25-022

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HEALTH FACILITIES & SERVICES REVIEW BOARD

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:	Hillsboro Health		
Street Address:	1200 E. Tremont Street		
City and Zip Code:	Hillsboro, IL 62049		
County:	Montgomery	Health Service Area: 3	Health Planning Area: E-02

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

Exact Legal Name:	Hillsboro Area Hospital Inc. d/b/a Hillsboro Health
Street Address:	1200 E. Tremont Street
City and Zip Code:	Hillsboro, IL 62049
Name of Registered Agent:	Alex Nazarian
Registered Agent Street Address:	1200 E. Tremont Street
Registered Agent City and Zip Code:	Hillsboro, IL 62049
Name of Chief Executive Officer:	Michael Alexander
CEO Street Address:	1200 E. Tremont Street
CEO City and Zip Code:	Hillsboro, IL 62049
CEO Telephone Number:	217-532-4187

Type of Ownership of Applicants

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

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Joe Ourth
Title:	Partner
Company Name:	Saul Ewing LLP
Address:	161 N. Clark, Suite 4200, Chicago, IL 60601
Telephone Number:	312-876-7815
E-mail Address:	joe.ourth@saul.com
Fax Number:	

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

Name:	
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

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

Exact Legal Name:	Hillsboro Area Systems NFP d/b/a Hillsboro Health Systems
Street Address:	1200 E. Tremont Street
City and Zip Code:	Hillsboro, IL 62049
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Additional Contact [Person who is also authorized to discuss the application for permit]

Name:	
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

Post Permit Contact

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

Name:	Michael Alexander
Title:	CEO
Company Name:	Hillsboro Health
Address:	1200 E. Tremont Street, Hillsboro, IL 62049
Telephone Number:	217-532-4187
E-mail Address:	malexander@HHealth.us
Fax Number:	

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Hillsboro Area Hospital, Inc., d/b/a Hillsboro Health
Address of Site Owner:	1200 E. Tremont Street, Hillsboro, IL 62046

Street Address or Legal Description of the Site:

Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.

APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name:

Address:

☐ 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.

Hillsboro Area Hospital ("Hillsboro Health") is a 25-bed critical access hospital located in Hillsboro Illinois and has been serving patients since 1914. Hillsboro is a community of approximately 6,000 residents equidistant between Springfield and St. Louis. Approximately half the patients using hospital services other than Hillsboro Health travel to Springfield (50 miles) and the other half to the St. Louis area (65 miles).

The current hospital building was constructed 50 years ago and is in need of improvements. In 2023 Hillsboro Health completed a Master Facility Plan that outlined an extensive list of needed improvements, more than could be feasibly undertaken at one time. After careful review, it prioritized three elements that comprise the improvements in this project.

The project has three primary components, including (i) replacing aging mechanical equipment, (ii) constructing an entrance canopy, and (iii) constructing an 11,341-foot addition to replace its two existing operating rooms (the "Project"). The addition will also create one non-sterile procedure room, replace post-surgery recovery rooms and central sterilization.

The Project creates no new categories of service and adds no beds and is classified as "non-substantive" under the Review Board's regulations.

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$183,162	$180,902	$364,064
Site Survey and Soil Investigation	65,000	0	65,000
Site Preparation	128,000	248,076	376,076
Off Site Work	0	0	0
New Construction Contracts	9,537,363	731,514	10,268,877
Modernization Contracts	25,000	10,619,165	10,644,165
Contingencies	654,535	685,284	1,339,809
Architectural/Engineering Fees	766,762	879,238	1,646,000
Consulting and Other Fees	828,550	281,300	1,109,850
Movable or Other Equipment (not in construction contracts)	1,829,083	0	1,829,083
Bond Issuance Expense (project related)	0	0	0
Net Interest Expense During Construction (project related)	224,025	252,623	476,648
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs to Be Capitalized	305,400	200,200	505,600
Acquisition of Building or Other Property (excluding land)	0	0	0
TOTAL USES OF FUNDS	$14,546,880	$14,078,302	$28,625,182
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities			$13,625,182
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			$15,000,000
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			**$28,625,182**

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $_____
Fair Market Value: $_____

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ N/A .

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): August 31, 2027

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.

* The Applicant is working with IDPH on a plan of Correction to become current on the Cancer Registry

Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (BGSF)** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the departments or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Not Reviewable Space [i.e., non-clinical]: *means an area for the benefit of the patients, visitors, staff, or employees of a health care facility and not directly related to the diagnosis, treatment, or rehabilitation of persons receiving services from the health care facility. "Non-clinical service areas" include, but are not limited to, chapels; gift shops; newsstands; computer systems; tunnels, walkways, and elevators; telephone systems; projects to comply with life safety codes; educational facilities; student housing; patient, employee, staff, and visitor dining areas; administration and volunteer offices; modernization of structural components (such as roof replacement and masonry work); boiler repair or replacement; vehicle maintenance and storage facilities; parking facilities; mechanical systems for heating, ventilation, and air conditioning; loading docks; and repair or replacement of carpeting, tile, wall coverings, window coverings or treatments, or furniture. Solely for the purpose of this definition, "non-clinical service area" does not include health and fitness centers.* [20 ILCS 3960/3]

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON-REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

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

Facility Bed Capacity and Utilization

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

FACILITY NAME: Hillsboro Health		**CITY: Hillsboro**			
REPORTING PERIOD DATES:		**From: January 1, 2024 to: December 31, 2024**			
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	25	234	1,593	0	25
Obstetrics	0	0	0	0	0
Pediatrics	0	0	0	0	0
Intensive Care	0	0	0	0	0
Comprehensive Physical Rehabilitation	0	0	0	0	0
Acute/Chronic Mental Illness	0	0	0	0	0
Neonatal Intensive Care	0	0	0	0	0
General Long-Term Care	0	0	0	0	0
Specialized Long-Term Care	0	0	0	0	0
Long Term Acute Care *	*	63	796	0	0
Other ((identify)	0	0	0	0	0
TOTALS:	25	297	2,389	0	25

* LTC Swing

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

SIGNATURE

Michael Alexander
PRINTED NAME

CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of May 2025

Kristina R. McLean
Signature of Notary

Seal

OFFICIAL SEAL
KRISTINA R MCLEAN
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires 05/02/2026

SIGNATURE

John E. Evans
PRINTED NAME

Board Chairman
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of May 2025

Kristina R. McLean
Signature of Notary

Seal

OFFICIAL SEAL
KRISTINA R MCLEAN
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires 05/02/2026

*Insert the EXACT legal name of the applicant

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- 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.

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Carl E Black
SIGNATURE

Earl E Black
PRINTED NAME

Vice Chair
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of May 2025

Kristina R. McLean
Signature of Notary

Seal

OFFICIAL SEAL
KRISTINA R MCLEAN
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires 05/02/2026

Michael Alexander
SIGNATURE

Michael Alexander
PRINTED NAME

CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of May 2025

Kristina R. McLean
Signature of Notary

Seal

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*Insert the EXACT legal name of the applicant

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

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

1110.110(a) – Background of the Applicant

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.

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

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

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

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

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

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

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

4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**

5. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant 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 IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative and it shall include the basis used for determining the space and the methodology applied.**

2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:

    a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.

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

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

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

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	**PROPOSED BGSF/DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**

APPEND DOCUMENTATION AS ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions, or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	**HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.**	**PROJECTED UTILIZATION**	**STATE STANDARD**	**MEET STANDARD?**
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.

2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area, or function.

3. Evidence that the shell space is being constructed due to:
   a. Requirements of governmental or certification agencies; or
   b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.

4. Provide:
   a. Historical utilization for the area for the latest five-year period for which data is available; and
   b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.

2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and

3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

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

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

Service	# Existing Key Rooms	# Proposed Key Rooms
☐ **Surgery - OR**	**2**	**2**
☐ **Surgery - Procedure**	**0**	**1**
☐		

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

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) – Need Determination – Establishment
Service Modernization	(c)(1) – Deteriorated Facilities
	AND/OR
	(c)(2) – Necessary Expansion
	PLUS
	(c)(3)(A) – Utilization – Major Medical Equipment
	OR
	(c)(3)(B) – Utilization – Service or Facility
1APPEND DOCUMENTATION AS ATTACHMENT 31, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

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

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

VII. 1120.120 - AVAILABILITY OF FUNDS

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

$13,625,182	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion.
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated timetable of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated timetable of receipts.
$15,000,000	d)	Debt – a statement of the estimated terms and conditions (including the debt time, variable or permanent interest rates over the debt time, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated. 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate. 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc. 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment. 5) For any option to lease, a copy of the option, including all

	terms and conditions. e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent. f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt. g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$28,625,182	**TOTAL FUNDS AVAILABLE**

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII. 1120.130 - FINANCIAL VIABILITY

All the applicants and co-applicants shall be identified, specifying their roles in the project funding, or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All the project's capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third-party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 35, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

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

SECTION IX. 1120.140 - ECONOMIC FEASIBILITY

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

A. Reasonableness of Financing Arrangements

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

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

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

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

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

B. Conditions of Debt Financing

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

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

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (List below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									
* Include the percentage (%) of space for circulation									

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

APPEND DOCUMENTATION AS ATTACHMENT 37, 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 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 health care system to cross-subsidize safety net services, if reasonably known to the applicant.

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

Safety Net Impact Statements shall also include all the following:

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

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

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

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

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

Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT 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.

A table in the following format must be provided for all facilities as part of Attachment 39.

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

APPEND DOCUMENTATION AS ATTACHMENT 39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION XI -SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM

In accordance with Executive Order 2006-5 (EO 5), the Health Facilities & Services Review Board (HFSRB) must determine if the site of the CRITICAL FACILITY, as defined in EO 5, is in a mapped floodplain (Special Flood Hazard Area) or a 500-year floodplain. All state agencies are required to ensure that before a permit, grant or a development is planned or promoted, the proposed project meets the requirements of the Executive Order, including compliance with the National Flood Insurance Program (NFIP) and state floodplain regulation.

1. Applicant: _____
(Name) (Address)

_____
(City) (State) (ZIP Code) (Telephone Number)

2. Project Location: _____
(Address) (City) (State)

_____
(County) (Township) (Section)

3. You can create a small map of your site showing the FEMA floodplain mapping using the FEMA Map Service Center website (https://msc.fema.gov/portal/home) by entering the address for the property in the Search bar. If a map, like that shown on page 2 is shown, select the ***Go to NFHL Viewer*** tab above the map. You can print a copy of the floodplain map by selecting the  icon in the top corner of the page. Select the pin tool icon  and place a pin on your site. Print a FIRMETTE size image.

   If there is no digital floodplain map available select the **View/Print FIRM** icon above the aerial photo. You will then need to use the Zoom tools provided to locate the property on the map and use the **Make a FIRMette** tool to create a pdf of the floodplain map.

IS THE PROJECT SITE LOCATED IN A SPECIAL FLOOD HAZARD AREA: Yes___ No ___?

IS THE PROJECT SITE LOCATED IN THE 500-YEAR FLOOD PLAIN?

If you are unable to determine if the site is in the mapped floodplain or 500-year floodplain, contact the county or the local community building or planning department for assistance.
If the determination is being made by a local official, please complete the following:

FIRM Panel Number:_____ Effective Date:_____

Name of Official:_____Title: _____

Business/Agency:_____Address:_____

_____
(City) (State) (ZIP Code) (Telephone Number)

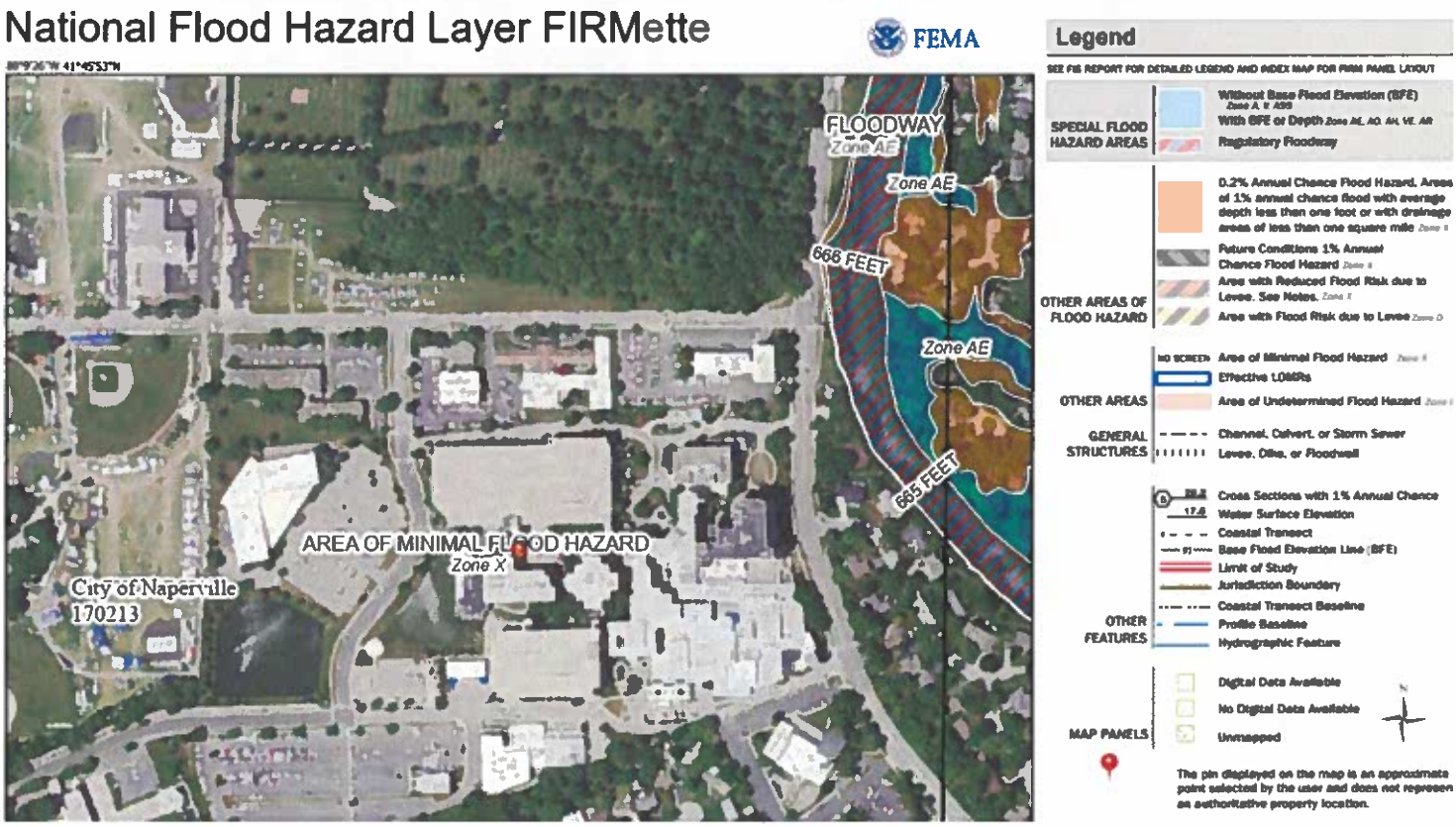
Signature:_____ Date: _____

NOTE: This finding only means that the property in question is or is not in a Special Flood Hazard Area or a 500-year floodplain as designated on the map noted above. It does not constitute a guarantee that the property will or will not be flooded or be subject to local drainage problems.

