valley will provide complete and file all questionnaires and data required by the Illinois Health Facilities Services Review Board, and the Illinois Department of Public Health through the date of the discontinuation of St. Margaret's Health-Spring Valley as an inpatient hospital.

3. St. Margaret's Health-Spring Valley will submit the required information no later than sixty (60) days following the date of its discontinuation as an inpatient hospital.

4. If called to testify, I would swear to the truth of the foregoing statements.

Timothy A. Muntz
President & CEO
St. Margaret's Health-Spring Valley

Date: 6-26-2023

Subscribed and Sworn to
Before me this 26 day of
June, 2023

Notary Public

My Commission Expires: 09. 18. 2023

MICHELE STANMAR
Official Seal
Notary Public - State of Illinois
My Commission Expires Sep 18, 2023

**ATTACHMENT D**
**Pre-Filing Notices to Certain Local and State Officials**

State Senator Sue Rezin

State Representative Lance Yednock

The Honorable Melanie Malooley Thompson, Mayor of Spring Valley

Director Theresa Eagleson, Illinois Department of Healthcare and Family Services

Director Sameer Vohra, MD, JD, MA, Illinois Department of Public Health

Administrator John P. Kniery, Illinois Health Facilities and Services Review Board

St. Margaret's Health - Spring Valley

*SMP Health*

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

June 26, 2023

**Via Certified Mail / Return Receipt Requested**

The Honorable Sue Rezin
Illinois State Senator
350 5th St. #264
Peru, IL 61354

Dear Senator Rezin:

Pursuant to 20 ILCS 3960/8.7, please be advised that St. Margaret's Health-Spring Valley (SMH-Spring Valley, the "Applicant") intends to file an Application for Permit (the "Application") with the Illinois Health Facilities and Services Review Board (the "Review Board") to discontinue the inpatient hospital at SMH-Spring Valley.

The Project will result in a discontinuation of SMH-Spring Valley's 34 authorized inpatient beds.

The Project began in 2019 when SMH-Spring Valley, formerly known as St. Margaret's Hospital, and St. Margaret's Health-Peru (SMH-Peru), formerly known as Illinois Valley Community Hospital, recognized that without an affiliation of some sort, neither hospital was financially sustainable. After much negotiation between the parties, the concept of one integrated health system was developed.

In accordance with two Change of Ownership Certificates of Exemption granted by the Illinois Health Services Review Board in November of 2020, SMH-Spring Valley and SMH-Peru came under the common control of St. Margaret's Health. The change of ownership and the forming of the new healthcare system were designed to ensure financial stability and to enhance clinical services to provide a comprehensive spectrum of healthcare services locally in Spring Valley, Peru and the surrounding communities. As part of the integration, SMH-Spring Valley filed and received a Certificate of Exemption in November 2021, for the discontinuation of its obstetrics category of service.

Maintaining two inpatient hospitals which are approximately four and one-half miles apart was not economically sustainable or feasible. The average daily census at SMH-Spring Valley has declined from 21.4 in CY2018 to 18.6 in CY2021. Similarly, the occupancy rate at SMH-Spring Valley has declined from 48.7% in CY2018 to 42.3% in CY2021. For that same time period, the average daily census at SMH-Peru has declined from 23.1 to 20.3 and for the period of CY2019 to CY2021, the occupancy rate has declined from 46.5% to 41.4%.

In addition, the facilities, including the hospitals and physician clinics, have lost significant amounts of money on operations. Operating losses were over $22.5 million for SMH-Spring Valley for fiscal years 2018 through 2022, and over $41.5 million for SMH-Peru for fiscal years 2018 through 2022. Excluding government support funds from the Provider Relief Act and the American Rescue Plan Act of $16.5 million for SMH-Spring Valley and $18.5 million for SMH-Peru, the operating losses would have totaled over $39 million for SMH-Spring Valley for fiscal

years 2018 through 2022 and over $60 million for SMH-Peru for fiscal years 2018 through 2022. Further, the operating losses continued into fiscal years 2023, and SMH-Spring Valley and SMH-Peru do not anticipate any future government support funds. Finally, the hospital's primary lender and creditor froze several million dollars of the hospital's bank accounts and then later inappropriately applied those funds. All of the above made it impossible for the Hospital to continue to operate and meet payroll and other obligations. As a result, the Board of Directors voted to discontinue operations as of June 16, 2023, the last date the Hospital could meet the full payroll obligations.

The discontinuation of SMH-Spring Valley as an inpatient hospital will not have an adverse impact upon access to care for residents in SMH-Spring Valley's marketing area, which the Review Board defines as a "twenty-one mile radius around the hospital". OSF Healthcare will purchase the assets of SMH-Peru pursuant to an Asset Purchase Agreement. Subject to a Certificate of Exemption that has been filed jointly by OSF Healthcare and SMH-Peru, the Peru campus will be operated under the license of OSF Saint Elizabeth Medical Center, Ottawa. There are three other hospitals in SMH-Spring Valley's market area. In 2020, the hospitals in the C-02 Planning Area, had a staffed-bed occupancy rate of 42.5% for medical-surgical beds, 47.1% for intensive care beds, and 22.6% for obstetrical beds. This suggests that those hospitals have more than enough capacity to absorb any medical-surgical, intensive care or obstetrics patients of SMH-Spring Valley. As mentioned, OSF HealthCare and SMH-Peru have filed a joint application for a change of ownership. It is anticipated that, through the license of OSF Saint Elizabeth Medical Center, OSF will operate an acute care hospital with emergency room services at the SMH-Peru site. It is our understanding that every hospital in this market area participates in the Medicaid Program, and that every one of those hospitals does not have conditions, restrictions or limitations that prevent said hospital from serving the patient population historically served by those hospitals. In fact, the discontinuation of SMH-Spring Valley's 34 beds will not create a shortage of beds in SMH-Spring Valley's market area. The discontinuation of those beds should result in higher utilization of the surrounding hospitals and reduce their cost per unit of service.

With the discontinuation of SMH-Spring Valley as an inpatient facility, the hospitals in Planning Area C-02 will still have a significant excess of medical-surgical beds. Even with the discontinuation of all 28 medical-surgical beds, in the C-02 Planning Area there would be 135 beds, which is 15 beds above the adjusted bed need from the latest (2021) Inventory of Health Care Facilities and Services and Need Determination.

With regard to ICU beds, after the discontinuation, there will be 16 ICU beds compared to a projected need of 14 beds in the C-02 Area. When OSF reopens the SMH-Peru hospital, under the license of OSF St. Elizabeth Medical Center, there will be even more medical-surgical beds, and emergency services will be enhanced.

The discontinuation of SMH-Spring Valley as an inpatient facility is the only alternative, considering the financially distressed situation.

Sincerely,

Tim Muntz
President & CEO

St. Margaret's Health - Spring Valley

*SMP Health*

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

June 26, 2023

**Via Certified Mail / Return Receipt Requested**

The Honorable Lance Yednock
Illinois State Representative
628 Columbus St., Suite 204
Ottawa, IL 61350

Dear Representative Yednock:

Pursuant to 20 ILCS 3960/8.7, please be advised that St. Margaret's Health-Spring Valley (SMH-Spring Valley, the "Applicant") intends to file an Application for Permit (the "Application") with the Illinois Health Facilities and Services Review Board (the "Review Board") to discontinue the inpatient hospital at SMH-Spring Valley.

The Project will result in a discontinuation of SMH-Spring Valley's 34 authorized inpatient beds.

The Project began in 2019 when SMH-Spring Valley, formerly known as St. Margaret's Hospital, and St. Margaret's Health-Peru (SMH-Peru), formerly known as Illinois Valley Community Hospital, recognized that without an affiliation of some sort, neither hospital was financially sustainable. After much negotiation between the parties, the concept of one integrated health system was developed.