If you need additional help, contact the Illinois Statewide Floodplain Program at 217/782-4428

Floodplain Map Example

The image below is an example of the floodplain mapping required as part of the IDPH swimming facility construction permit showing that the swimming pool, to undergo a major alteration, is outside the mapped floodplain.



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	28-31
2	Site Ownership	32-36
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	37
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	38-39
5	Flood Plain Requirements	40-43
6	Historic Preservation Act Requirements	44-49
7	Project and Sources of Funds Itemization	50-57
8	Financial Commitment Document if required	N/A
9	Cost Space Requirements	58
10	Discontinuation	N/A
11	Background of the Applicant	59-63
12	Purpose of the Project	64-81
13	Alternatives to the Project	82-96
14	Size of the Project	87-94
15	Project Service Utilization	95-96
16	Unfinished or Shell Space	N/A
17	Assurances for Unfinished/Shell Space	N/A
	Service Specific:	
18	Medical Surgical Pediatrics, Obstetrics, ICU	
19	Comprehensive Physical Rehabilitation	
20	Acute Mental Illness	
21	Open Heart Surgery	
22	Cardiac Catheterization	
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33	Availability of Funds	
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Section I. Type of Ownership of Applicant/Co-Applicant

Attachment 1

Hillsboro Area Hospital, Inc. d/b/a Hillsboro Health ("Hillsboro Health") is an Illinois not-for-profit corporation. A copy of a Certificate of Good Standing is attached.

ATTACHMENT 1

File Number 0988-524-2

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*

HILLSBORO AREA HOSPITAL, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 03, 1906, 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* 6TH *day of* MAY *A.D.* 2025 .

Authentication #: 2512602040 verifiable until 05/06/2026
Authenticate at: https://www.ilsos.gov

SECRETARY OF STATE

ATTACHMENT 1

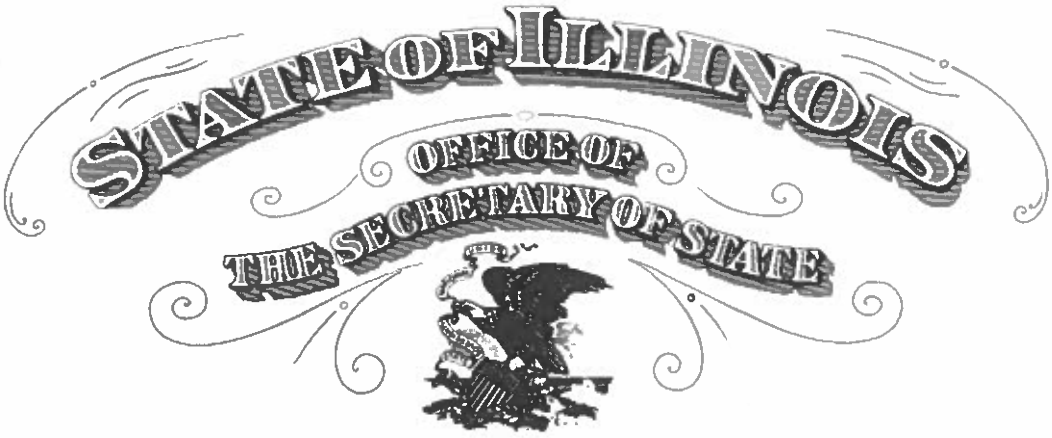
Section I. Type of Ownership of Applicant/Co-Applicant

Attachment 1

Hillsboro Area Health System NFP d/b/a Hillsboro Health System is an Illinois not-for-profit corporation. A copy of a Certificate of Good Standing is attached.

ATTACHMENT 1

File Number 6309-416-1



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*

HILLSBORO AREA HEALTH SYSTEM NFP, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 12, 2003, 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* 6TH *day of* MAY *A.D.* 2025 .

Authentication #: 2512602288 verifiable until 05/06/2026
Authenticate at: https://www.ilsos.gov

SECRETARY OF STATE

ATTACHMENT 1

55545259.4

Section I. Site Ownership

Attachment 2

Attached is information from the Montgomery County Assessor's office evidencing that Hillsboro Health owns the real estate at the location of the project.

Montgomery County, IL

Summary

Parcel ID	16-12-400-001
Property Address	1200 E TREMONT ST
Township	HILLSBORO
Brief Legal Description	PT SE EX RR LANDS CORP LIMITS HILLSBORO DOCKET NO 84-68-91 8-4-229A 512 T08 R4 (Note: Not to be used on legal documents)
Gross Acres	8.04
Class	0090
Tax District Code	08003
Taxing Districts	COUNTY COMMUNITY MENTAL HEALTH COUNTY TAX HILLSBORO AREA PUBLIC LIBRARY HILLSBORO CORP HILLSBORO ROAD DIST HILLSBORO TWP HILLSBORO UNIT 3 LINCOLNLAND COLLEGE

Owners

Hillsboro Hospital Assoc
1200 E Tremont St
Hillsboro IL 62049

2023 Exemptions

Owner Occupied	N
Home Improvement Exemption:	N
Drainage Exemption:	N
Senior Citizen Homestead Exemption:	N
Senior Citizen Assessment Freeze Homestead Exemption:	N
Fraternal Freeze Exemption:	N
Veteran Facility Exemption:	N
Disabled Veteran Exemption:	N

For exemption information please contact the Supervisor of Assessments Office 217-532-9595

Tax History

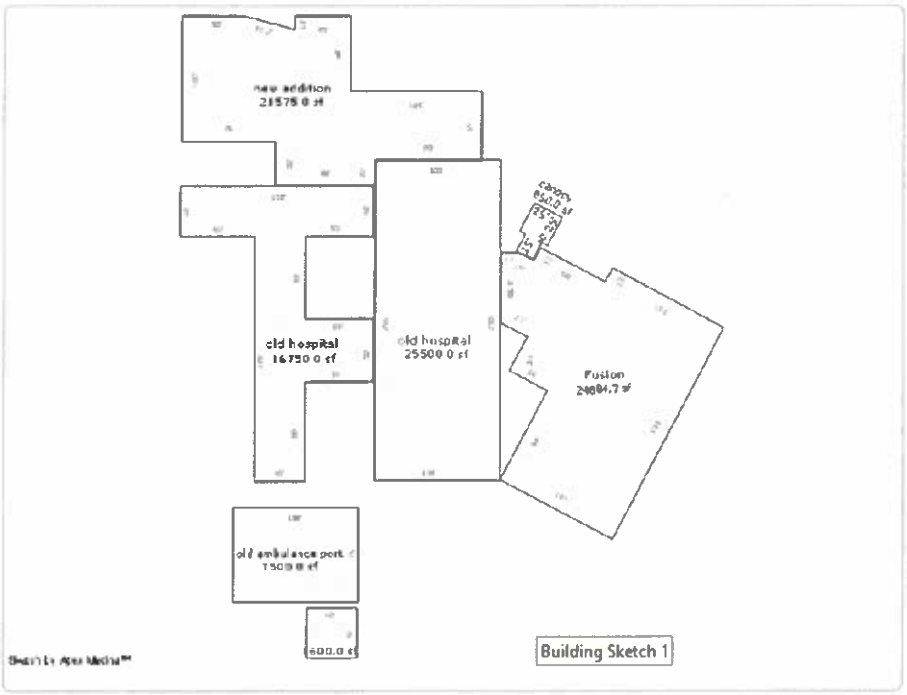
Tax Bill Mail To:	HILLSBORO HOSPITAL ASSOC 1200 E TREMONT ST HILLSBORO IL 620490000
Tax Year:	2024
Tax Rate:	8.33094
	Amount
Installment 1:	$0.00
Installment 2:	$0.00

Tax Year:	2023
Tax Rate:	8.74041
	Amount
Installment 1:	$0.00
Installment 2:	$0.00

For payment information please contact the Treasurer's Office. 217-532-9521

Sketches

ATTACHMENT 2



DevNet Property Tax Inquiry

Map

No data available for the following modules: Sales, Valuation, Photos, Property Record Cards.

ATTACHMENT 2

Montgomery County, IL

Summary

Parcel ID	16-12-256-021
Property Address	1200 E TREMONT ST
Township	HILLSBORO
Brief Legal Description	PT E 1/2 EX RR LANDS CORP LIMITS HILLSBORO DOCKET NO 14-68-12 8-4-228A S12 T08 R4 (Note: Not to be used on legal documents)
Gross Acres	1.88
Class	0090
Tax District Code	08003
Taxing Districts	COUNTY COMMUNITY MENTAL HEALTH COUNTY TAX HILLSBORO AREA PUBLIC LIBRARY HILLSBORO CORP HILLSBORO ROAD DIST HILLSBORO TWP HILLSBORO UNIT 3 LINCOLNLAND COLLEGE

Owners

Hillsboro Hospital Assoc
1200 E Tremont St
Hillsboro IL 62049

2023 Exemptions

Owner Occupied	N
Home Improvement Exemption:	N
Drainage Exemption:	N
Senior Citizen Homestead Exemption:	N
Senior Citizen Assessment Freeze Homestead Exemption:	N
Fraternal Freeze Exemption:	N
Veteran Facility Exemption:	N
Disabled Veteran Exemption:	N

For exemption information please contact the Supervisor of Assessments Office 217-532-9595

Tax History

Tax Bill Mail To:	HILLSBORO HOSPITAL ASSOC 1200 E TREMONT ST HILLSBORO IL 620490000
Tax Year:	2024
Tax Rate:	8.33094
	Amount
Installment 1:	$0.00
Installment 2:	$0.00
Tax Year:	2023
Tax Rate:	8.74041
	Amount
Installment 1:	$0.00
Installment 2:	$0.00

For payment information please contact the Treasurer's Office 217-532-9521

DevNet Property Tax Inquiry

ATTACHMENT 2

Map

No data available for the following modules: Sales, Valuation, Photos, Sketches, Property Record Cards.

User Privacy Policy GDPR Privacy Notice
Last Data Upload: 5/6/2025, 9:16:36 AM

SCHNEIDER GEOSPATIAL

ATTACHMENT 2

Section I. Operating Identity/Licensee

Attachment 3

Hillsboro Area Hospital, Inc. d/b/a Hillsboro Health is an Illinois not-for-profit corporation and the licensed operator of the facility.

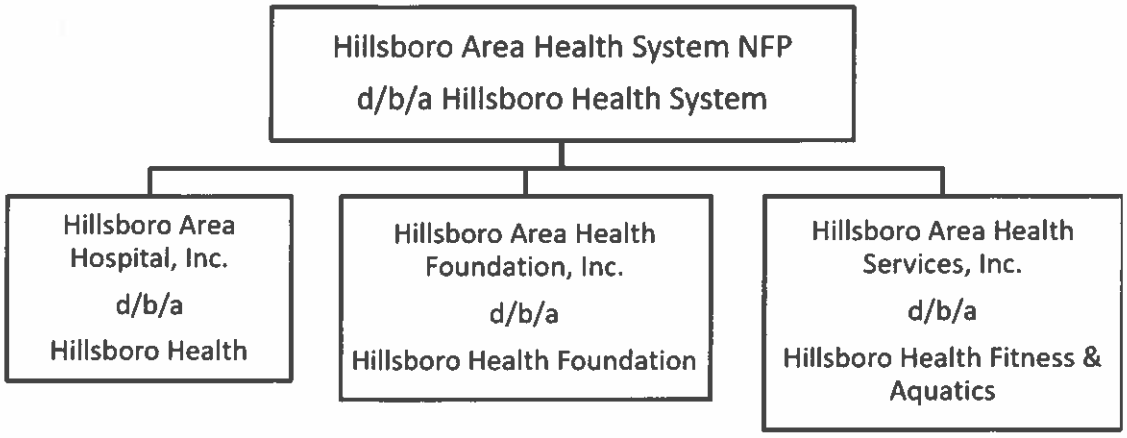
Section I. Organizational Relationships

Attachment 4

A copy of the organizational chart for Hillsboro Area Hospital, Inc., d/b/a Hillsboro Health is attached.

ATTACHMENT 4

HILLSBORO·AREA·HEALTH·SYSTEM·CORPORATE·STRUCTURE¶



¶

¶

¶

1. → Hillsboro·Area·Health·System·("System")·is·a·501(c)(3)·corporation·that·is·the·parent·entity·of·the·Hillsboro·Area·Health·System.·· The·System·also·owns·the·Medical·Office·/·Classroom·Building·located·at·1204·East·Tremont·Street·in·Hillsboro,·Illinois.·· The·use·of·that·building·is·described·in·Paragraph·6·of·the·Affidavit·of·Use·submitted·in·connection·with·property·identification·numbers·(PINs)·16-12-400-001·and·16-12-256-021.¶

2. → Hillsboro·Area·Hospital·("HAH")·is·a·501(c)(3)·corporation·that·owns·and·operates·a·not-for-profit·critical·access·hospital·in·Hillsboro,·Illinois.··The·System·is·the·sole·corporate·member·of·HAH.··Numerous·members·of·the·community·are·also·members.·· The·properties·owned·by·HAH·are·used·for·the·charitable·purposes·described·in·the·Affidavits·of·Use·submitted·in·connection·with·the·applications·for·property·tax·exemptions·with·respect·to·property·identification·numbers·16-12-400-001,·16-12-256-021,·16-12-256-036,·and·08-23-158-019.¶

3. → Hillsboro·Area·Health·Foundation,·Inc.·(the·"Foundation")·is·a·501(c)(3)·corporation·that·receives·charitable·contributions·used·to·support·the·charitable·activities·of·the·members·of·the·System.··The·System·is·the·sole·member·of·the·Foundation.¶

4. → Hillsboro·Area·Health·Services,·Inc.·("Services")·is·a·501(c)(3)·corporation·that·owns·and·operates·the·Fitness·&·Aquatics·building·and,·in·that·regard,·engages·in·the·charitable·activities·described·in·the·Affidavit·of·Use·submitted·in·connection·with·PINs·16-12-400-001·and·16-12-256-021.··The·System·is·the·sole·member·of·Services.¶

ATTACHMENT 4

Section I. Flood Plain Requirements

Attachment 5

Attestation that the site of the Project is not located in a flood plain and that the Project complies with the Flood Plain Rules under Illinois Executive Order #2005-5 is attached.

SECTION XI - SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM

In accordance with Executive Order 2006-5 (EO 5), the Health Facilities & Services Review Board (HFSRB) must determine if the site of the CRITICAL FACILITY, as defined in EO 5, is in a mapped floodplain (Special Flood Hazard Area) or a 500-year floodplain. All state agencies are required to ensure that before a permit, grant or a development is planned or promoted, the proposed project meets the requirements of the Executive Order, including compliance with the National Flood Insurance Program (NFIP) and state floodplain regulation.

1. Applicant: Hillsboro Health (Name) 1200 E. Tremont Street (Address)
Hillsboro (City) IL (State) 62049 (ZIP Code) (217)-532-6111 (Telephone Number)

2. Project Location: 1200 E. Tremont Street (Address) Hillsboro (City) IL (State)
Montgomery (County) (Township) (Section)

3. You can create a small map of your site showing the FEMA floodplain mapping using the FEMA Map Service Center website (https //msc.fema.gov/portal/home) by entering the address for the property in the Search bar. If a map, like that shown on page 2 is shown, select the *Go to NFHL Viewer* tab above the map. You can print a copy of the floodplain map by selecting the  icon in the top corner of the page. Select the pin tool icon  and place a pin on your site. Print a FIRMETTE size image.

If there is no digital floodplain map available select the **View/Print FIRM** icon above the aerial photo. You will then need to use the Zoom tools provided to locate the property on the map and use the **Make a FIRMette** tool to create a pdf of the floodplain map.

IS THE PROJECT SITE LOCATED IN A SPECIAL FLOOD HAZARD AREA: Yes __ No X ?

IS THE PROJECT SITE LOCATED IN THE 500-YEAR FLOOD PLAIN? No

If you are unable to determine if the site is in the mapped floodplain or 500-year floodplain, contact the county or the local community building or planning department for assistance.
If the determination is being made by a local official, please complete the following

FIRM Panel Number: _____ Effective Date: _____

Name of Official: _____ Title: _____

Business/Agency _____ Address _____

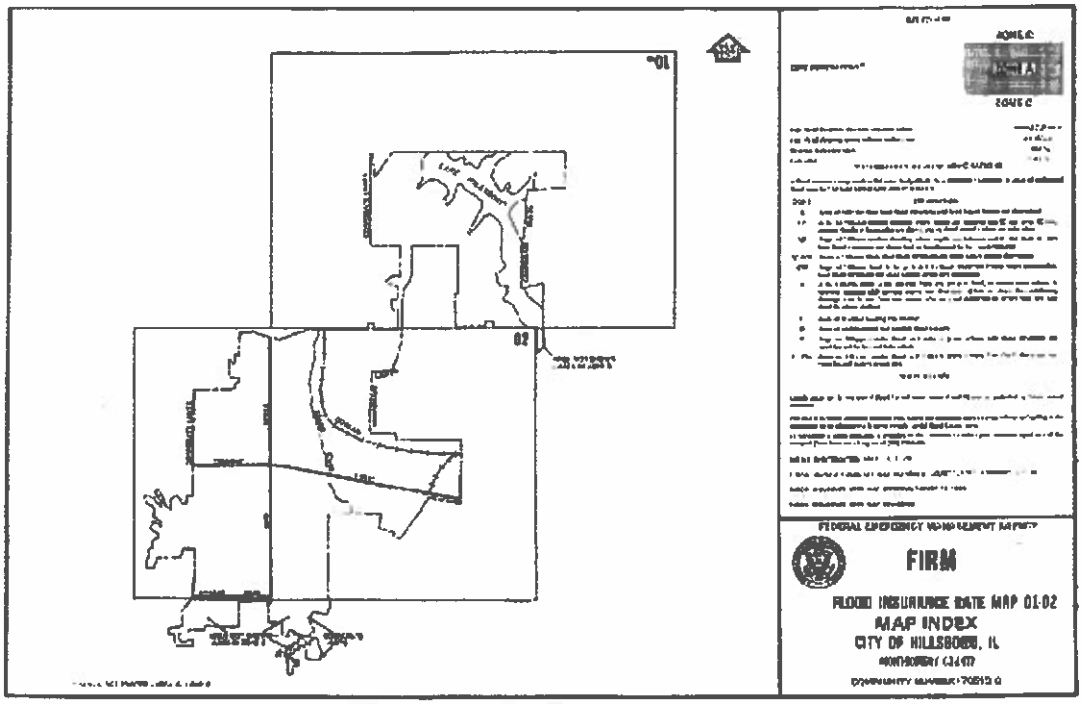
_____
(City) (State) (ZIP Code) (Telephone Number)

Signature _____ Date _____

NOTE: This finding only means that the property in question is or is not in a Special Flood Hazard Area or a 500-year floodplain as designated on the map noted above. It does not constitute a guarantee that the property will or will not be flooded or be subject to local drainage problems

If you need additional help, contact the Illinois Statewide Floodplain Program at 217/782-4428

ATTACHMENT 5



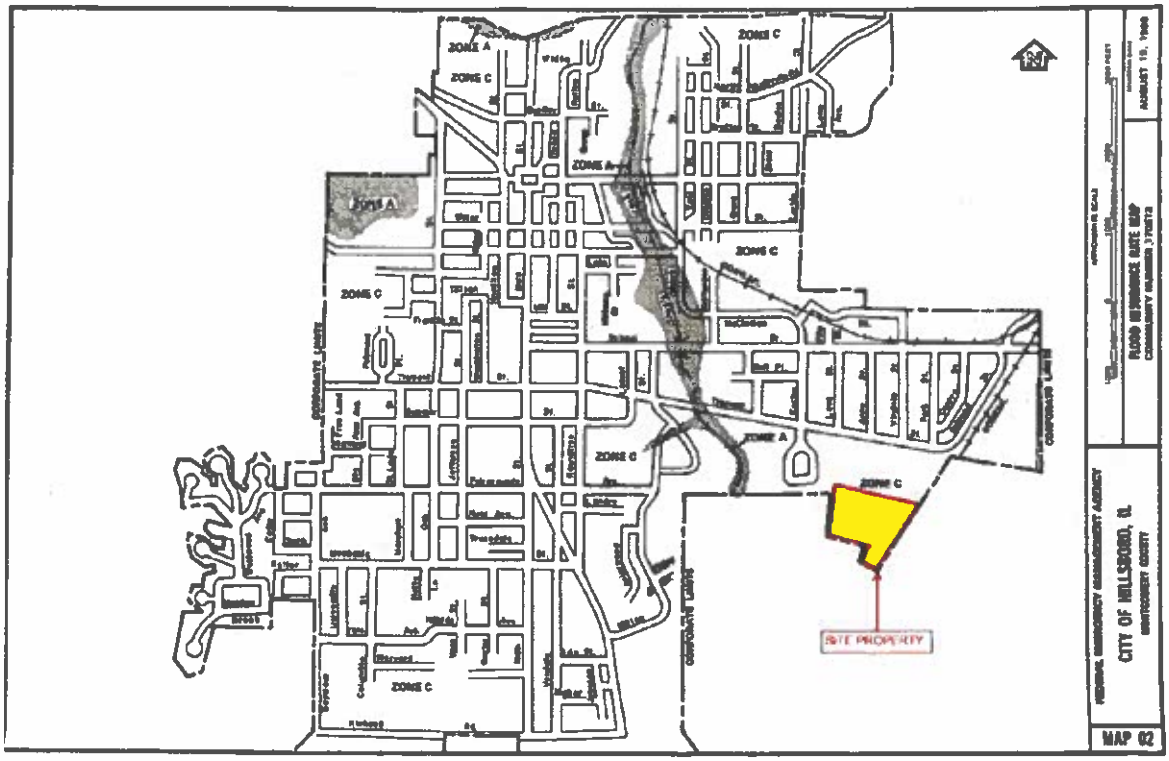
FIRM

FLOOD INSURANCE RATE MAP 01-02

MAP INDEX

CITY OF HILLSBORO, IL

ATTACHMENT 5



ATTACHMENT 5

Section I. Historic Resources Preservation Act Requirements

Attachment 6

Attached is a letter to the Illinois Department of Natural Resources requesting confirmation that no historic, architectural or archaeological sites exists within the Project area.

SAUL EWING

Anna Pawlik
Phone: (312) 876-6958
anna.pawlik@saul.com
www.saul.com

May 13, 2025

VIA EMAIL

Carey L. Mayer, AIA
Deputy State Historic Preservation Officer
Illinois Department of Natural Resources
One Natural Resources Way
Springfield, Illinois 62701-1271
E-mail: SHPO.Review@Illinois.gov

RE: Review to Determine Impact Upon Historic Resources
1200 E. Tremont Street, Hillsboro, Illinois 62049
Certificate of Need Application

Dear Ms. Mayer:

This letter requests your comments as to whether a proposed project has historical, architectural or archeological impact. This request is made in connection with a Certificate of Need application to be filed soon with the Illinois Health Facilities and Services Review Board.

The project will have three primary components, including (i) constructing an 11,341 foot addition for surgery and related services, (ii) replacing aging mechanical equipment, and (iii) constructing an entrance canopy (the "Project").

Enclosed please find a map showing the property together with a street view and satellite photos.

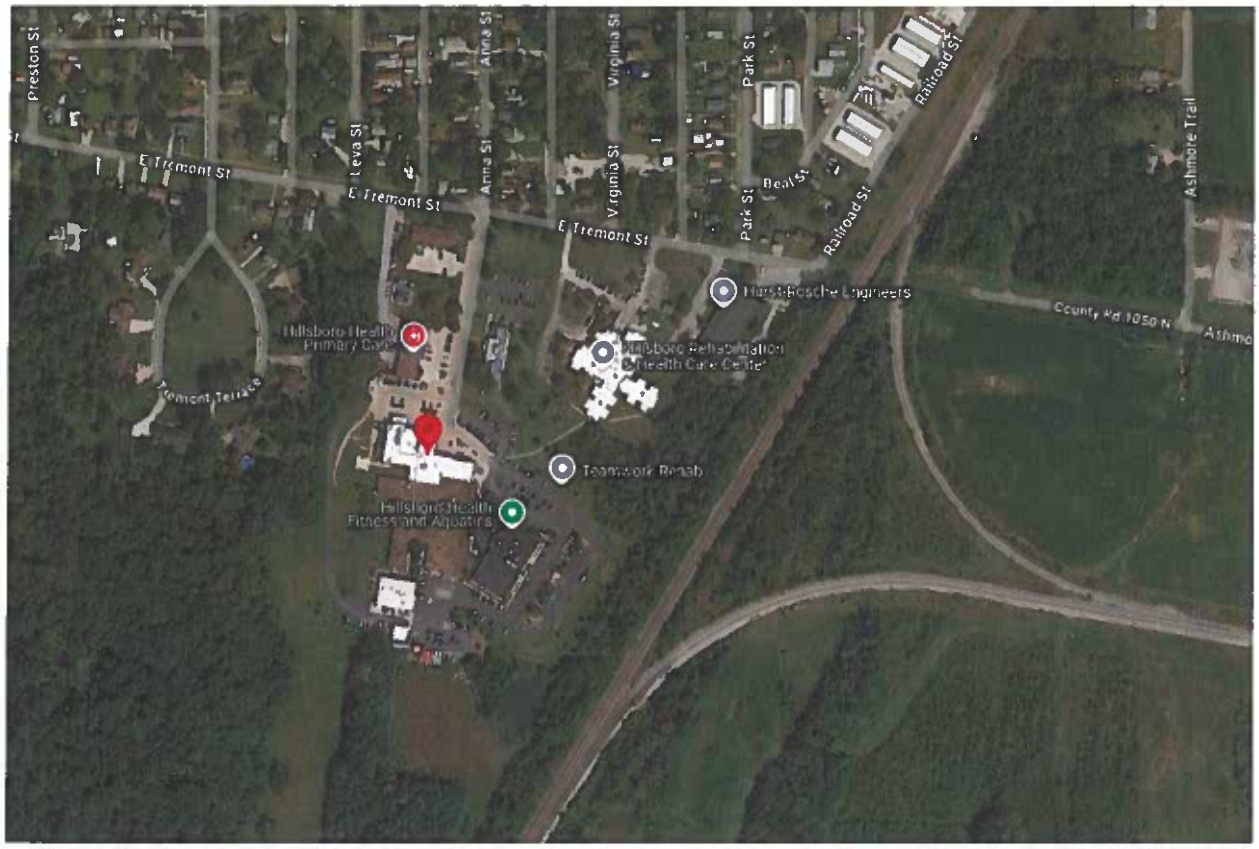
We would appreciate a letter in response that we can include as part of the CON application. If you have questions or comments, or need additional information, please contact me at (312) 876-6958.

I appreciate your assistance.

Very truly yours,

Anna Pawlik

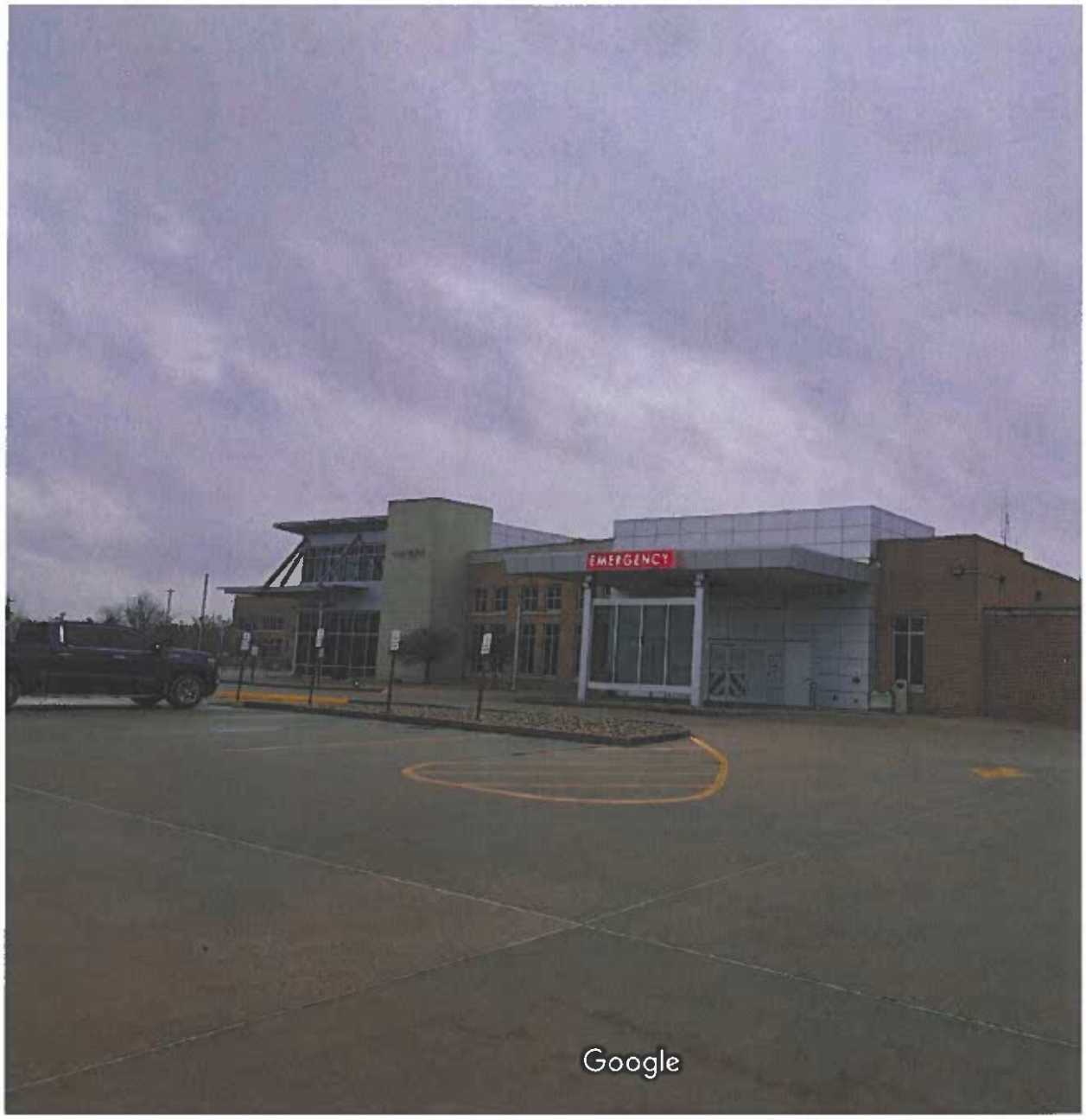
Anna Pawlik



ATTACHMENT 6

ATTACHMENT 6

ATTACHMENT 6



ATTACHMENT 6

Section I. Project Costs and Source of Funds

Attachment 7

Section 1120.110, Project Costs and Sources of Funds

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$183,162	$180,902	$364,064
Site Survey and Soil Investigation	65,000	0	65,000
Site Preparation	128,000	248,076	376,076
Off Site Work	0	0	0
New Construction Contracts	9,537,363	731,514	10,268,877
Modernization Contracts	25,000	10,619,165	10,644,165
Contingencies	654,535	685,284	1,339,809
Architectural/Engineering Fees	766,762	879,238	1,646,000
Consulting and Other Fees	828,550	281,300	1,109,850
Movable or Other Equipment (not in construction contracts)	1,829,083	0	1,829,083
Bond Issuance Expense (project related)	0	0	0
Net Interest Expense During Construction (project related)	224,025	252,623	476,648
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs to Be Capitalized	305,400	200,200	505,600
Acquisition of Building or Other Property (excluding land)	0	0	0
TOTAL USES OF FUNDS	$14,546,880	$14,078,302	$28,625,182
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities			$13,625,182
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			$15,000,000
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			**$28,625,182**