In accordance with two Change of Ownership Certificates of Exemption granted by the Illinois Health Services Review Board in November of 2020, SMH-Spring Valley and SMH-Peru came under the common control of St. Margaret's Health. The change of ownership and the forming of the new healthcare system were designed to ensure financial stability and to enhance clinical services to provide a comprehensive spectrum of healthcare services locally in Spring Valley, Peru and the surrounding communities. As part of the integration, SMH-Spring Valley filed and received a Certificate of Exemption in November 2021, for the discontinuation of its obstetrics category of service.

Maintaining two inpatient hospitals which are approximately four and one-half miles apart was not economically sustainable or feasible. The average daily census at SMH-Spring Valley has declined from 21.4 in CY2018 to 18.6 in CY2021. Similarly, the occupancy rate at SMH-Spring Valley has declined from 48.7% in CY2018 to 42.3% in CY2021. For that same time period, the average daily census at SMH-Peru has declined from 23.1 to 20.3 and for the period of CY2019 to CY2021, the occupancy rate has declined from 46.5% to 41.4%.

In addition, the facilities, including the hospitals and physician clinics, have lost significant amounts of money on operations. Operating losses were over $22.5 million for SMH-Spring Valley for fiscal years 2018 through 2022, and over $41.5 million for SMH-Peru for fiscal years 2018 through 2022. Excluding government support funds from the Provider Relief Act and the American Rescue Plan Act of $16.5 million for SMH-Spring Valley and $18.5 million for SMH-Peru, the operating losses would have totaled over $39 million for SMH-Spring Valley for fiscal

years 2018 through 2022 and over $60 million for SMH-Peru for fiscal years 2018 through 2022. Further, the operating losses continued into fiscal years 2023, and SMH-Spring Valley and SMH-Peru do not anticipate any future government support funds. Finally, the hospital's primary lender and creditor froze several million dollars of the hospital's bank accounts and then later inappropriately applied those funds. All of the above made it impossible for the Hospital to continue to operate and meet payroll and other obligations. As a result, the Board of Directors voted to discontinue operations as of June 16, 2023, the last date the Hospital could meet the full payroll obligations.

The discontinuation of SMH-Spring Valley as an inpatient hospital will not have an adverse impact upon access to care for residents in SMH-Spring Valley's marketing area, which the Review Board defines as a "twenty-one mile radius around the hospital". OSF Healthcare will purchase the assets of SMH-Peru pursuant to an Asset Purchase Agreement. Subject to a Certificate of Exemption that has been filed jointly by OSF Healthcare and SMH-Peru, the Peru campus will be operated under the license of OSF Saint Elizabeth Medical Center, Ottawa. There are three other hospitals in SMH-Spring Valley's market area. In 2020, the hospitals in the C-02 Planning Area, had a staffed-bed occupancy rate of 42.5% for medical-surgical beds, 47.1% for intensive care beds, and 22.6% for obstetrical beds. This suggests that those hospitals have more than enough capacity to absorb any medical-surgical, intensive care or obstetrics patients of SMH-Spring Valley. As mentioned, OSF HealthCare and SMH-Peru have filed a joint application for a change of ownership. It is anticipated that, through the license of OSF Saint Elizabeth Medical Center, OSF will operate an acute care hospital with emergency room services at the SMH-Peru site. It is our understanding that every hospital in this market area participates in the Medicaid Program, and that every one of those hospitals does not have conditions, restrictions or limitations that prevent said hospital from serving the patient population historically served by those hospitals. In fact, the discontinuation of SMH-Spring Valley's 34 beds will not create a shortage of beds in SMH-Spring Valley's market area. The discontinuation of those beds should result in higher utilization of the surrounding hospitals and reduce their cost per unit of service.

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Sincerely,

Tim Muntz
President & CEO

St. Margaret's Health - Spring Valley

*SMP Health*

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

June 26, 2023

**Via Certified Mail / Return Receipt Requested**

Mayor Melanie Malooley-Thompson
City of Spring Valley
215 N. Greenwood Street
Spring Valley, IL 61362

Dear Mayor Thompson:

Pursuant to 20 ILCS 3960/8.7, please be advised that St. Margaret's Health-Spring Valley (SMH-Spring Valley, the "Applicant") intends to file an Application for Permit (the "Application") with the Illinois Health Facilities and Services Review Board (the "Review Board") to discontinue the inpatient hospital at SMH-Spring Valley.

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Maintaining two inpatient hospitals which are approximately four and one-half miles apart was not economically sustainable or feasible. The average daily census at SMH-Spring Valley has declined from 21.4 in CY2018 to 18.6 in CY2021. Similarly, the occupancy rate at SMH-Spring Valley has declined from 48.7% in CY2018 to 42.3% in CY2021. For that same time period, the average daily census at SMH-Peru has declined from 23.1 to 20.3 and for the period of CY2019 to CY2021, the occupancy rate has declined from 46.5% to 41.4%.

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years 2018 through 2022 and over $60 million for SMH-Peru for fiscal years 2018 through 2022. Further, the operating losses continued into fiscal years 2023, and SMH-Spring Valley and SMH-Peru do not anticipate any future government support funds. Finally, the hospital's primary lender and creditor froze several million dollars of the hospital's bank accounts and then later inappropriately applied those funds. All of the above made it impossible for the Hospital to continue to operate and meet payroll and other obligations. As a result, the Board of Directors voted to discontinue operations as of June 16, 2023, the last date the Hospital could meet the full payroll obligations.

The discontinuation of SMH-Spring Valley as an inpatient hospital will not have an adverse impact upon access to care for residents in SMH-Spring Valley's marketing area, which the Review Board defines as a "twenty-one mile radius around the hospital". OSF Healthcare will purchase the assets of SMH-Peru pursuant to an Asset Purchase Agreement. Subject to a Certificate of Exemption that has been filed jointly by OSF Healthcare and SMH-Peru, the Peru campus will be operated under the license of OSF Saint Elizabeth Medical Center, Ottawa. There are three other hospitals in SMH-Spring Valley's market area. In 2020, the hospitals in the C-02 Planning Area, had a staffed-bed occupancy rate of 42.5% for medical-surgical beds, 47.1% for intensive care beds, and 22.6% for obstetrical beds. This suggests that those hospitals have more than enough capacity to absorb any medical-surgical, intensive care or obstetrics patients of SMH-Spring Valley. As mentioned, OSF HealthCare and SMH-Peru have filed a joint application for a change of ownership. It is anticipated that, through the license of OSF Saint Elizabeth Medical Center, OSF will operate an acute care hospital with emergency room services at the SMH-Peru site. It is our understanding that every hospital in this market area participates in the Medicaid Program, and that every one of those hospitals does not have conditions, restrictions or limitations that prevent said hospital from serving the patient population historically served by those hospitals. In fact, the discontinuation of SMH-Spring Valley's 34 beds will not create a shortage of beds in SMH-Spring Valley's market area. The discontinuation of those beds should result in higher utilization of the surrounding hospitals and reduce their cost per unit of service.

With the discontinuation of SMH-Spring Valley as an inpatient facility, the hospitals in Planning Area C-02 will still have a significant excess of medical-surgical beds. Even with the discontinuation of all 28 medical-surgical beds, in the C-02 Planning Area there would be 135 beds, which is 15 beds above the adjusted bed need from the latest (2021) Inventory of Health Care Facilities and Services and Need Determination.

With regard to ICU beds, after the discontinuation, there will be 16 ICU beds compared to a projected need of 14 beds in the C-02 Area. When OSF reopens the SMH-Peru hospital, under the license of OSF St. Elizabeth Medical Center, there will be even more medical-surgical beds, and emergency services will be enhanced.