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ATTACHMENT 7

Attachment 7 - Detail

Description	Total	Clinical	Non-Clinical
Preplanning Costs	$ 364,064	$ 183,162	$ 180,902
Site Survey and Soil Investigation	$ 65,000	$ 65,000	$ -
Site Preparation	$ 376,076	$ 128,000	$ 248,076
Off Site Work	$ -	$ -	$ -
New Construction Contracts	$ 10,268,877	$ 9,537,363	$ 731,514
Modernization Contracts	$ 10,644,165	$ 25,000	$ 10,619,165
Contingencies	$ 1,339,819	$ 654,535	$ 685,284
Architectural/Engineering Fees	$ 1,646,000	$ 766,762	$ 879,238
Net Interest Expense During Construction (project related)	$ 476,648	$ 224,025	$ 252,623
Total	$ 25,180,649	$ 11,583,847	$ 13,596,802

Consulting & Other Fees

IDPH Fees	$ 25,665	$ 12,048	$ 13,617
CON Consulting Fee	$ 70,000	$ 40,000	$ 30,000
CON Fee	$ 66,170	$ 31,100	$ 35,070
Building Permits	$ 26,400	$ 12,570	$ 13,830
Test & Balance	$ 8,835	$ 5,452	$ 3,383
Commissioning	$ 20,000	$ 12,000	$ 8,000
Fire Alarm	$ 81,220	$ 70,220	$ 11,000
Nurse Call	$ 140,410	$ 140,410	
Tele/Data	$ 183,930	$ 175,530	$ 8,400
Access Control	$ 106,920	$ 81,920	$ 25,000
CCTV	$ 95,220	$ 70,220	$ 25,000
Paging/PA	$ 35,420	$ 26,920	$ 8,500
Telemetry	$ 35,110	$ 35,110	
Clocks	$ 14,050	$ 14,050	
Legal	$ 35,000	$ 25,000	$ 10,000
Furniture and Fixtures Consultant	$ 15,500	$ 5,500	$ 10,000
Loan Initiation Fee	$ 150,000	$ 70,500	$ 79,500
Total	$ 1,109,850	$ 828,550	$ 281,300

Other Costs To Be Capitalized

IT	$ 350,600	$ 225,400	$ 125,200
Artwork	$ 100,000	$ 50,000	$ 50,000
Signage	$ 55,000	$ 30,000	$ 25,000
Total	$ 505,600	$ 305,400	$ 200,200

Movable or Other Equipment (Not in Construction Contract)

Cabinet, Warming, Dual, Freestanding	$ 9,877	$ 9,877	$ -
Defibrillator, Monitor, w/Pacing	$ 28,961	$ 28,961	$ -
Cart, Procedure, Resuscitation	$ 1,622	$ 1,622	$ -

ATTACHMENT 7

Pump, Suction/Aspirator, General, Portable	$ 319	$ 319	$ -
Sink, Scrub, 1-Bay, Stainless Steel	$ 8,457	$ 8,457	$ -
Dispenser, Hand Sanitizer, Wall Mount	$ 151	$ 151	$ -
Sink, Scrub, 2-Bay, Stainless Steel	$ 9,963	$ 9,963	$ -
Dispenser, Hand Sanitizer, Wall Mount	$ 151	$ 151	$ -
Waste Can, 03-19 Gallon	$ 127	$ 127	$ -
Cart, Supply, Chrome, 48 inch	$ 1,043	$ 1,043	$ -
Waste Can, Open Top	$ 29	$ 29	$ -
Ice Machine, Dispenser, Nugget, Countertop	$ 6,371	$ 6,371	$ -
Refrigerator, Domestic with Freezer	$ 1,274	$ 1,274	$ -
Oven, Commercial, Microwave	$ 1,043	$ 1,043	$ -
Coffee Maker, Single Cup, Plumbed	$ 463	$ 463	$ -
Water Treatment System, Ice Maker, Wall Mount	$ 359	$ 359	$ -
Waste Can, 03-19 Gallon	$ 127	$ 127	$ -
Cart, Supply, Chrome, 48 inch	$ 2,085	$ 2,085	$ -
Cart, Supply, Chrome, 60 inch	$ 1,332	$ 1,332	$ -
Waste Can, Open Top	$ 29	$ 29	$ -
Shelving, Allowance, Supply, High Density (Movable)	$ 13,901	$ 13,901	$ -
Cart, Supply, Chrome, 48 inch	$ 3,128	$ 3,128	$ -
Board, Peg, General	$ 2,259	$ 2,259	$ -
Waste Can, Open Top	$ 29	$ 29	$ -
Waste Can, 03-19 Gallon	$ 35	$ 35	$ -
Washer/Disinfector, Steam	$ 127,428	$ 127,428	$ -
Sink, Clean-up Workstation (3-sink)	$ 55,953	$ 55,953	$ -
Pass-thru, Window	$ 15,291	$ 15,291	$ -
Cabinet, OR Console, Supply	$ 11,005	$ 11,005	$ -
Table, Work, Stainless, 72-78 inch	$ 2,549	$ 2,549	$ -
Table, Work, Stainless, 48 inch	$ 2,085	$ 2,085	$ -
Cart, Utility, Stainless	$ 695	$ 695	$ -
Cart, Supply, Chrome, 24 inch	$ 521	$ 521	$ -
Hamper, Linen	$ 290	$ 290	$ -
Waste Can, Bio-Hazardous, 32-55 Gallon	$ 145	$ 145	$ -
Waste Can, 44-55 Gallon	$ 139	$ 139	$ -
Waste Can, 03-19 Gallon	$ 127	$ 127	$ -
Dispenser, Glove, Triple Box	$ 93	$ 93	$ -
Disposal, Sharps, Wall Mount	$ 52	$ 52	$ -
Dispenser, Disinfectant Wipes, Wall Mount	$ 35	$ 35	$ -
Waste Can, Open Top	$ 29	$ 29	$ -
Sink, Clean-up Workstation (2-sink)	$ 9,963	$ 9,963	$ -
Table, Instrument, 45-48 inch	$ 927	$ 927	$ -
Waste Can, Bio-Hazardous	$ 127	$ 127	$ -
Dispenser, Glove, Triple Box	$ 93	$ 93	$ -
Dispenser, Disinfectant Wipes, Wall Mount	$ 35	$ 35	$ -
Waste Can, Open Top	$ 29	$ 29	$ -

Waste Can, Open Top	$ 29	$ 29	$ -
Cart, Housekeeping, Polymer	$ 869	$ 869	$ -
Dispenser, Cleaning Solution	$ 695	$ 695	$ -
Rack, Mops / Brooms	$ 145	$ 145	$ -
Waste Can, 44-55 Gallon	$ 139	$ 139	$ -
Cart, Cylinder, D&E, Multi	$ 811	$ 811	$ -
Rack, Cylinder, Wall Mount	$ 261	$ 261	$ -
Hamper, Linen	$ 290	$ 290	$ -
Boom, Anesthesia	$ 60,239	$ 60,239	$ -
Integration System, Surgical, Video	$ 46,338	$ 46,338	$ -
Cabinet, OR Console, Supply	$ 33,016	$ 33,016	$ -
Boom, Utility	$ 20,273	$ 20,273	$ -
Monitor, Video, 52 - 58 inch, Display	$ 3,475	$ 3,475	$ -
Table, Work, Stainless, 72-78 inch	$ 2,549	$ 2,549	$ -
Stand, Mayo, Foot-Operated	$ 1,101	$ 1,101	$ -
Stool, Step	$ 956	$ 956	$ -
Bracket, Television, Wall, Flat Panel	$ 417	$ 417	$ -
Cable Management, Gas	$ 405	$ 405	$ -
Waste Disposal, Pharmaceutical, Container	$ 203	$ 203	$ -
Dispenser, Glove, Triple Box	$ 185	$ 185	$ -
Board, Patient Transfer Device	$ 174	$ 174	$ -
Dispenser, Disinfectant Wipes, Wall Mount	$ 70	$ 70	$ -
Disposal, Sharps, Wall Mount	$ 52	$ 52	$ -
Waste Disposal, Pharmaceutical, Secure, Wall	$ 52	$ 52	$ -
Bracket, Patient Transfer Device, Wall Mount	$ 29	$ 29	$ -
Boom, Anesthesia	$ 60,239	$ 60,239	$ -
Integration System, Surgical, Video	$ 46,338	$ 46,338	$ -
Cabinet, OR Console, Supply	$ 33,016	$ 33,016	$ -
Boom, Utility	$ 20,273	$ 20,273	$ -
Monitor, Video, 52 - 58 inch, Display	$ 3,475	$ 3,475	$ -
Table, Work, Stainless, 72-78 inch	$ 2,549	$ 2,549	$ -
Pump, Infusion, Syringe	$ 1,738	$ 1,738	$ -
Stand, Mayo, Foot-Operated	$ 1,101	$ 1,101	$ -
Stool, Step	$ 956	$ 956	$ -
Bracket, Television, Wall, Flat Panel	$ 417	$ 417	$ -
Cable Management, Gas	$ 405	$ 405	$ -
Waste Disposal, Pharmaceutical, Container	$ 203	$ 203	$ -
Dispenser, Glove, Triple Box	$ 185	$ 185	$ -
Board, Patient Transfer Device	$ 174	$ 174	$ -
Dispenser, Disinfectant Wipes, Wall Mount	$ 70	$ 70	$ -
Disposal, Sharps, Wall Mount	$ 52	$ 52	$ -
Waste Disposal, Pharmaceutical, Secure, Wall	$ 52	$ 52	$ -
Bracket, Patient Transfer Device, Wall Mount	$ 29	$ 29	$ -
Monitor, Physiologic, Bedside	$ 194,618	$ 194,618	$ -

Stretcher, Procedure / Recovery	$ 152,914	$ 152,914	$ -
Cart, Computer, Laptop, w/o Power	$ 20,389	$ 20,389	$ -
Bracket, Monitor, Wall	$ 6,024	$ 6,024	$ -
Table, Overbed, General	$ 5,097	$ 5,097	$ -
Stand, IV, Chrome	$ 4,170	$ 4,170	$ -
Waste Can, Bio-Hazardous	$ 1,019	$ 1,019	$ -
Dispenser, Glove, Triple Box	$ 741	$ 741	$ -
Flowmeter, Oxygen	$ 556	$ 556	$ -
Dispenser, Emesis Bag, Wall Mount	$ 463	$ 463	$ -
Disposal, Sharps, Wall Mount	$ 417	$ 417	$ -
Dispenser, Disinfectant Wipes, Wall Mount	$ 278	$ 278	$ -
Dispenser, Tissue Paper, Wall Mount	$ 278	$ 278	$ -
Waste Can, Open Top	$ 232	$ 232	$ -
Monitor, Physiologic, Bedside	$ 24,327	$ 24,327	$ -
Stretcher, Procedure / Recovery	$ 19,114	$ 19,114	$ -
Table, Overbed, General	$ 637	$ 637	$ -
Stand, IV, Chrome	$ 521	$ 521	$ -
Waste Can, Bio-Hazardous	$ 127	$ 127	$ -
Dispenser, Glove, Triple Box	$ 93	$ 93	$ -
Flowmeter, Oxygen	$ 70	$ 70	$ -
Dispenser, Emesis Bag, Wall Mount	$ 58	$ 58	$ -
Disposal, Sharps, Wall Mount	$ 52	$ 52	$ -
Dispenser, Disinfectant Wipes, Wall Mount	$ 35	$ 35	$ -
Dispenser, Tissue Paper, Wall Mount	$ 35	$ 35	$ -
Waste Can, Open Top	$ 29	$ 29	$ -
Ice Machine, Dispenser, Nugget, Countertop	$ 6,371	$ 6,371	$ -
Refrigerator, Medical Grade, Undercounter w/Freezer	$ 2,027	$ 2,027	$ -
Oven, Commercial, Microwave	$ 521	$ 521	$ -
Water Treatment System, Ice Maker, Wall Mount	$ 359	$ 359	$ -
Dispenser, Cup, Wall Mount	$ 98	$ 98	$ -
Waste Can, Open Top	$ 87	$ 87	$ -
Waste Disposal, Pharmaceutical, Secure, Wall	$ 52	$ 52	$ -
Monitor, Physiologic, Bedside	$ 81,091	$ 81,091	$ -
Stretcher, Procedure / Recovery	$ 38,228	$ 38,228	$ -
Compression Unit, Extremity Pump, Intermittent	$ 6,024	$ 6,024	$ -
Bracket, Monitor, Wall	$ 1,506	$ 1,506	$ -
Waste Can, Bio-Hazardous	$ 255	$ 255	$ -
Dispenser, Glove, Triple Box	$ 185	$ 185	$ -
Flowmeter, Oxygen	$ 139	$ 139	$ -
Dispenser, Emesis Bag, Wall Mount	$ 116	$ 116	$ -
Disposal, Sharps, Wall Mount	$ 104	$ 104	$ -
Dispenser, Disinfectant Wipes, Wall Mount	$ 70	$ 70	$ -
Waste Can, Open Top	$ 58	$ 58	$ -
Stand, IV, Chrome	$ 1,043	$ 1,043	$ -