The discontinuation of SMH-Spring Valley as an inpatient facility is the only alternative, considering the financially distressed situation.

Sincerely,

Tim Muntz
President & CEO

St. Margaret's Health - Spring Valley

*SMP Health*

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

June 26, 2023

**Via Certified Mail / Return Receipt Requested**

Ms. Theresa Eagleson
Director
Illinois Department of Healthcare and Family Services
201 South Grand Avenue, East
Springfield, IL 62763

Dear Ms. Eagleson:

Pursuant to 20 ILCS 3960/8.7, please be advised that St. Margaret's Health-Spring Valley (SMH-Spring Valley, the "Applicant") intends to file an Application for Permit (the "Application") with the Illinois Health Facilities and Services Review Board (the "Review Board") to discontinue the inpatient hospital at SMH-Spring Valley.

The Project will result in a discontinuation of SMH-Spring Valley's 34 authorized inpatient beds.

The Project began in 2019 when SMH-Spring Valley, formerly known as St. Margaret's Hospital, and St. Margaret's Health-Peru (SMH-Peru), formerly known as Illinois Valley Community Hospital, recognized that without an affiliation of some sort, neither hospital was financially sustainable. After much negotiation between the parties, the concept of one integrated health system was developed.

In accordance with two Change of Ownership Certificates of Exemption granted by the Illinois Health Services Review Board in November of 2020, SMH-Spring Valley and SMH-Peru came under the common control of St. Margaret's Health. The change of ownership and the forming of the new healthcare system were designed to ensure financial stability and to enhance clinical services to provide a comprehensive spectrum of healthcare services locally in Spring Valley, Peru and the surrounding communities. As part of the integration, SMH-Spring Valley filed and received a Certificate of Exemption in November 2021, for the discontinuation of its obstetrics category of service.

Maintaining two inpatient hospitals which are approximately four and one-half miles apart was not economically sustainable or feasible. The average daily census at SMH-Spring Valley has declined from 21.4 in CY2018 to 18.6 in CY2021. Similarly, the occupancy rate at SMH-Spring Valley has declined from 48.7% in CY2018 to 42.3% in CY2021. For that same time period, the average daily census at SMH-Peru has declined from 23.1 to 20.3 and for the period of CY2019 to CY2021, the occupancy rate has declined from 46.5% to 41.4%.

In addition, the facilities, including the hospitals and physician clinics, have lost significant amounts of money on operations. Operating losses were over $22.5 million for SMH-Spring Valley for fiscal years 2018 through 2022, and over $41.5 million for SMH-Peru for fiscal years 2018 through 2022. Excluding government support funds from the Provider Relief Act and the American Rescue Plan Act of $16.5 million for SMH-Spring Valley and $18.5 million for SMH-

Peru, the operating losses would have totaled over $39 million for SMH-Spring Valley for fiscal years 2018 through 2022 and over $60 million for SMH-Peru for fiscal years 2018 through 2022. Further, the operating losses continued into fiscal years 2023, and SMH-Spring Valley and SMH-Peru do not anticipate any future government support funds. Finally, the hospital's primary lender and creditor froze several million dollars of the hospital's bank accounts and then later inappropriately applied those funds. All of the above made it impossible for the Hospital to continue to operate and meet payroll and other obligations. As a result, the Board of Directors voted to discontinue operations as of June 16, 2023, the last date the Hospital could meet the full payroll obligations.

The discontinuation of SMH-Spring Valley as an inpatient hospital will not have an adverse impact upon access to care for residents in SMH-Spring Valley's marketing area, which the Review Board defines as a "twenty-one mile radius around the hospital". OSF Healthcare will purchase the assets of SMH-Peru pursuant to an Asset Purchase Agreement. Subject to a Certificate of Exemption that has been filed jointly by OSF Healthcare and SMH-Peru, the Peru campus will be operated under the license of OSF Saint Elizabeth Medical Center, Ottawa. There are three other hospitals in SMH-Spring Valley's market area. In 2020, the hospitals in the C-02 Planning Area, had a staffed-bed occupancy rate of 42.5% for medical-surgical beds, 47.1% for intensive care beds, and 22.6% for obstetrical beds. This suggests that those hospitals have more than enough capacity to absorb any medical-surgical, intensive care or obstetrics patients of SMH-Spring Valley. As mentioned, OSF HealthCare and SMH-Peru have filed a joint application for a change of ownership. It is anticipated that, through the license of OSF Saint Elizabeth Medical Center, OSF will operate an acute care hospital with emergency room services at the SMH-Peru site. It is our understanding that every hospital in this market area participates in the Medicaid Program, and that every one of those hospitals does not have conditions, restrictions or limitations that prevent said hospital from serving the patient population historically served by those hospitals. In fact, the discontinuation of SMH-Spring Valley's 34 beds will not create a shortage of beds in SMH-Spring Valley's market area. The discontinuation of those beds should result in higher utilization of the surrounding hospitals and reduce their cost per unit of service.

With the discontinuation of SMH-Spring Valley as an inpatient facility, the hospitals in Planning Area C-02 will still have a significant excess of medical-surgical beds. Even with the discontinuation of all 28 medical-surgical beds, in the C-02 Planning Area there would be 135 beds, which is 15 beds above the adjusted bed need from the latest (2021) Inventory of Health Care Facilities and Services and Need Determination.

With regard to ICU beds, after the discontinuation, there will be 16 ICU beds compared to a projected need of 14 beds in the C-02 Area. When OSF reopens the SMH-Peru hospital, under the license of OSF St. Elizabeth Medical Center, there will be even more medical-surgical beds, and emergency services will be enhanced.

The discontinuation of SMH-Spring Valley as an inpatient facility is the only alternative, considering the financially distressed situation.

Sincerely,

Tim Muntz
President & CEO

St. Margaret's Health - Spring Valley

*SMP Health*

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

June 26, 2023

**Via Certified Mail / Return Receipt Requested**

Sameer Vohra, MD,JD, MA
Director
Illinois Department of Public Health
525-535 West Jefferson Street
Springfield, IL 62761

Dear Dr. Vohra:

Pursuant to 20 ILCS 3960/8.7, please be advised that St. Margaret's Health-Spring Valley (SMH-Spring Valley, the "Applicant") intends to file an Application for Permit (the "Application") with the Illinois Health Facilities and Services Review Board (the "Review Board") to discontinue the inpatient hospital at SMH-Spring Valley.

The Project will result in a discontinuation of SMH-Spring Valley's 34 authorized inpatient beds.

The Project began in 2019 when SMH-Spring Valley, formerly known as St. Margaret's Hospital, and St. Margaret's Health-Peru (SMH-Peru), formerly known as Illinois Valley Community Hospital, recognized that without an affiliation of some sort, neither hospital was financially sustainable. After much negotiation between the parties, the concept of one integrated health system was developed.

In accordance with two Change of Ownership Certificates of Exemption granted by the Illinois Health Services Review Board in November of 2020, SMH-Spring Valley and SMH-Peru came under the common control of St. Margaret's Health. The change of ownership and the forming of the new healthcare system were designed to ensure financial stability and to enhance clinical services to provide a comprehensive spectrum of healthcare services locally in Spring Valley, Peru and the surrounding communities. As part of the integration, SMH-Spring Valley filed and received a Certificate of Exemption in November 2021, for the discontinuation of its obstetrics category of service.

Maintaining two inpatient hospitals which are approximately four and one-half miles apart was not economically sustainable or feasible. The average daily census at SMH-Spring Valley has declined from 21.4 in CY2018 to 18.6 in CY2021. Similarly, the occupancy rate at SMH-Spring Valley has declined from 48.7% in CY2018 to 42.3% in CY2021. For that same time period, the average daily census at SMH-Peru has declined from 23.1 to 20.3 and for the period of CY2019 to CY2021, the occupancy rate has declined from 46.5% to 41.4%.

In addition, the facilities, including the hospitals and physician clinics, have lost significant amounts of money on operations. Operating losses were over $22.5 million for SMH-Spring Valley for fiscal years 2018 through 2022, and over $41.5 million for SMH-Peru for fiscal years 2018 through 2022. Excluding government support funds from the Provider Relief Act and the American Rescue Plan Act of $16.5 million for SMH-Spring Valley and $18.5 million for SMH-

Peru, the operating losses would have totaled over $39 million for SMH-Spring Valley for fiscal years 2018 through 2022 and over $60 million for SMH-Peru for fiscal years 2018 through 2022. Further, the operating losses continued into fiscal years 2023, and SMH-Spring Valley and SMH-Peru do not anticipate any future government support funds. Finally, the hospital's primary lender and creditor froze several million dollars of the hospital's bank accounts and then later inappropriately applied those funds. All of the above made it impossible for the Hospital to continue to operate and meet payroll and other obligations. As a result, the Board of Directors voted to discontinue operations as of June 16, 2023, the last date the Hospital could meet the full payroll obligations.

The discontinuation of SMH-Spring Valley as an inpatient hospital will not have an adverse impact upon access to care for residents in SMH-Spring Valley's marketing area, which the Review Board defines as a "twenty-one mile radius around the hospital". OSF Healthcare will purchase the assets of SMH-Peru pursuant to an Asset Purchase Agreement. Subject to a Certificate of Exemption that has been filed jointly by OSF Healthcare and SMH-Peru, the Peru campus will be operated under the license of OSF Saint Elizabeth Medical Center, Ottawa. There are three other hospitals in SMH-Spring Valley's market area. In 2020, the hospitals in the C-02 Planning Area, had a staffed-bed occupancy rate of 42.5% for medical-surgical beds, 47.1% for intensive care beds, and 22.6% for obstetrical beds. This suggests that those hospitals have more than enough capacity to absorb any medical-surgical, intensive care or obstetrics patients of SMH-Spring Valley. As mentioned, OSF HealthCare and SMH-Peru have filed a joint application for a change of ownership. It is anticipated that, through the license of OSF Saint Elizabeth Medical Center, OSF will operate an acute care hospital with emergency room services at the SMH-Peru site. It is our understanding that every hospital in this market area participates in the Medicaid Program, and that every one of those hospitals does not have conditions, restrictions or limitations that prevent said hospital from serving the patient population historically served by those hospitals. In fact, the discontinuation of SMH-Spring Valley's 34 beds will not create a shortage of beds in SMH-Spring Valley's market area. The discontinuation of those beds should result in higher utilization of the surrounding hospitals and reduce their cost per unit of service.

With the discontinuation of SMH-Spring Valley as an inpatient facility, the hospitals in Planning Area C-02 will still have a significant excess of medical-surgical beds. Even with the discontinuation of all 28 medical-surgical beds, in the C-02 Planning Area there would be 135 beds, which is 15 beds above the adjusted bed need from the latest (2021) Inventory of Health Care Facilities and Services and Need Determination.

With regard to ICU beds, after the discontinuation, there will be 16 ICU beds compared to a projected need of 14 beds in the C-02 Area. When OSF reopens the SMH-Peru hospital, under the license of OSF St. Elizabeth Medical Center, there will be even more medical-surgical beds, and emergency services will be enhanced.

The discontinuation of SMH-Spring Valley as an inpatient facility is the only alternative, considering the financially distressed situation.

Sincerely,

Tim Muntz
President & CEO

#23-031

St. Margaret's Health - Spring Valley

SMP Health

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

June 26, 2023

**Via Certified Mail / Return Receipt Requested**

Mr. John P. Kniery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, Second Floor
Springfield, IL 62761

Dear Mr. Kniery:

Pursuant to 20 ILCS 3960/8.7, please be advised that St. Margaret's Health-Spring Valley (SMH-Spring Valley, the "Applicant") intends to file an Application for Permit (the "Application") with the Illinois Health Facilities and Services Review Board (the "Review Board") to discontinue the inpatient hospital at SMH-Spring Valley.

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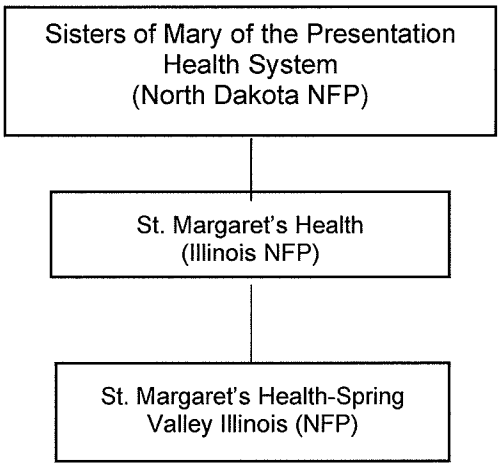
The discontinuation of SMH-Spring Valley as an inpatient facility is the only alternative, considering the financially distressed situation.

Sincerely,

Tim Muntz
President & CEO

Current


Sisters of Mary of the Presentation Health System (North Dakota NFP)
St. Margaret's Health (Illinois NFP)
St. Margaret's Health-Spring Valley Illinois (NFP)

**Attachment 10 – Criterion 1110.290 (b) – Reason for Discontinuation**

The decision to discontinue inpatient and emergency room services at SMH-Spring Valley was not an easy one. However, the financial situation offered no alternative.

In addition, the facilities, including the hospitals and physician clinics, have lost, significant amounts of money on operations. Operating losses were over $22.5 million for SMH-Spring Valley for fiscal years 2018 through 2022, and over $41.5 million for SMH-Peru for fiscal years 2018 through 2022. Excluding government support funds from the Provider Relief Act and the American Rescue Plan Act of $16.5 million for SMH-Spring Valley and $18.5 million for SMH-Peru, the operating losses would have totaled over $39 million for SMH-Spring Valley for fiscal years 2018 through 2022 and over $60 million for SMH-Peru for fiscal years 2018 through 2022. Further, the operating losses continued into fiscal years 2023, and SMH-Spring Valley and SMH-Peru do not anticipate any future government support funds. Finally, the Hospital's biggest creditor and lender froze several million dollars of Hospital accounts and then later inappropriately applied those funds. All of the above made it impossible for the Hospital to continue to operate and meet payroll and other obligations. As a result, the Board of Directors voted to discontinue operations as of June 16, 2016, the last date the Hospital could meet the full payroll obligations.

| | **SMH-Spring Valley f/k/a St. Margaret's Health** | | | | |
|---|---|---|---|---|---|
| Fiscal Year Period Ending | FY18 30-Sep-18 | FY19 30-Sep-19 | FY20 30-Sep-20 | FY21 30-Sep-21 | FY22 |
| Patient Service Revenue | $87,625 | $85,715 | $77,174 | $79,938 | $88,721 |
| Other Revenues | (1,760) | 1,123 | 7,781 | 11,063 | 6,023 |
| **Total Revenues** | **85,865** | **86,838** | **84,955** | **91,001** | **94,744** |
| Total Expenses | 89,511 | 90,031 | 87,841 | 99,609 | 99,224 |
| **Operating Income (Loss)** | **(3,656)** | **(3,192)** | **(2,887)** | **(8,608)** | **(4,480)** |
| Other Income (Expense) | 2,438 | 1,524 | 3,432 | 7,329 | (4,180) |
| **Net Income (Loss)** | **(1,207)** | **(1,669)** | **545** | **(1,279)** | **(8,661)** |
| Government Funding | N/A | N/A | 6,689 | 7,763 | 1,997 |
| **Net Loss Without Government Funding** | **(1,207)** | **(1,669)** | **(6,144)** | **(9,042)** | **(10,658)** |

In addition, inpatient discharges at virtually all hospitals have continued to decline, as the population served by hospitals has shifted from inpatient services to outpatient services. Thus, the average daily census at SMH-Spring Valley has dropped from 21.4 patients in 2018 to 18.6 in 2021.