ATTACHMENT 7

Dispenser, Medication, Host (Main), Countertop	$ 40,545	$ 40,545	$ -
Waste Disposal, Pharmaceutical, Secure, Wall	$ 52	$ 52	$ -
Waste Can, Open Top	$ 29	$ 29	$ -
Cart, Computer, Laptop, w/o Power	$ 2,549	$ 2,549	$ -
Anesthesia Machine, General	$ 127,428	$ 127,428	$ -
Light, Surgical, Dual, Ceiling	$ 28,961	$ 28,961	$ -
Cabinet, OR Console, Supply	$ 11,005	$ 11,005	$ -
Cart, Anesthesia, 6-drawer	$ 4,055	$ 4,055	$ -
Pump, Infusion, Syringe	$ 1,738	$ 1,738	$ -
Table, Work, Stainless, 60 inch	$ 1,622	$ 1,622	$ -
Stand, IV, Chrome	$ 1,043	$ 1,043	$ -
Hamper, Linen	$ 579	$ 579	$ -
Stand, Mayo, Foot-Operated	$ 550	$ 550	$ -
Cable Management, Gas	$ 405	$ 405	$ -
Waste Disposal, Pharmaceutical, Container	$ 203	$ 203	$ -
Dispenser, Glove, Triple Box	$ 185	$ 185	$ -
Disposal, Sharps, Wall Mount	$ 52	$ 52	$ -
Waste Disposal, Pharmaceutical, Secure, Wall	$ 52	$ 52	$ -
Dispenser, Disinfectant Wipes, Wall Mount	$ 35	$ 35	$ -
Cable Management, Gas	$ 3,244	$ 3,244	$ -
Cart / Truck, Linen, Bulk	$ 388	$ 388	$ -
Waste Can, Rollout	$ 180	$ 180	$ -
Dispenser, Glove, Triple Box	$ 93	$ 93	$ -
Waste Can, Bio-Hazardous	$ 75	$ 75	$ -
Dispenser, Disinfectant Wipes, Wall Mount	$ 35	$ 35	$ -
Waste Can, Open Top	$ 87	$ 87	$ -
Cabinet, Warming, Dual, Freestanding	$ 8,688	$ 8,688	$ -
Cart, Supply, Chrome, 48 inch	$ 3,128	$ 3,128	$ -
Pump, Suction/Aspirator, General, Portable	$ 319	$ 319	$ -
Dispenser, Glove, Triple Box	$ 93	$ 93	$ -
Disposal, Sharps, Wall Mount	$ 52	$ 52	$ -
Waste Disposal, Pharmaceutical, Secure, Wall	$ 52	$ 52	$ -
Waste Can, Open Top	$ 29	$ 29	$ -
Sterilizer, Steam, Recessed	$ 243,272	$ 243,272	$ -
Cart, Sterilizer, Floor Loading	$ 34,753	$ 34,753	$ -
Cabinet, OR Console, Supply	$ 11,005	$ 11,005	$ -
Table, Instrument, Assembly	$ 9,847	$ 9,847	$ -
Cart, Supply, Sterile Wrap	$ 5,213	$ 5,213	$ -
Sealer, Heat, Packaging	$ 3,707	$ 3,707	$ -
Table, Work, Stainless, 72-78 inch	$ 2,549	$ 2,549	$ -
Board, Peg, General	$ 753	$ 753	$ -
Cart, Utility, Stainless	$ 695	$ 695	$ -
Waste Can, 44-55 Gallon	$ 139	$ 139	$ -
Waste Can, 03-19 Gallon	$ 127	$ 127	$ -

Dispenser, Glove, Triple Box	$ 93	$ 93	$ -
Table, Work, Stainless, 72-78 inch	$ 2,549	$ 2,549	$ -
Cart, Supply, Chrome, 48 inch	$ 2,085	$ 2,085	$ -
Board, Peg, General	$ 1,506	$ 1,506	$ -
Rack, Apron, Wall Mount	$ 811	$ 811	$ -
Cart, Housekeeping, Polymer	$ 869	$ 869	$ -
Dispenser, Cleaning Solution	$ 695	$ 695	$ -
Rack, Mops / Brooms	$ 145	$ 145	$ -
Waste Can, 44-55 Gallon	$ 139	$ 139	$ -
Waste Disposal, Surgical Fluid Disposal	$ 17,377	$ 17,377	$ -
Cart / Truck, Utility	$ 695	$ 695	$ -
Cart / Truck, Linen, Bulk	$ 388	$ 388	$ -
Dispenser, Glove, Triple Box	$ 93	$ 93	$ -
Waste Can, Bio-Hazardous	$ 75	$ 75	$ -
Dispenser, Disinfectant Wipes, Wall Mount	$ 35	$ 35	$ -
Waste Can, Open Top	$ 29	$ 29	$ -
Waste Can, Open Top	$ 29	$ 29	$ -
Cart, Supply, Chrome, 60 inch	$ 3,997	$ 3,997	$ -
Wheelchair, Adult, Transport	$ 12,164	$ 12,164	$ -
Hamper, Linen	$ 290	$ 290	$ -
Total	$ 1,829,083	$ 1,829,083	$ -
Grand Total	**$ 28,625,182**	**$ 14,546,880**	**$ 14,078,302**

Section I. Cost Space Requirements

Attachment 9

Cost Space Requirements

Attachment 9							
		Gross Square Feet		Amount of Proposed Total Gross Square Feet That is:			
Department	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINCAL							
Operating Suite	$ 6,342,873	2,113	3,827	3,827			2,113
Procedure Suite	$ 1,112,248		883	883			
Decontamination & Sterile Processing	$ 1,280,442	196	1,073	1,073			196
PACU	$ 544,158	1,220	338	456			
Pre/Post Opp	$ 3,355,176	1,200	1,867	2,977			
Mechanical, Vestibule, Med Gas Storage, Vendor Drop Off, Back of House Circulation, Locker Rooms & Break Room	$ 1,886,984	562	3,040	2,125			562
Outpatient Testing	$25,000	3,493	3,304		3,304		
Clinical subtotal	$ 14,546,880	8,784	14,332	11,341	3,304		2,871
NON-CLINICAL							
N/S Patient Corridor	$ 257,383	1,638	1,638		1,638		
Telecom	$ 32,998	147	147		147		
Entry Canopy	$ 441,280		2,755	2,755			
Lobby/Reception	$ 1,552,335	6,074	6,203	129	6,074		
Storefront Canopy	$ 105,017		100	100			
Surgery Discharge Canopy	$ 267,220		1,125	1,125			
Central Utility Plant	$ 11,209,418	3,455			3,455		
Central Utility Plant Connector Canopy	$ 212,652		256	256			
Non-clinical subtotal	$ 14,078,302	11,314	12,224	4,365	11,314		
TOTAL	$ 28,625,182	20,098	26,556	15,706	14,618		2,871

Section III. Background of Applicant

Attachment 11

Section 1110.230, Background, Purpose of the Project and Alternatives

1. **A listing of all health care facilities owned by the applicant, including licensing, and certification if applicable.**

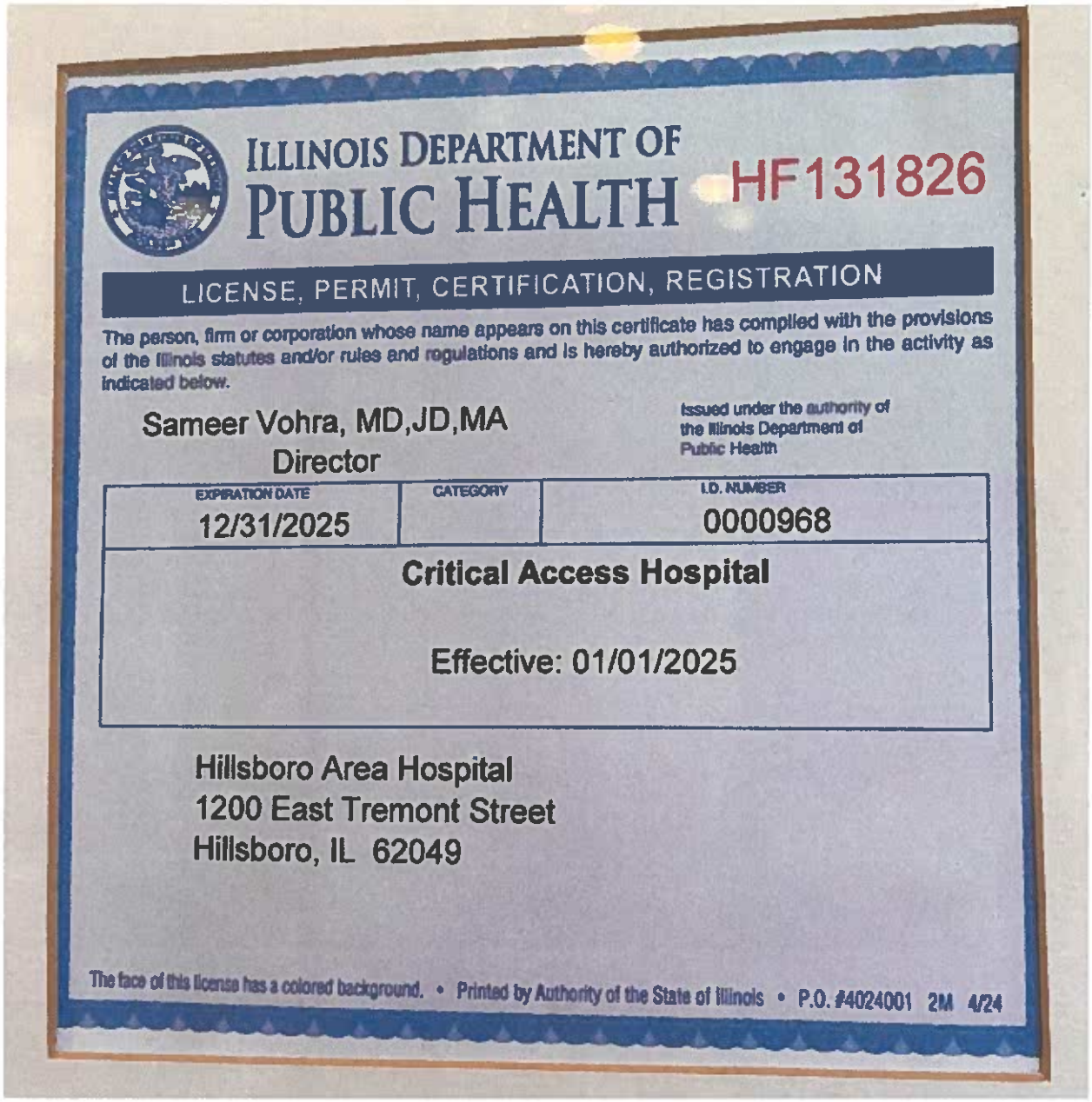
   Hillsboro Area Hospital d/b/a Hillsboro Health owns and operates a critical access hospital. Copies of the IDPH license and accreditation certification is attached.

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

   With the signatures on the Certification pages of this Certificate of Need Application, each of the applicants attests that, to the best of its knowledge, no adverse action has been taken against any Illinois health care facility owned and/or operated by it during the three years prior to the filing of this CON Application. Further, with the signatures provided on the Certification pages of this CON application, each of the applicants authorizes the Health Facilities and Services Review Board and the Illinois Department of Public Health access to any documents which it finds necessary to verify any information submitted, including but not limited to official records of IDPH or other States agencies and records of nationally recognized accreditation organizations.

3. **Authorization permitting HFSRB and DPH access to 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.**

   By its signature to this permit application each of the Applicants hereby grants the Review Board and the IDPH access to information to verify information in this application.



ILLINOIS DEPARTMENT OF PUBLIC HEALTH

HF131826

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
12/31/2025		0000968

Critical Access Hospital

Effective: 01/01/2025

Hillsboro Area Hospital
1200 East Tremont Street
Hillsboro, IL 62049

The face of this license has a colored background. • Printed by Authority of the State of Illinois • P.O. #4024001 2M 4/24

DNV

HEALTHCARE CERTIFICATE

Certificate no.:	Initial certification date:	Valid:
C559868	08 September, 2019	08 September, 2022 – 08 September, 2025

This is to certify that the management system of

Hillsboro Area Hospital

1200 E Tremont St, Hillsboro, IL, 62049-1912, USA

has been found to comply with the requirements of the:

NIAHO® Critical Access Hospital Accreditation Program

Pursuant to the authority granted to DNV Healthcare USA Inc. by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, this organization is deemed in compliance with the Medicare Conditions of Participation for Specialized Providers – Critical Access Hospitals (42 C.F.R. §485 Subpart F).

Place and date:
Milford, OH, 03 August, 2022

ACCREDITED
Critical Access Hospital

CMS

For the issuing office:
DNV Healthcare USA Inc.
4435 Aicholtz Road, Suite 900, Cincinnati, OH, 45245, USA

Kelly Proctor
Management Representative

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.
ACCREDITED UNIT: DNV Healthcare USA Inc., 4435 Aicholtz Road, Suite 900, Cincinnati, OH, 45245, USA - TEL: +1 513-947-8343. www.dnvhealthcare.com

ATTACHMENT 11

ILLINOIS DEPARTMENT OF PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

DR. Sameer Vohra
DIRECTOR OF IDPH

Issued under the authority of the Illinois Department of Public Health

EFFECTIVE DATE	EXPIRATION DATE	LICENSE NUMBER	STATUS
2/26/2025	2/26/2026	5101354	Active

Category: Assisted Living License

Alzheimer Units:	10	Regular Units	28
Floating Units:		**Total Units**	**38**

LICENSEE NAME HILLSBORO AREA HOSPITAL, INC

LICENSEE BUSINESS NAME
TREMONT RIDGE ASSISTED LIVING
801 E Tremont St
Hillsboro Illinois 62049

ATTACHMENT 11

DNV

August 3, 2022

Rex Brown
Chief Executive Officer
Hillsboro Area Hospital, Inc
(d/b/a) Hillsboro Area Hospital
1200 E. Tremont St
Hillsboro, IL 62049

Program: CAH
CCN: 141332
Survey Type: Medicare Recertification/DNV Reaccreditation
Certificate #: C559868
Survey Dates: June 28-30, 2022
Accreditation Decision: Full accreditation
Date Acceptable Plan of Correction Received: 7/20/2022
Method of Follow-up: Acceptable Plan of Correction, Self-Attestation, Document Review
Effective Date of Accreditation: 9/6/2022
Expiration Date of Accreditation: 9/6/2025
Term of Accreditation: Three (3) years

Dear Mr. Brown:

Pursuant to the authority granted to DNV Healthcare USA Inc. by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, Hillsboro Area Hospital, Inc (d/b/a) Hillsboro Area Hospital is deemed in compliance with the Medicare Conditions of Participation for Critical Access Hospitals (42 C.F.R. §485) and awarded full accreditation for a three (3) year term effective on the date referenced above. DNV Healthcare USA Inc. is recommending your organization for continued deemed status in the Medicare Program.