***Average Daily Census and Patient Days**
**SMH-Spring Valley**

| | **Average Daily Census** | **Patient Days** |
|---|---|---|
| 2018 | 21.4 | 7,820 |
| 2019 | 20.9 | 6,631 |
| 2020 | 19.0 | 6,937 |
| 2021 | 18.6 | 6,798 |
| 2022 | 20.0 | 7,305 |

*Includes Inpatient and Observation Days

It should be noted that the future of healthcare has changed and continues to evolve rapidly. Inpatient care is being replaced by outpatient care due to advancements in medicine and payor demands. There continues to be less of a need for inpatient services and a greater need for outpatient and ambulatory care services.

It also should be noted that the populations of both Bureau and LaSalle Counties are not increasing, but rather are decreasing.

**Population of LaSalle and Bureau Counties***

| | LaSalle | Bureau |
|---|---|---|
| 2010 | 113,924 | 34,978 |
| 2015 | 112,881 | 34,251 |
| 2020 | 112,417 | 33,683 |
| 2025 projected | 112,034 | 33,144 |

*Illinois Department of Public Health Office of Health Informatics, Illinois Center for Health Statistics.

As indicated, the average daily census for SMH-Spring Valley has declined. Inpatient surgical procedures at SMH-Spring Valley have declined from 455 to 306 from 2018 to 2021. There have been similar declines for outpatient surgical procedures. SMH-Spring Valley outpatient surgical procedures declined from 1,783 in 2018 to 1,638 in 2021. There has also been a precipitous decline in the ER visits. SMH-Spring Valley ER visits have declined from 10,706 in 2018 to 9,144 in 2021. (Sources: 2021 and 2018 Hospital Profiles)

The payor mix has remained relatively constant throughout the time period. From 2018 through 2021, SMH-Spring Valley's percentage of Medicare inpatient patients declined slightly while the Medicaid percentage increased slightly. There has been a moderate increase of Medicare outpatient patients while the Medicaid percentage decreased slightly at SMH-Spring Valley. The amount of inpatient Medicare payor net revenue has decreased at SMH-Spring Valley while the Medicaid payor inpatient net revenue has increased slightly. The below charts indicate the payors as percentage of patient service revenue.

**Payor as Percentage of Inpatients Served**
**SMH-Spring Valley****

| | Medicare | Medicaid | Other * |
|---|---|---|---|
| 2018 | 62.8% | 10.0% | 27.2% |
| 2019 | 64.7% | 10.1% | 25.2% |
| 2020 | 59.7% | 12.8% | 27.5% |
| 2021 | 59.2% | 13.9% | 27.0% |
| 2022 | 68.8% | 9.0% | 22.2% |

**Payor as Percentage of Outpatients Served**
**SMH-Spring Valley****

| | Medicare | Medicaid | Other * |
|---|---|---|---|
| 2018 | 35.3% | 14.1% | 50.6% |
| 2019 | 37.6% | 12.9% | 49.6% |
| 2020 | 38.1% | 13.1% | 48.8% |
| 2021 | 39.2% | 12.0% | 48.7% |
| 2022 | 40.9% | 12.9% | 46.2% |

**SMH-Spring Valley**
**Inpatient Net Revenue by Payor Source****

| | Medicare | Medicaid | Other * | Total |
|---|---|---|---|---|
| 2018 | $9,378,791 | $1,573,781 | $8,614,171 | $19,566,743 |
| 2019 | $8,993,583 | $2,842,004 | $8,566,724 | $20,402,311 |
| 2020 | $7,124,578 | $2,228,082 | $7,843,031 | $17,195,691 |
| 2021 | $6,969,636 | $279,869 | $7,225,420 | $14,474,925 |
| 2022 | $6,407,139 | $347,618 | $5,692,416 | $12,447,173 |

**SMH-Spring Valley**
**Outpatient Net Revenue by Payor Source**

| | Medicare | Medicaid | Other * | Total |
|---|---|---|---|---|
| 2018 | $18,400,505 | $2,073,895 | $50,497,957 | $70,972,357 |
| 2019 | $19,626,684 | $906,257 | $50,550,606 | $71,083,547 |
| 2020 | $18,167,882 | $1,248,064 | $44,707,750 | $64,123,696 |
| 2021 | $17,489,789 | $4,496,016 | $46,646,778 | $68,632,583 |
| 2022 | $21,495,391 | $4,687,606 | $53,446,338 | $79,629,335 |

* Other includes charity care, other public, private insurance, and private pay.

**Hospital Profiles 2018, 2019, 2020, 2021 and Hospital data for 2022.

## ATTACHMENT 11
## 1110.110 (a) – Background of the Applicants

**St. Margaret's Health-Spring Valley**

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

St. Margaret's Health-Spring Valley, License Number 0002576, Medicare Number 14-0143.

2. A corporate officer or director, LLC members, partner or owners of at least five percent (5%) of St. Margaret's Health-Spring Valley currently owns or operates the following healthcare facilities in Illinois.

None

3. St. Margaret's Health-Spring Valley, by its representatives' signatures to its certificate 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 three years before the filing of this Application; and

4. St. Margaret's Health-Spring Valley, by its representatives' signatures to its certification page on 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 Applicant submitted in this Application.

**Criterion 1110.290 (c) – Impact on Access General Statement**

Pursuant to 77 Adm. 1110.290 (c), the discontinuation of SMH-Spring Valley will not have an adverse impact upon access to care for residents in SMH-Spring Valley's marketing area, which the Review Board defines as a twenty-one (21) mile radius around SMH-Spring Valley because (a) there are three (3) other hospitals in SMH-Spring Valley's market area; (b) those hospitals have excess bed capacity for Medical Surgical, Obstetrics and Intensive Care, which further supports that they could absorb the excess inpatients; (c) on information and belief, every hospital in SMH-Spring Valley's market area participates in the Medicaid Program; (d) on information and belief, every hospital in SMH-Spring Valley's market area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by those hospitals; (e) once OSF HealthCare reopens the Peru campus under the license of OSF Saint Elizabeth Medical Center, there will be additional medical-surgery beds, and emergency room beds; and (f) discontinuation of SMH-Spring Valley's thirty-four (34) beds will not create a shortage of beds in SMH-Spring Valley's market area. In addition, the discontinuation of SMH-Spring Valley should result in higher utilization of the surrounding hospitals and reduce their cost per unit of service.

St. Margaret's Health - Spring Valley

*SMP Health*

600 East First Street
Spring Valley, IL 61362
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June 26, 2023

**Via Certified Mail / Return Receipt Requested**

Ms. Dawn Trompeter
President
OSF Saint Elizabeth Medical Center
1100 E. Norris Dr.
Ottawa, IL 61350

**Re: CON Discontinuation Application**

Dear Ms. Trompeter:

As you know, St. Margaret's Health-Spring Valley (SMH-Spring Valley) has discontinued its inpatient operations on June 16, 2023. This has resulted in the discontinuation of the hospital license for SMH-Spring Valley.

Please note that SMH-Spring Valley had 1,112 admissions for Medical-Surgical patients; 152 ICU admissions; and 284 Obstetrical admissions in 2020. SMH-Spring Valley had 993 admissions for Medical-Surgical patients; 125 ICU admissions; and 268 Obstetrical admissions in 2021*. SMH-Spring Valley had 1,036 admissions for Medical-Surgical patients; 77 ICU admissions; and 102 Obstetrical admissions in 2022*.