This accreditation is applicable to all facilities operating under the above-referenced CCN number at the following address(es):

Hillsboro Area Hospital, Inc (d/b/a) Hillsboro Area Hospital - 1200 E. Tremont St - Hillsboro, IL 62049
Hillsboro Area Hospital Inc. d/b/a TeamWork Rehab - 207 West State Street – Nokomis, IL 62075
Hillsboro Area Hospital Inc. d/b/a TeamWork Rehab - 120 W. St. John, Suite 2 – Litchfield, IL 62056
Hillsboro Area Hospital Inc. d/b/a TeamWork Rehab - 1200 E Tremont St – Hillsboro, IL 62049

This accreditation also encompasses the swing beds in place and Hillsboro Area Hospital, Inc (d/b/a) Hillsboro Area Hospital is deemed in compliance with the Medicare Conditions of Participation at 42 C.F.R §485.645 to meet the special requirements for CAH providers of long-term care services ("swing-beds").

This accreditation requires an annual survey and the organization's continual compliance with the DNVHC Accreditation Process. Failure to complete these actions or otherwise comply with your Management System Certification/Accreditation Agreement may result in a change in your organization's accreditation status.

Congratulations on this significant achievement.

Sincerely,

Kelly Proctor
President
cc: CMS CO and CMS RO V (Chicago)

Section III. Purpose of Project

Attachment 12

Overview of Purpose

Description of how the project will provide health services that improve health care or well-being of the market area population to be served.

The purpose of this Project is to make needed improvements to the existing Hillsboro hospital so that it can continue to provide ongoing access to quality care in the Hillsboro and the Montgomery County area.

Hillsboro Area Hospital ("Hillsboro Health") is a 25-bed critical access hospital located in Hillsboro Illinois and has been serving patients since 1914. Hillsboro is a community of approximately 6,000 residents equidistant between Springfield and St. Louis. Approximately half the patients using hospital services other than Hillsboro Health travel to Springfield (50 miles) and the other half to the St. Louis area (65 miles).

The current hospital building was constructed 50 years ago and is in need of improvements. In 2023 Hillsboro Health completed a Master Facility Plan that outlined an extensive list of needed improvements, more than could be feasibly undertaken at one time. After careful review, it prioritized three elements that are the basis for these improvements in this Project.

The project has three primary components, including (i) constructing an 11,341-foot addition for surgery and related services, (ii) replacing aging mechanical equipment, and (iii) constructing an entrance canopy (the "Project").

Primary Service Area (PSA)

Hillsboro Health defines its Primary Area (PSA) by zip code and includes the following rural communities[1]

Hillsboro

Taylor Springs

Nokomis

Witt

Coffeen

Irving

Raymond

Fillmore

Butler

[1] Hillsboro Health 2024 Community Health Needs Assessment

Panama

Donnellson

Harvel

This service area, like other rural areas of Illinois and the nation general, face ongoing health care challenges, including an aging population, a shortage of health care providers, and often extended travel times for patients to receive care. Approximately 75% of inpatient admissions are persons aged 65 or older.[2] Over 50% of households have a person aged 65 or older living in the home.[3] 87% of our inpatients are Medicare and over 10% are Medicaid.[4] For outpatient care, 56% are Medicare and 32% are Medicaid.[5]

Identify the Existing Problems or Issues that Need to be Addressed and How the Issues will be Addressed

In 2024 Hillsboro Health conducted a Community Health Needs Assessment, reaching out to the community as to its determination of the most important health needs in the area. The report concluded – "Priority # 1 - Access to Care. The goal is to increase access to comprehensive, high quality healthcare services; including primary and specialty care services".[6] Hillsboro Health responded to this identified need by committing to "evaluate further development of an orthopedic service in the community by partnering with providers from adjacent communities to do clinics and procedures at Hillsboro Health."[7]

Surgical Suite Replacement/Expansion

The most pressing clinical need at the hospital is to replace the two 50-year-old operating rooms. The Project proposes to construct an 11,341 square foot addition to replace the two existing operating rooms and to add a room for procedures that do not require a sterile environment. Attachment 30 of this application details the deteriorated conditions that require replacement, including the need to remedy humidity control issues. Also, the existing ORs are too small to perform certain procedures. For example, there is insufficient room in the current two ORs for the equipment and staff needed to perform orthopedic procedures. Consequently, orthopedic physicians who see outpatients at Hillsboro Health facilities are unable to perform the procedures at the hospital.

The Project also proposes a small non-sterile room for minor procedures. This room would provide a lower cost, more efficient alternative to using operating rooms. This would be particular useful for our patients needing pain management. We have recently seen a great need for pain management services, particularly as an alternative to patients on opioids. In the past 14 months we have gone from no procedures to approximately 70 per month. Often these patients need care every two weeks and previously had to drive at least 50 miles for care. With the

[2] Source: Hillsboro Health 2024 Annual Health Questionnaire

[3] Source: Hillsboro Health 2024 Annual Health Questionnaire

[4] Source: Hillsboro Health 2024 Annual Health Questionnaire

[5] Source: Hillsboro Health 2024 Annual Health Questionnaire

[6] Hillsboro Health 2024 Community Health Needs Assessment

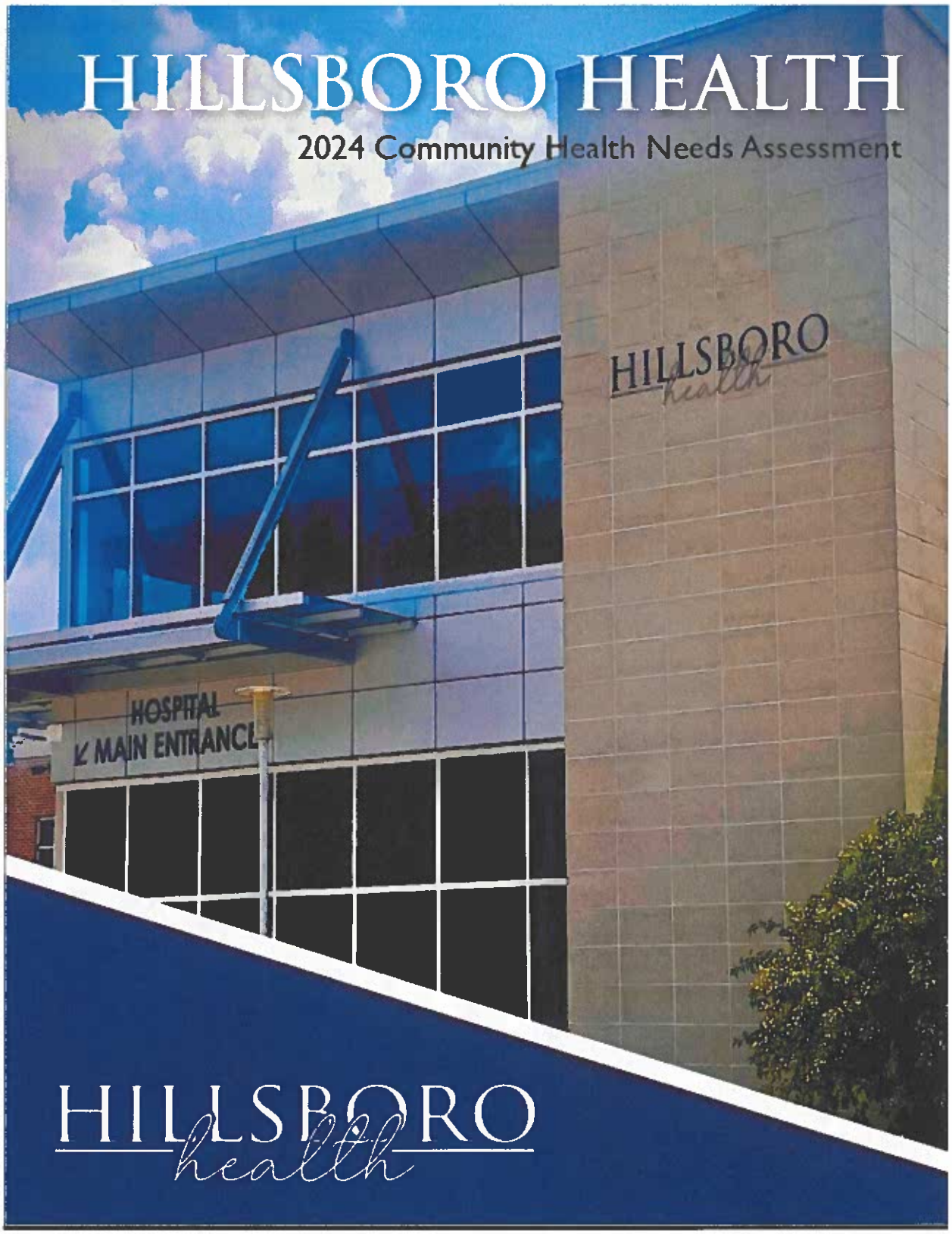
[7] Hillsboro Health 2024 Community Health Needs Assessment

proposed procedure room these patients could receive care while in their street clothes and without the need for the process of accessing a sterile OR.

We acknowledge that our surgical volume does not reach the utilization targets in the Board's state standards. Lower utilization for surgery or inpatient care is the norm for any critical access hospital and is to be expected. We believe that the two ORs are necessary. One OR would be insufficient to allow for more than one concurrent emergency or to provide needed redundancy. More practically, without a second OR, it would be very challenging to recruit surgeons to use the hospital. Unlike large hospitals or systems, Hillsboro Health employs no surgeons. Most surgeons do not live in Hillsboro and schedule days to come to our hospital to perform procedures. They want to be able to quickly move from one procedure in one OR to another procedure in a second OR, without waiting while an OR is cleaned and prepared. Requiring a surgeon to be idle while an OR was being prepared would likely dissuade a physician from coming to the hospital and consequently would require most patients to travel over 50 miles for surgery.

Non-Clinical Improvements - Central Utility Plant

The other major component to the Project is the replacement of aging infrastructure, some of which dates back to the original construction 50 years ago. In addition, a rain canopy will be constructed at the front entrance patient drop-off and pick-up. Replacement of heating, plumbing, and electrical equipment is not glamorous, but is necessary if Hillsboro Health is to be able to continue to care for residents in the community.


HILLSBORO HEALTH
2024 Community Health Needs Assessment
HILLSBORO
health
HOSPITAL
MAIN ENTRANCE
HILLSBORO
health

HILLSBORO HEALTH

2024 Community Health Needs Assessment

TABLE OF CONTENTS

INTRODUCTION

Hillsboro Health, formerly known as Hillsboro Area Hospital, began its history in April 1914 when A. B. Frankel, an East St. Louis architect, submitted plans for a three-story hospital. It was estimated to cost $20,000 with plans to open on July 4, 1915. The plans were approved, but by July 1915 only $10,110 of the $21,200 in pledges had been paid and outstanding bills totaled $1,600. It seemed as if the project would be stopped in its tracks. However, the community rallied together to finish the hospital, and on February 22, 1916, Hillsboro Hospital formally opened.

In November 1971, the hospital's Board of Directors once again began planning for a new hospital building because the current facility no longer passed state safety standards. With the new hospital building came a new name.

On October 23, 1975, the new 100-bed Hillsboro Area Hospital opened on Tremont Street.

Since the opening of the new building, Hillsboro has continued to expand:

- The Douglas-Telfer outpatient clinic and Heartland Home Care facilities opened in 1990.
- The Tremont Assisted Living facility opened in 2003.
- The Special Care Cottage for dementia and Alzheimer's residents opened in 2004.
- The North wing renovations, which included a new emergency department, imaging center, and classrooms, were completed in 2012.
- In 2024, Hillsboro Area Hospital became Hillsboro Health. Their promise to the community was:

"It's more than a name change; it's a promise to reimagine our community's well-being."

ATTACHMENT 12

55545259.4

MISSION, VISION & VALUES

MISSION

To positively affect the health and welfare of the communities we serve

VISION

Hillsboro Health will partner with our community to continue to be recognized as a leading provider of high-quality, affordable, and personalized healthcare and wellness services.

CORE VALUES

Community
The health and welfare of the community come first.

Service
Service is provided in a compassionate, friendly, professional, and caring environment fostering healing and wellness.

Teamwork
Patients, family, staff, and community resources actively participate in collaboration.

Excellence
In pursuit of excellence, we value quality in care, customer service, safety innovation, and continuous learning.

Respect
We respect the rights, privacy, diversity, and dignity of the individual.

Stewardship
Integrity and financial viability are necessary to accomplish our mission, achieve our vision, and live by our values.

HILLSBORO health

ATTACHMENT 12

55545259.4

EXECUTIVE SUMMARY

Provisions in the Affordable Care Act (ACA) require charitable hospitals to conduct a Community Health Needs Assessment (CHNA). CHNA is a systematic process involving the community to identify and analyze community health needs, assets, and resources to plan and act on priority community health needs.

This assessment process results in a CHNA report which assists the hospital in planning, implementing, and evaluating hospital strategies and community benefit activities. The Community Health Needs Assessment was developed and conducted, in partnership with representatives from the community, by a consultant provided through the Illinois Critical Access Hospital Network (ICAHN).

ICAHN is a not-for-profit 501(c)(3) corporation established in 2003 to share resources, and education, promote operational efficiencies, and improve healthcare services for member critical access and rural hospitals and their communities.

ICAHN, with 60 member hospitals, is an independent network governed by a nine-member board of directors, with standing and project development committees facilitating the overall activities of the network. ICAHN continually strives to strengthen the capacity and viability of its members and rural health providers.

This Community Health Needs Assessment will guide the planning and implementation of healthcare initiatives that will allow the hospital and its partners to best serve the emerging health needs of Hillsboro and the surrounding area.

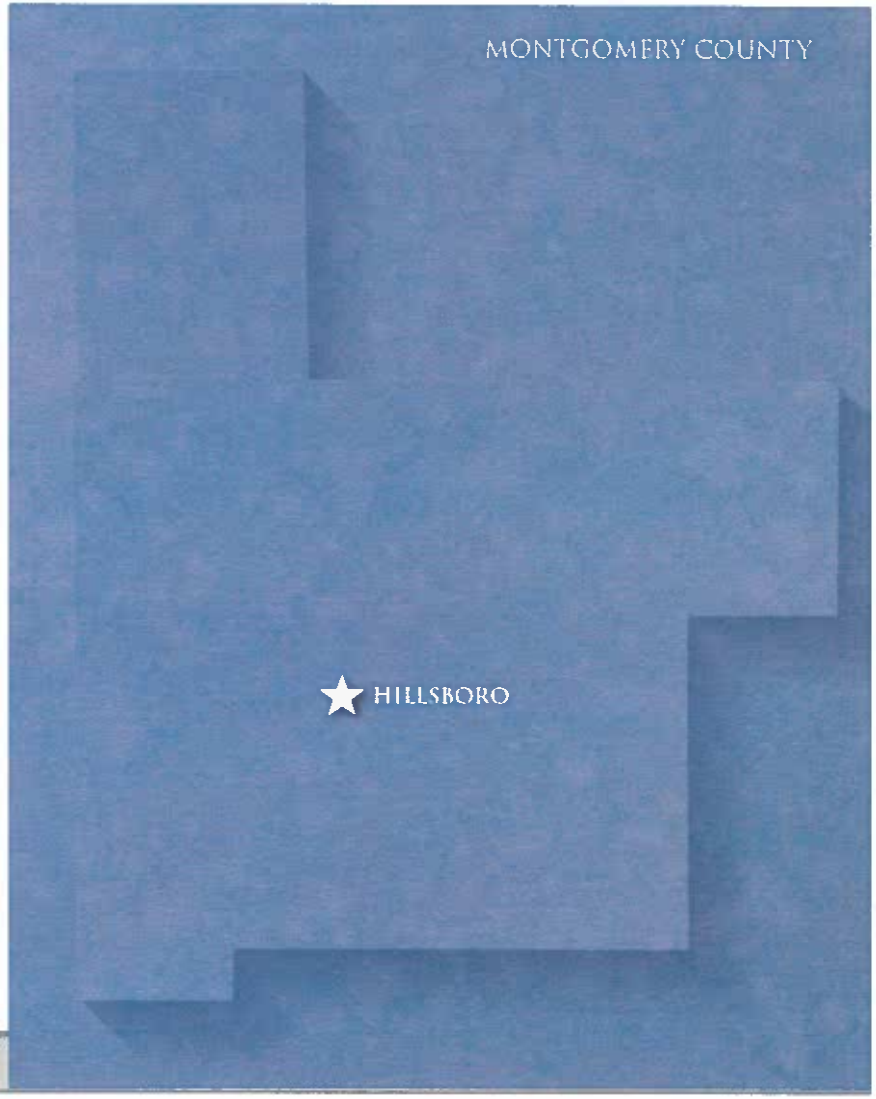
The CHNA process was coordinated by the Chief Executive Officer and Director of Marketing and Community Services.

Hillsboro Health elected to do a robust community survey process to collect input and to identify health concerns and needs in the delivery of healthcare and health services to improve wellness and reduce chronic illness for all residents. The survey was sent to targeted community members and posted for the community at large via their social media channels. It was open for 30 days and received 214 responses.

The survey and the full results are available in the Hillsboro Health Data Document.

In May, the findings from the survey were presented along with secondary data analyzed by the consultant to a focused group for identification and prioritization of the significant health needs facing the community.

ICAHN
Illinois Critical Access Hospital Network



ATTACHMENT 12

EXECUTIVE SUMMARY (CONTINUED)

Identification and Prioritization > Addressing the Need

After their review and discussion, the identification and prioritization group advanced the goals and actions:

1. Access to Care

The goal is to increase access to comprehensive, high-quality healthcare services, including primary and specialty care services.

2. Wellness

The goal is to improve the physical and mental well-being of the members of the community. This will be done through educational efforts, increasing awareness of community resources, and a continued focus on improving the social well-being of community members (food access, emotional health, etc.)

The results of the assessment process were then presented to senior staff at Hillsboro Health through a facilitated discussion for the development of a plan to address the identified and prioritized needs.

Addressing the Need > Creating the Plan

The group addressed the needs with the following strategies:

- Continue to build on the health and wellness programs that exist within Hillsboro Health including the Hillsboro Health Fitness and Aquatics, kids summer camp to build healthy habits including physical activity and healthy eating, diabetes management program, and summer lunch programs.
- Work within the healthcare community to ensure knowledge of existing resources for those in need.
- Continue efforts to bring specialty service providers to the community.

BACKGROUND

The Community Health Needs Assessment Process is conducted every three years. In response to issues identified and prioritized and the implementation strategy developed to address them, Hillsboro Area has taken the following steps since its last CHNA.

Hillsboro Health – CHNA 2021

Three prioritized needs were identified as significant health needs and prioritized:

Priority #1 – Access to Mental and Behavioral Health Treatment

Improved access to prevention and early intervention services:

- Work with schools and other community partners to determine appropriate prevention, education, and training for student and adult populations.
- Partner with County Recovery Oriented programs.

Increase access to care:

- Increase volumes of behavioral telehealth, telepsychiatry, and crisis screening through our service lines.
- The Integrated Behavioral Health program was discontinued in August 2023 due to underfunding, low reimbursement, legislative changes in telepsychiatry, the HSHS Medical Group Family Medicine Hillsboro closure, and additional program partners' decisions to step away.

Engage in unified planning with surrounding medical care providers and community organizations.

- Through community partnerships, provide support for children and families in crisis including financial crisis, unemployment, homelessness, health crisis and or illness, incarceration, social isolation, chronic stress, etc.

Priority #2 – Food Insecurity

Improve access to prevention and early intervention services.

- Work with providers to determine patient barriers to healthy living, i.e.- social determinants of health.
- Work with community partners to provide health education, screenings, and referrals to care.
- Work with individuals to improve understanding of resources and access opportunities.

Increase access to care:

- Work with local farmer's markets, food pantries, and feeding programs to support access to fresh produce and nutrient-dense foods.
- Work with community partners to expand opportunities for nutrition education including health cooking, menu and meal planning, and eating on a budget.

Work with internal and external stakeholders to engage in unified planning and policy.

- Work with state and local leaders to factor health implications into policy and budget decisions.

Priority #3 – Workforce Development

Integrate programs and long-term goals with potential worker groups.

- Work with schools, community colleges, and colleges to develop or scale up pipeline programs.
- Work with existing career organizations to provide supervised internship and workforce training opportunities.

Develop workforce plans and training programs.

- Evaluate services available internally and within the community, and work to address service gaps

Work with internal and external stakeholders to engage in unified planning and policy.

- Work with state and local leaders to factor health implications into policy and budget decisions.

HILLSBORO HEALTH SERVICE AREA

Hillsboro Health, formerly known as Hillsboro Area Hospital, defines its service area by zip code data which includes the following rural communities:

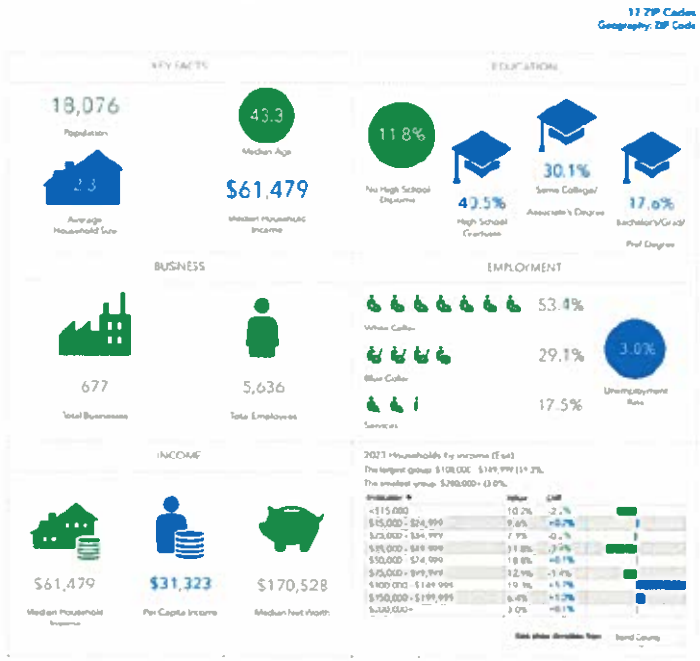
Hillsboro	Raymond
Taylor Springs	Fillmore
Nokomis	Butler
Witt	Panama
Coffeen	Donnellson
Irving	Harvel

KEY FACTS

The average household size of the area, at 2.3, is lower than both Illinois and the U.S. The median age is 43.3 years, which is higher than in Illinois and the U.S. The largest education segment is high school graduates followed by those with some college. **11.88% of the population has no high school** diploma or GED and 41.18% of the community's population have only a high school degree.

Unemployment at the time of writing was 5.8% (February 2024 data) which is higher than the Illinois and United States unemployment rate averages.

As is the case in much of rural Illinois, the average household income ($73,871) and the median household income ($61,479) are lower than the statewide or national average.



SOCIAL DETERMINANTS OF HEALTH

The CDC describes social determinants of health as conditions in the places where people live, learn, work, and play that affect a wide range of health and quality of life risks and outcomes

Healthy People 2030 uses a place-based framework that outlines five key areas of SDoH:

FIVE KEY AREAS OF SDOH

Healthcare Access and Quality includes access to healthcare overall, primary care, health insurance coverage, health literacy, and compliance with recommended screenings and incidents of certain health-related conditions.

Education Access and Quality which includes high school graduation rates, enrollment in higher education, educational attainment in general, language and literacy, and early childhood education and development.

Social and Community Context includes the incidents of homelessness, teen birth rates, juvenile arrest rates, and the incidents of young people not in school and not working.

Economic Stability includes average household income, rates of unemployment, cost of living, people living in poverty, employment, food security, and housing stability.

Neighborhood and Built Environment include the cost and quality of housing, access to transportation, access to healthy food, air and water quality, broadband access, access to fitness and recreation facilities, walkability, and rates of crime and violence.

PROCESS

ESTABLISHING THE CHNA INFRASTRUCTURE AND PARTNERSHIPS

Description of Data Sources – Quantitative/Secondary Data

Quantitative (secondary) data is collected from many resources including, but not limited to, the following

SOURCE	DESCRIPTION
Behavioral Risk Factor Surveillance System	The largest, continuously conducted telephone health survey in the world. It enables the Center for Disease Control and Prevention (CDC), state health departments, and other health agencies to monitor modifiable risk factors for chronic diseases and other leading causes of death
SparkMap	An online mapping and reporting platform powered by the Center for Applied Research and Engagement Systems (CARES) at the University of Missouri
U.S. Census	National census data is collected by the US Census Bureau every 10 years.
Centers for Disease Control	Through the CDC's National Vital Statistics System, states collect and disseminate vital statistics as part of the US's oldest and most successful intergovernmental public health data sharing system.
County Health Rankings	Each year, the overall health of each county in all 50 states is assessed and ranked using the latest publicly available data through a collaboration of the Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute.
American Communities Survey	A product of the U.S. Census Bureau which helps local officials, community leaders, and businesses understand the changes taking place in their communities. It is the premier source for detailed population and housing information about our nation.
Illinois Department of Employment Security	The state's employment agency that collects and analyzes employment information.

Secondary data is initially collected through the SparkMap and ESRI systems and then reviewed.

Questions raised by the data reported from those sources are compared with other federal, state, and local data sources to resolve or reconcile potential issues with reported data.

Secondary data and detailed primary data for the Hillsboro Health CHNA is available in a separate document entitled **Hillsboro Health 2024 Secondary Data.**

SOURCE	DESCRIPTION
National Cancer Institute	Coordinates the National Cancer Program, which conducts and supports research, training, health information dissemination, and other programs with respect to the cause, diagnosis, prevention, and treatment of cancer, rehabilitation from cancer, and the continuing care of cancer patients, and the families of cancer patients
Illinois Department of Public Health	IDPH is the state agency responsible for preventing and controlling disease and injury, regulating medical practitioners, and promoting sanitation.
Health Resources and Services Administration	The US Department of Health and Human Services develops health professional shortage criteria for the nation and uses that data to determine the location of Health Professional Shortage Areas and Medically Underserved Areas and Populations.
Local IPLANS	The Illinois Project for Local Assessment of Needs (IPLAN) is a community health assessment and planning process conducted every five years by local health jurisdictions in Illinois.
ESRI (Environmental Systems Research Institute)	An international supplier of Geographic Information System (GIS) software, web GIS and geodatabase management applications. ESRI allows for specialized inquiries at the zip code, or other defined, level.
Illinois State Board of Education	The Illinois State Board of Education administers public education in the state of Illinois. Each year, it releases school "report cards" which analyze the makeup, needs, and performance of local schools.
United States Department of Agriculture	USDA, among its many functions, collects and analyzes information related to nutrition and local production and food availability

PRIMARY DATA

Hillsboro Health elected to do a robust community survey process to collect input and to identify health concerns and needs in the delivery of healthcare and health services to improve wellness and reduce chronic illness for all residents.

The survey was sent to targeted community members and posted for the community at large via their social media channels. The survey was open for 30 days and received 214 responses. The survey and the full results are available in the **Hillsboro Health 2024 Secondary Data Document**.

SURVEY RESULTS

- **29 total zip codes were represented in and surrounding the Hillsboro Health service area.**
- **88.44% of the participants were covered by private health insurance, 16.34% Medicare and 10.00% Medicaid. (Some participants may have coverage in more than one area.)**
- **Respondent's birthdates represented a wide range of ages:**

2000 or after	0.95%
1990-1999	16.59%
1980-1989	27.96%
1970-1979	20.38%
1960-1969	19.43%
1950-1959	11.37%
Before 1950	3.32%

- **80% of respondents were female and 17% were male. 3% elected to not disclose.**
- **Respondents were asked to select the top five (5) health issues in the community. The top answers were:**
  - Mental health/substance abuse
  - Chronic disease management/treatment
  - Obesity: lack of access to healthy goods/poor nutrition
  - Access to basic needs (food, clothing and shelter) and healthcare
  - Physical inactivity
- **Respondents were asked to identify the top five (5) problems in the community relating the health or a healthy lifestyle. The top five identified issues were:**
  - Mental health/substance abuse
  - Access to affordable exercise/activities
  - Access to healthy foods/nutrition counseling/obesity
  - Access to specialty healthcare services
    - > Obstetrics, Orthopedics, Urology, and Cancer were specified
  - Transportation needs

DESCRIPTION OF THE COMMUNITY HEALTH NEEDS IDENTIFIED

After their review and discussion, the identification and prioritization group advanced the following needs as being the significant community health needs facing the Hillsboro Health service area:

Priority #1 – Access to Care

The goal is to increase access to comprehensive, high-quality healthcare services, including primary and specialty care services.

Priority #2 – Wellness

The goal is to improve the physical and mental well-being of the members of the community. This will be done through educational efforts, increasing awareness of community resources, and a continued focus on improving the social well-being of community members (food access, emotional health, etc.).

Priority #3 – Mental Health and Substance Abuse

Although both the community survey and supporting data show a need for additional support and resources for mental health and substance abuse, the Hillsboro Health team did not move this priority to the action plan phase. The reasons for this are as follows:

- Lack of appropriate reimbursement for mental health services overall. The leader stated their former behavioral health service was operating at such a large loss that it put the financial stability of the organization at risk. Due to the unsustainable financial nature of the service line, it was closed
- The organization operates a pain management service that is an alternative to opioids or other drugs for pain.
- The primary care clinic and Emergency Departments will continue to focus on the mental health and substance abuse needs of their patients and refer them to specialists as appropriate.

RESOURCES AVAILABLE TO MEET PRIORITY HEALTH NEEDS

HOSPITAL RESOURCES

- Executive Team
- Hospital leadership team
- Hospital providers
- Marketing
- Hillsboro Health Fitness and Aquatics
- Dietician

HEALTHCARE PARTNERS OR OTHER RESOURCES INCLUDING TELEMEDICINE

- Local Health Departments
- Behavioral and mental health service providers
- Providers in the community

COMMUNITY RESOURCES

- Schools
- Community action agencies
- Community organizations
- Faith-based organizations
- Local governments
- Law enforcement

ATTACHMENT 12

DOCUMENTING AND COMMUNICATING RESULTS

This CHNA Report will be available to the community on the hospital's public website, **www.hillsborohealth.org**.