In accordance with the Illinois Health Facilities and Service Review Board Rules, Section 1110.290 (d), I am notifying you of the discontinuation of the SMH-Spring Valley and the discontinuation of all 28 of its Medical-Surgical beds, and all 6 of its Intensive Care beds. The closure was on June 16, 2023.

As you may know, in our Planning Area, C-2, there are excess beds for all three categories of service. With regard to the Medical-Surgical beds component, the total occupancy level in the C-2 Planning Area has never approached the eighty-five percent (85%) suggested as a State Target Occupancy Rate. With regard to ICU beds, similarly the hospitals involved have not approached the sixty percent (60%) State Target Occupancy Rate.

Due to the closing of the inpatient hospital at SMH-Spring Valley, it is quite likely that additional utilization of your hospital could occur in the discontinued categories of services.

Sincerely,

Tim Muntz
President & CEO

*Annual Hospital Questionnaire for 2021 and 2022

St. Margaret's Health - Spring Valley

*SMP Health*

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

June 26, 2023

**Via Certified Mail / Return Receipt Requested**

Ms. Dawn Trompeter
President
OSF Saint Paul Medical Center
1401 E. 12th Street
Mendota, IL 61342

**Re: CON Discontinuation Application**

Dear Ms. Trompeter:

As you know, St. Margaret's Health-Spring Valley (SMH-Spring Valley) has discontinued its inpatient operations on June 16, 2023. This has resulted in the discontinuation of the hospital license for SMH-Spring Valley.

Please note that SMH-Spring Valley had 1,112 admissions for Medical-Surgical patients; 152 ICU admissions; and 284 Obstetrical admissions in 2020. SMH-Spring Valley had 993 admissions for Medical-Surgical patients; 125 ICU admissions; and 268 Obstetrical admissions in 2021*. SMH-Spring Valley had 1,036 admissions for Medical-Surgical patients; 77 ICU admissions; and 102 Obstetrical admissions in 2022*.

In accordance with the Illinois Health Facilities and Service Review Board Rules, Section 1110.290 (d), I am notifying you of the discontinuation of the SMH-Spring Valley and the discontinuation of all 28 of its Medical-Surgical beds, and all 6 of its Intensive Care beds. The closure was on June 16, 2023.

As you may know, in our Planning Area, C-2, there are excess beds for all three categories of service. With regard to the Medical-Surgical beds component, the total occupancy level in the C-2 Planning Area has never approached the eighty-five percent (85%) suggested as a State Target Occupancy Rate. With regard to ICU beds, similarly the hospitals involved have not approached the sixty percent (60%) State Target Occupancy Rate.

Due to the closing of the inpatient hospital at SMH-Spring Valley, it is quite likely that additional utilization of your hospital could occur in the discontinued categories of services.

Sincerely,

Tim Muntz
President & CEO

*Annual Hospital Questionnaire for 2021 and 2022

#23-031

# St. Margaret's Health - Spring Valley

*SMP Health*

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

June 26, 2023

**Via Certified Mail / Return Receipt Requested**

Ms. Jackie Kernan
President
OSF Saint Clare Medical Center
530 Park Ave., E.
Princeton, IL 61356

**Re: CON Discontinuation Application**

Dear Ms. Kernan:

As you know, St. Margaret's Health-Spring Valley (SMH-Spring Valley) has discontinued its inpatient operations on June 16, 2023. This has resulted in the discontinuation of the hospital license for SMH-Spring Valley.

Please note that SMH-Spring Valley had 1,112 admissions for Medical-Surgical patients; 152 ICU admissions; and 284 Obstetrical admissions in 2020. SMH-Spring Valley had 993 admissions for Medical-Surgical patients; 125 ICU admissions; and 268 Obstetrical admissions in 2021*. SMH-Spring Valley had 1,036 admissions for Medical-Surgical patients; 77 ICU admissions; and 102 Obstetrical admissions in 2022*.

In accordance with the Illinois Health Facilities and Service Review Board Rules, Section 1110.290 (d), I am notifying you of the discontinuation of the SMH-Spring Valley and the discontinuation of all 28 of its Medical-Surgical beds, and all 6 of its Intensive Care beds. The closure was on June 16, 2023.

As you may know, in our Planning Area, C-2, there are excess beds for all three categories of service. With regard to the Medical-Surgical beds component, the total occupancy level in the C-2 Planning Area has never approached the eighty-five percent (85%) suggested as a State Target Occupancy Rate. With regard to ICU beds, similarly the hospitals involved have not approached the sixty percent (60%) State Target Occupancy Rate.

Due to the closing of the inpatient hospital at SMH-Spring Valley, it is quite likely that additional utilization of your hospital could occur in the discontinued categories of services.

Sincerely,

Tim Muntz
Tim Muntz
President & CEO

*Annual Hospital Questionnaire for 2021 and 2022

**Impact Statement Criterion 1110.290 (c) – Impact on Access to Medical/Surgical Category of Service.**

1. Pursuant to 77 Ill. Adm. 1110.290 (c), and as set forth below, the discontinuation of the Medical-Surgical ("Med/Surg") category of service at SMH-Spring Valley will not have an adverse impact upon the ability of patients to access inpatient Med/Surg services in SMH-Spring Valley's market area because: (a) there are three (3) other hospitals in SMH-Spring Valley's market area that provide inpatient Med/Surg services; none of the three (3) approach the desired State occupancy rate of 85% and all three (3) are under sixty percent (60%) (see chart for 2018-2020 data); (b) on information and belief, every hospital in SMH-Spring Valley's market area participates in the Medicaid Program; (c) on information and belief, every hospital in SMH-Spring Valley's market area does not have a condition restriction or limitation that prevents that hospital from serving the patient population historically served by SMH-Spring Valley's inpatient Med/Surg units; (d) the discontinuation of SMH-Spring Valley's twenty-eight (28) Med/Surg beds will not cause a shortage of Med/Surg beds in SMH-Spring Valley's market area; (e) when OSF reopens, the Peru campus under the license of OSF Saint Elizabeth Medical Center, it is believed that the facility will be able to accommodate a significant number of the patient population need for Med/Surg beds, as Peru is located only four and a half (4 ½) from SMH-Spring Valley. In addition, the discontinuation of SMH-Spring Valley should result in a higher utilization of the surrounding hospitals, and reduce their cost per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

2. The number of Med/Surg admissions at SMH-Spring Valley has decreased from 1392 in 2018 to 993 in 2021, representing a decrease in admissions of almost 400 between 2018 and 2021, as set forth in the below chart. SMH-Spring Valley's Med/Surg average daily census has decreased from 16.6 in 2018 to 14.7 in 2021.

**St. Margaret's Health-Spring Valley Medical-Surgical Inpatient Beds and Occupancy**

| Year | Admissions | Admissions Increase/Decrease Year Over Year | Average Daily Census | CON Authorized Bed | CON Occupancy Rate |
|---|---|---|---|---|---|
| 2018 | 1,392 | N/A | 16.6 | 28 | 59.4% |
| 2019 | 1,335 | (57) | 16.2 | 28 | 58.0% |
| 2020 | 1,112 | (223) | 14.9 | 28 | 53.1% |
| 2021 | 993 | (119) | 14.7 | 28 | 52.4% |
| 2022 | 1,036 | (43) | 16.5 | 28 | 58.8% |

**St. Margaret's Health-Peru Medical-Surgical Inpatient Beds and Occupancy****

| Year | Admissions | Admissions Increase/Decrease Year Over Year | Average Daily Census | CON Authorized Bed | CON Occupancy Rate |
|---|---|---|---|---|---|
| 2018 | 1,602 | N/A | 18.3 | 53 | 34.5% |
| 2019 | 1,378 | (224) | 17.4 | 38 | 45.9% |
| 2020 | 1,133 | (245) | 14.4 | 38 | 37.8% |
| 2021 | 1,089 | (44) | 15.5 | 38 | 40.9% |
| 2022 | 699 | (690) | 11.2 | 38 | 29.4% |

*2018-2020 data is Hospital Profiles. 2021 is Hospital data.

**It is anticipated that OSF will reopen the Peru site sometime in late 2023.

**OSF Saint Elizabeth Medical Center Medical-Surgical Inpatient Beds and Occupancy**

| Year | Admissions | Admissions Increase/Decrease Year Over Year | Average Daily Census | CON Authorized Bed | CON Occupancy Rate | State Target Occupancy Rate | Meet State Target Occupancy Rate |
|---|---|---|---|---|---|---|---|
| 2018 | 2,088 | N/A | 23.6 | 54 | 43.7% | 85% | No |
| 2019 | 1,962 | (126) | 22.0 | 54 | 40.8% | 85% | No |
| 2020 | 1,880 | (82) | 21.6 | 54 | 40.0% | 85% | No |

**Perry Memorial Hospital Medical-Surgical Inpatient Beds and Occupancy**

| Year | Admissions | Admissions Increase/Decrease Year Over Year | Average Daily Census | CON Authorized Bed | CON Occupancy Rate | State Target Occupancy Rate | Meet State Target Occupancy Rate |
|---|---|---|---|---|---|---|---|
| 2018 | 661 | N/A | N/A | 22 | N/A | 85% | No |
| 2019 | 648 | (13) | 5.4 | 22 | 24.8% | 85% | No |
| 2020 | 559 | (89) | 5.1 | 22 | 23.0% | 85% | No |

**Mendota Community Hospital Medical-Surgical Inpatient Beds and Occupancy (St. Paul)**

| Year | Admissions | Admissions Increase/Decrease Year Over Year | Average Daily Census | CON Authorized Bed | CON Occupancy Rate | State Target Occupancy Rate | Meet State Target Occupancy Rate |
|---|---|---|---|---|---|---|---|
| 2018 | 386 | N/A | 4.2 | 21 | 19.8% | 85% | No |
| 2019 | 329 | (57) | 4.0 | 21 | 19.1% | 85% | No |
| 2020 | 352 | 23 | 4.1 | 21 | 19.5% | 85% | No |

Over the past four years SMH-Spring Valley's Med/Surgical average daily census has never approached the State occupancy rate of eighty-five percent (85%) for Med/Surg beds.

Upon discontinuation of the medical surgical beds at SMH-Spring Valley, SMH-Spring Valley Planning Area C-2 will have 135 number of available Med/Surg beds at an average occupancy rate of 42.5%. From the Illinois Hospital's Data Summary 2020 there would still be 72 excess medical-surgical beds in the C-02 Planning Area. Thus, based on the number of Med/Surg beds available in SMH-Spring Valley's Planning Area can accommodate all of SMH-Spring Valley's Med/Surg caseload.

**Attachment Criterion 1110.290 (c) – Impact on Access Intensive Care Category of Service**

Pursuant to 77 Ill. Adm. 1110.290 (c), and as set forth below

1. Pursuant to 77 Ill. Adm. 1110.290 (c), and as set forth below, the discontinuation of the Intensive Care category of service at SMH-Spring Valley will not have an adverse impact upon the ability of patients to access ICU services in SMH-Spring Valley's market area because: (a) there are three (3) other hospitals in SMH-Spring Valley's market area that provide adult ICU services. Furthermore, SMH-Spring Valley had an occupancy rate in the low 40% from 2018 through 2021, 42% and 44% from 2018 to 2020. The State's desired occupancy rate is 60%; (b) on information and belief, every hospital in SMH-Spring Valley's market area participates in the Medicaid Program; (c) on information and belief, every hospital in SMH-Spring Valley's market area does not have any conditions, restrictions or limitation that would prevent said hospitals from serving the patient population historically served by SMH-Spring Valley's ICU; (d) it is anticipated that the patients in need of ICU services who were formerly served at SMH-Spring Valley will be served by the other hospitals in the Planning Area; (e) the discontinuation of SMH-Spring Valley's six (6) ICU beds will not create a shortage of ICU beds in SMH-Spring Valley's market area. In addition, the discontinuation of SMH-Spring Valley should result in a higher utilization of the surrounding hospitals and reduce their cost per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Hospital Volumes.

2. The number of ICU admissions at SMH-Spring Valley has decreased from 180 in 2018 to 125 in 2021, representing a decrease in admissions of 55 per year, as set forth in the chart below. SMH-Spring Valley's ICU average daily census has remained relatively constant from 2018 to 2021, as set forth in the chart below.

**St. Margaret's Health-Spring Valley ICU Beds and Occupancy**

| Year | Admissions | Admissions Increase/Decrease Year Over Year | Average Daily Census | CON Authorized Beds | CON Occupancy Rate |
|---|---|---|---|---|---|
| 2018 | 180 | N/A | 2.5 | 6 | 42.3% |
| 2019 | 179 | (1) | 2.6 | 6 | 44.1% |
| 2020 | 152 | (27) | 2.5 | 6 | 42.4% |
| 2021 | 125 | (27) | 2.5 | 6 | 41.6% |
| 2022 | 77 | (48) | 3 | 6 | 49.5% |

**St. Margaret's Health-Peru ICU Beds and Occupancy****

| Year | Admissions | Admissions Increase/Decrease Year Over Year | Average Daily Census | CON Authorized Beds | CON Occupancy Rate |
|---|---|---|---|---|---|
| 2018 | 266 | N/A | 2.3 | 4 | 57.2% |
| 2019 | 278 | 12 | 2.5 | 4 | 63.0% |
| 2020 | 261 | (17) | 2.7 | 4 | 67.8% |
| 2021 | 241 | (20) | 2.9 | 4 | 71.3% |
| 2022 | 150 | (91) | 2.2 | 4 | 54.8% |

*2018-2020 Hospital Profile. 2021 – Hospital data.

**It is anticipated OSF will reopen the Peru site sometime in late 2023.

**OSF Saint Elizabeth Medical Center ICU Beds and Occupancy**

| Year | Admissions | Admissions Increase/Decrease Year Over Year | Average Daily Census | CON Authorized Beds | CON Occupancy Rate |
|---|---|---|---|---|---|
| 2018 | 461 | N/A | 3.3 | 5 | 60.4% |
| 2019 | 466 | 5 | 2.7 | 5 | 55.0% |
| 2020 | 460 | (6) | 3.3 | 5 | 66.2% |
| 2021 | | | | | |
| 2022 | | | | | |

**Perry Memorial Hospital ICU Beds and Occupancy (Princeton)**

| Year | Admissions | Admissions Increase/Decrease Year Over Year | Average Daily Census | CON Authorized Beds | CON Occupancy Rate |
|---|---|---|---|---|---|
| 2018 | 87 | N/A | 0.4 | 3 | 12.9% |
| 2019 | 10 | (77) | 0 | 3 | 1.3% |
| 2020 | 53 | 43 | 0.4 | 3 | 11.7% |
| 2021 | | | | | |
| 2022 | | | | | |

**Mendota Community Hospital ICU Beds and Occupancy (St. Paul)**

| Year | Admissions | Admissions Increase/Decrease Year Over Year | Average Daily Census | CON Authorized Beds | CON Occupancy Rate |
|---|---|---|---|---|---|
| 2018 | 27 | N/A | 0.2 | 4 | 3% |
| 2019 | 10 | (17) | 0.00 | 4 | 1.2% |
| 2020 | 11 | 1 | 0 | 4 | 0.8% |
| 2021 | | | | | |
| 2022 | | | | | |

SMH-Spring Valley's ICU average daily census has decreased over the last four (4) years, and has not hit the State's target ICU rate of sixty percent (60%). In fact, the ICU beds in the Planning Area, even with the decrease of six, will not result in an occupancy rate greater than the desired State target.

SMH-Spring Valley is in Planning Area C-2 for Intensive Care. As of 2021, Planning Area C-2 had 22 ICU beds in inventory, and a calculated need of 14 ICU beds, for an excess of 7 ICU beds, as reflected in the following chart:

**Intensive Care Hospital Planning Area C-2**

| Date | Planning Area | Current Beds in Inventory | Calculated Bed Need | Excess Beds | Authorized St. Margaret's Health Spring Valley Beds | Bed Excess without St. Margaret's Health-Spring Valley |
|---|---|---|---|---|---|---|
| 2018 | C-02 | 22 | 15 | 7 | 6 | 2 |
| 2019 | C-02 | 22 | 14 | 8 | 6 | 2 |
| 2020 | C-02 | 22 | 14 | 8 | 6 | |

**ATTACHMENT 12**
**1110.110 (b) and (d)**

1. SMH-Spring Valley is financially distressed, and is not on a financially viable path toward sustainability. The Hospital sought financial support from the State, lenders and other health care facilities. When the Hospital's largest lender froze its bank account, and then inappropriately applied several million dollars, there was no choice but to cease operation. The Hospital did not want to be in the position of not meeting its payroll for its employees. Therefore, the discontinuation of services at SMH-Spring Valley is mandated by its financial condition.

2. The Planning Area is C-02.

3. In Planning Area C-02 in the calendar year 2020, according to the Illinois Hospital Data Summary, the occupancy level rate for Medical-Surgical beds in the Planning Area was 36.8%, the occupancy level rate for Intensive Care was 40.7%. Thus, discontinuation of 28 Medical-Surgical beds and 6 Intensive Care beds will not adversely affect patients served in the applicable planning area. It is the hope of the SMH-Spring Valley that once OSF reopens the Peru site that most of the patients who had been treated at SMH-Spring Valley will be treated at the Peru site. However, there are three other hospitals in the area that can absorb those patients.

In addition, the facilities, including the hospitals and physician clinics, have lost, and generally will continue to lose, significant amounts of money on operations. Operating losses were over $18 million for SMH-Spring Valley for fiscal years 2018 through 2021. Excluding government support funds from the Provider Relief Act and the American Rescue Plan Act of $14.5 million for SMH-Spring Valley and $12.5 million for SMH-Peru, the operating losses would have totaled over $32.5 million for SMH-Spring Valley for fiscal years 2018 through 2021 and over $39.5 million for SMH-Peru for fiscal years 2018 through 2021. Further, the operating losses have continued into fiscal year 2022 and 2023. For 2022, SMH-Spring Valley had operating losses of over $4.5 million, and for the first six months of 2023, SMH-Spring Valley had operating losses of over $2.3 million. Excluding additional government support funds from the Provider Relief Act and the American Rescue Plan Act received in February 2022 of $8.1 million, the operating loss would have totaled over $6.5 million. SMH-Spring Valley did not receive additional government support funds. Its losses grew and when all sources of financial assistance were exhausted, there was no choice but to discontinue the Hospital and clinic services.

**ATTACHMENT 13**
**Alternatives**

SMH-Spring Valley has debts well in excess of assets and its operating revenue does not begin to cover expenses.

Operating losses were over $18 million for SMH-Spring Valley for fiscal years 2018 through 2021. Excluding government support funds from the Provider Relief Act and the American Rescue Plan Act of $14.5 million for SMH-Spring Valley, the operating losses would have totaled over $32.5 million for SMH-Spring Valley for fiscal years 2018 through 2021. Further, the operating losses have continued into fiscal year 2022 and 2023.

The charts below show the harsh economic reality for SMH-Spring Valley.

| | St. Margaret's Health - Spring Valley f/k/a St. Margaret's Hospital | | | | |
|---|---|---|---|---|---|
| Fiscal Year | FY18 | FY19 | FY20 | FY21 | FY22 |
| Period Ending | 30-Sep-18 | 30-Sep-19 | 30-Sep-20 | 30-Sep-21 | 30-Sep-22 |
| ($ in 000s) | Audited | Audited | Audited | Audited | Unaudited |
| Patient Service Revenue | $ 87,625 | $ 85,715 | $ 77,174 | $ 79,938 | $ 88,721 |
| Other Revenues | (1,760) | 1,123 | 7,781 | 11,063 | 6,023 |
| Total Revenues | 85,865 | 86,838 | 84,955 | 91,001 | 94,744 |
| Total Expenses | 89,511 | 90,031 | 87,841 | 99,609 | 99,224 |
| Operating Income (Loss) | (3,645) | (3,192) | (2,887) | (8,608) | (4,480) |
| Other Income (Expense) [a] | 2,438 | 1,524 | 3,432 | 7,329 | (4,181) |
| **Revenues in Excess of Expenses** | **$ (1,207)** | **$ (1,669)** | **$ 545** | **$ (1,279)** | **$ (8,661)** |
| Less: Government Funding | - | - | 6,689 | 7,763 | 1,997 |
| **Total Loss Without Gov. Funding** | **$ (1,207)** | **$ (1,669)** | **$ (6,144)** | **$ (9,042)** | **$ (10,658)** |

## ATTACHMENT 37

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

**St. Margaret's Health-Spring Valley ***

| Safety Net Information per PA 96-0031 | | | | |
|---|---|---|---|---|
| CHARITY CARE | | | | |
| **Charity (# of patients)** | **2019** | **2020** | **2021** | **2022** |
| Inpatient | 35 | 43 | 6 | 10 |
| Outpatient | 4,357 | 4,262 | 1,673 | 2,058 |
| **Total** | **4,392** | **4,305** | **1,679** | **2,068** |
| | | | | |
| **Charity (cost in dollars)** | **FY 2019** | **FY 2020** | **FY 2021** | **FY 2022** |
| Inpatient | $264,443 | $309,184 | $105,607 | $119,233 |
| Outpatient | $830,557 | $963,816 | $351,393 | $530,767 |
| **Total** | **$1,095,000** | **$1,273,000** | **$457,000** | **$650,000** |
| MEDICAID | | | | |
| **Medicaid (# of patients)** | **2019** | **2020** | **2021** | **2022** |
| Inpatient | 183 | 199 | 180 | 109 |
| Outpatient | 38,516 | 33,424 | 33,356 | 38,686 |
| **Total** | **38,699** | **33,623** | **33,536** | **38,795** |
| | | | | |
| **Medicaid (revenue)** | **FY 2019** | **FY 2020** | **FY 2021** | **FY 2022** |
| Inpatient | $2,842,004 | $2,228,082 | $279,869 | $347,618 |
| Outpatient | $906,257 | $1,248,064 | $4,496,016 | $4,687,606 |
| **Total** | **$3,748,261** | **$3,476,146** | **$4,775,886** | **$5,035,224** |

* Sources: 2019 and 2020 Hospital Profiles and 2021 Hospital Records.

## ATTACHMENT 38

**A table in the following format must be provided for all facilities as part of Attachment 38.**

**St. Margaret's Health Spring Valley ***

| CHARITY CARE | | | | |
|---|---|---|---|---|
| | | **FY 2020** | **FY 2021** | **FY2022** |
| **Net Patient Revenue** | | **$81,319,387** | **$83,119,874** | **$90,195,430** |
| Amount of Charity Care (charges) | | $1,273,000 | $457,000 | $650,000 |
| Cost of Charity Care | | 1.6% | 0.5% | 0.7% |

* Sources: 2020 and 2019 Hospital Profiles and 2021 Hospital Records.

Original #23-031

*ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD*

*CERTIFICATE OF NEED PERMIT APPLICATION*

*JANUARY 2022 EDITION*

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**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD**
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**(217) 782-3516**