A hard copy may be reviewed at the hospital by inquiring at the information desk at the main entrance.

No written comments were received concerning the hospital facility's most recently conducted CHNA nor on the most recently adopted Implementation Strategy. A method for retaining written public comments and responses exists, but none were received.

PLANNING PROCESS

The Implementation Strategy was developed through a facilitated meeting involving key administrative staff at Hillsboro Health in May 2024. The group reviewed the needs assessment process completed to that point and considered the prioritized significant needs and supporting documents. They discussed steps taken to address the previous Community Health Needs Assessment. They also considered internal and external resources potentially available to address the current prioritized needs.

The group then considered each of the prioritized needs. For each of the three priority areas, actions the hospital intends to take were identified along with the anticipated impact of the actions, the resources the hospital intends to commit to the actions, and the external collaborators the hospital plans to cooperate with to address the need.

The plan will be evaluated by periodic review of measurable outcome indicators with annual review and reporting.

IMPLEMENTATION STRATEGY

The group addressed the needs with the following strategies:

Priority #1 – Access to Care

The goal is to increase access to comprehensive, high-quality healthcare services; including primary and specialty care services.

Actions the hospital intends to take to address the health need:

- Evaluate further development of an orthopedic service in the community by partnering with providers from adjacent communities to do clinics and procedures at Hillsboro Health.
- Review the current OR spaces for potential renovations to accommodate specialty care procedures. Seek funding for this in long-term planning, grant opportunities, etc.
- Support the physicians in the community who provide obstetrical services. While Hillsboro Health does not deliver babies (most are done in Litchfield), these physicians provide pre and postnatal clinics in the community.
- Support a recently added urology service with promotion and resources as needs are identified.
- Continue to recruit specialty providers to the area as specific needs are identified in planning and by primary care.

Indicators that support this priority:

- Access to specialty care services was in the top five identified problems in the community relating the health or a healthy lifestyle. Obstetrics, Orthopedics, and Urology were all specified needs.
- The overall teen birth rate for the service area (6.79/1000 females) was within the normal range as compared to the state and U.S. averages. However, Fayette County, located on the eastern side of the Hillsboro Health market area, had a significantly increased teen birth rate at 88.36/1000 females.
- 20% of the overall population is aged 65+ indicating a potentially increased need for both orthopedic and urology specialties. Over 50% of households have someone aged 65+ living in them.
- 17.41% of the overall population is considered to have a disability and approximately 32% of house holds have someone with a disability. (6889 total households. 2213 households with any disability).

Anticipated impacts of these actions:

- **Patients will be able to see orthopedic and urology specialists in the community.**
- **OB prenatal and postnatal care will be provided in the community.**

Programs and resources the hospital plans to commit to address the health need:

- Chief Executive Officer
- Specialty Clinic Practice Manager
- Primary care medical staff
- Marketing resources including advertising and social media platforms

Planned collaboration between the hospital and other facilities or organizations:

- Springfield Clinic
- SIU Physicians
- HSHS
- Independent providers

Priority #2 – Wellness

The goal is to improve the physical and mental well-being of the members of the community.

This will be done through educational efforts, increasing awareness of community resources, and a continued focus on improving the social well-being of community members (food access, emotional health, etc.).

Actions the hospital intends to take to address the health need:

- Leverage the existing Hillsboro Health Fitness and Aquatics resources to encourage community participation. Ensure service pricing is reasonable.
- Investigate ways to provide free or very low-cost fitness opportunities.
- Continue the Summer Lunch program for students who would normally be receiving lunch at school.
- Expand the Diabetes Education and Prevention program and use the resources from this service to create appropriate screenings and education for the community.
- Continue using the hospital's resources to collect food for local food pantries.
- Work with community partners to ensure everyone is aware of the resources within Hillsboro Health and other community healthcare partners to address health and social service concerns. This will be done through the annual Health and Wellness Fair. And the primary care clinic.
- Provide tools for assistance with understanding my health insurance/bills. Financial counselors are being added to the front of the hospital for easy access.

Indicators that support this priority:

- According to the community survey, access to affordable exercise and activities was identified as one of the top five (5) problems that exist within the community.
- Obesity: lack of access to healthy foods/poor nutrition was also identified as one of the top five (5) most important health issues in the community.
- Approximately 2% of the community survey respondents state they have either accessed or needed to access a food pantry.
- Almost 10% of the community survey respondents stated they needed help with their medical bills or health insurance.
- Although the secondary data shows that patients who self-report themselves as obese (BMI >30.0) are lower than the state and national averages at 22.2%, state and national trends have been increasing since 2004.
- Poor or fair health was reported by 17.70% of adults over age 18, as compared to 15.43% in Illinois and 16.10% in the U.S.
- Diabetes incidents in the Medicare population is 27.6% as compared to 27% in Illinois and the United States. Selected counties in the service market area are as high as 29.4% (Bond and Macoupin).
- Across the nation, the total number of patients diagnosed with diabetes has risen from 6.6% in 2004 to 8.9% in 2021.
- 50% of the students in the service market area are eligible for free or reduced lunches in school.
- Overall food insecurity rates are greater than the state and national norms (11.17%). Food insecurity in children is 12.0%, which is higher than the U.S. norm.
- Four (4) zip codes in the southern service market area are considered food deserts.

Anticipated impacts of these actions:

- **Citizens will learn about the resources offered by Hillsboro Health and other health and social services providers.**
- **Citizens will have access to fitness programming that is affordable.**
- **Diabetes education and screening will be available for patients who are prediabetic or diabetic. This will include management, medication management, exercise, etc.**
- **Students who normally are fed with the school lunch program will have access to healthy food during the summer.**

Programs and resources the hospital plans to commit to address the health need:

- Chief Executive Officer
- Hillsboro Health Fitness and Aquatics
- Dietician

Planned collaboration between the hospital and other facilities or organizations:

- Community healthcare and social service partners
- Civic Organizations

Board Approval

The 2024 CHNA was presented to the Hillsboro Health Board of Directors on June 20, 2024. It was approved as presented.

Notes

1. Statistics may vary slightly depending on the resource.

HILLSBORO health

Community Health Needs Assessment | 2024

Hillsboro Health | 1200 Tremont St. | Hillsboro, IL 62049 | (217) 532-6111

ATTACHMENT 12

Section III. Alternatives

Attachment 13

Alternatives

Provide alternatives to the proposed project. The comparison shall address issues of cost, patient access, quality, and financial benefits in both the short term (within 1-3 years after project completion) and in the long term.

Hillsboro Health previously engaged BSA Life Structures to conduct an extensive master plan for its facilities. In that master planning it became evident that the 50-year-old hospital structure needed considerable improvements or even a replacement hospital. During the master planning process Hillsboro Health considered and number of alternatives before selecting the proposed Project:

1. Build a Replacement Hospital on another Site.

The ideal solution would be to construct a new replacement hospital on a new nearby site. This would allow a modern design and layout and would allow for more efficiencies and energy savings. The cost in the long run would likely be similar to eventually making all necessary improvement to the existing building.

Unfortunately, any change in location would mean that Hillsboro Health would lose its designation as a Critical Access Hospital. Without the Critical Access status, ongoing operations at Hillsboro Health would not be financially feasible and this alternative could not be pursued. Consequently, this alternative was not seriously priced out, but would have been estimated to be approximately $90 million.

Cost: Approximately $90 million (design and construction only) plus land acquisition

2. Construct a Replacement Hospital on the Current Site

Because of the critical access hospital relocation prohibition, Hillsboro Health gave careful consideration to trying to construct a replacement hospital on the current site. The present site is not large enough that there is a "green grass" location on site for a replacement hospital. Instead, a replacement hospital on site would have involved a complex arrangement of demolishing part of the hospital for construction of a portion of the new hospital while continuing operations in the remaining part. Then there would be multiple phases where operations are moved to the new section, while the remaining old section was demolished to allow for building the second phase of the replacement hospital. This alternative was given serious consideration and preliminary cost estimates were reviewed. However, preliminary design work showed that the complexities resulted in an estimate of well over $95,000,000 dollars which could have been higher than a replacement hospital on a new site. Ultimately, this alternative was determined to be too expensive and have serious operational challenges during the construction.

Cost: Over $95 million for just design and construction (not equipment or other costs).

3. Pursue a Project of Larger Scope

The Master Design Plan identified numerous needed improvements beyond the proposed Project and Hillsboro Health gave careful consideration to other needed improvements. These included demolishing and rebuilding a wing of patient rooms and replacing the current lab facilities. Pricing out other desirable improvements yielded an estimated cost of approximately $38 million (design and construction only). While these are improvements Hillsboro Health would like to make, and hopes to eventually, it decided to prioritize replacement of the mechanical equipment and replacement of the surgery area.

Cost: Approximately $38 million (design and construction only)

4. Pursue a Smaller Scope – Reduce from two ORs to one OR

For purposes of this Alternatives section, Hillsboro Health analyzed reducing from 2 ORs to only one OR. Doing so, would have allowed the Project to meet the Review Board state standard for OR utilization. A review of all critical access hospitals, however, shows only one hospital that has only one OR, and that hospital has an additional procedure room. Some critical access hospitals have eliminated surgical services entirely and have no ORs, but with only one exception, every hospital with surgical services has at least two operating rooms. There are good reasons clinically and operationally to have two or more ORs. A table showing all Illinois Critical Access Hospitals and the number of ORs, and procedure rooms is included in Attachment 31.

One OR would be insufficient to allow for more than one concurrent emergency. For example, one OR would not be adequate in the event of an automobile accident where two victims were taken to the hospital for treatment. Further, a second OR is important to provide redundancy. This has been proven to be true at Hillsboro Health where one OR had high humidity and could not be used so it was necessary to use the second room. More practically, without a second OR, it would be very challenging to recruit surgeons to use the hospital. Unlike large hospitals or systems, Hillsboro Health employs no surgeons. Most surgeons do not live in Hillsboro and schedule days to come to our hospital to perform procedures. They want to be able to quickly move from one procedure in one OR to another procedure in a second OR, without waiting while an OR is cleaned and prepared. Requiring a surgeon to be idle while an OR was being prepared would likely dissuade a physician from coming to the hospital and consequently would require most patients to travel over 50 miles for surgery.

We also note that there are considerable fixed costs to providing surgical services. These fixed costs are better spread over two ORs than one.

5. Propose a Project without adding a Procedure Room

The Project could have been proposed without the addition of a separate procedure room. This alternative was rejected for several reasons, including operating efficiency, cost savings and

patient convenience. A separate procedure room is not just an alternative OR—it offers several advantages. The relatively small capital cost of the procedure room is far outweighed by operating efficiencies.

The IDPH Hospital Licensure Code requires that operating room surgical areas be restricted to maintain a sterile environment. 77 Ill.Admin.Code 250.1300. Street clothes are prohibited and any person accessing the area must be gowned and wear covering. The proposed procedure room will be outside the restricted surgery area. Medical staff will not need to gown which will make staff much more efficient and cost effective. A procedure room will also allow patients to receive appropriate care without changing out of their street clothes. Pain management patients, many whom require care every two weeks, would particularly appreciate this convenience.

Cost: Hillsboro Health estimates that the procedure room's incremental capital cost of only approximately one million dollars, which it estimates will be quickly recouped from operational savings.

6. Maintain Status Quo. Doing nothing has no initial cost. However, not replacing the mechanical systems is not an option. As detailed in Attachment 31, it is necessary to replace these systems to keep the hospital operational. Similarly, the 50-year-old operating rooms are in need of replacement. The ORs have air handling and humidity control issues that cannot be easily remedied without replacement. The rooms are also undersized for modern equipment and certain procedures, such as orthopedic procedures, cannot be performed.

Cost: $0 initially, but costs for capital improvements are being deferred.

7. Construct Proposed Project

After careful consideration or various alternatives, the proposed Project was selected as meeting the hospital's highest priorities within financial availability.

Cost: $28,625,182

Project	Summary	Pros	Cons
Construct a Replacement Hospital on New Site	Construct a Replacement Hospital on a new nearby site. Cost: $90 million	• Ideal from operations perspective • Modern more efficient design	• If Hospital relocates it loses it's Critical Access Designation
Construct a Replacement Hospital on the Current Site	Construct a new replacement hospital on current site. $95,000,000	• Modern more efficient design • More energy efficient	• There is no open space at the current hospital and there would need to be demolition and construction in phases • More costly • Complexities and cost outweigh the benefits
Pursue a Project of Larger Scope	Modernize or replace other areas of the hospital, including patient rooms and laboratory space $38 million (design and construction only)	• A large project scope is desirable and would encompass areas that will need improvement in the future	• The need to prioritize capital expenditures requires deferral of other improvements at this time
Pursue a smaller scope – reduce from 2 ORs to 1 OR	Cost: $26,500,000	• Better meet state standard for utilization	• We found that every hospital with surgery in Illinois has 2 or more ORs and this appears the minimum size clinically, operationally and practical
Propose a Project without adding a Procedure Room	Cost: $27,500,000	• Better meet state standards for utilization	• The operational costs incurred in not having a procedure room would far outweigh the relatively small capital cost

Project	Summary	Pros	Cons
Status Quo – Do Nothing Now		• No initial cost • No initial operational disruption	• The proposed project is essentially maintaining/replacing mechanical equipment and surgical space that has outlived its functional life and needs to be replaced. Doing nothing now would only defer what needs to be remedied
Construct Proposed Project	Cost: $28,625,182	• The proposed project is the best compromise in meeting priorities for capital improvement with financial limits	• Additional capital improvements are being deferred and will need to be expended in the future

Section IV. Project Scope, Utilization, and Unfinished/Shell Space

Attachment 14

Project Scope, Utilization and Unfinished/Shell Space

The project has three primary components, including (i) replacing aging mechanical equipment, (ii) constructing an entrance canopy, and (iii) constructing an 11,341-foot addition to replace its two existing operating rooms (the "Project"). The addition will also create one non-sterile procedure room, replace post-surgery recovery rooms and central sterilization.

The Project has been designed to meet the State Standard for size. The State Standard for surgery is 2,750 dgsf per operating room, plus 1,100 dgsf for each procedure room.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Surgery	6,534 dgsf	6,600 dgsf	(66)	Yes

Hillsboro Health (Hillsboro Area Hospital) proposes an 11,561 square foot addition to Hillsboro Hospital, specifically targeting surgery capabilities and volumes and an additional 12,224 square feet of non-clinical space. Currently, the surgery department is insufficiently sized for the volume and complexity of surgical cases, as well as the increasing size of equipment and technology utilized. This project aims to enhance the health care experience and well-being of patients, visitors, and staff at Hillsboro Health.

To make way for the surgery addition, the existing 1974 West wing of the hospital campus that houses outpatient testing services will be demolished. The outpatient testing wing contains outpatient related services such as bone density, blood draw, and nuclear medicine. These rooms will be relocated to the East in existing phase II PACU phase II rooms. The PACU phase II rooms will be temporarily relocated to southern inpatient rooms before being finally housed in the new surgery addition. Approximately 3,304 square feet of space over fifty years old will be modernized for the outpatient testing relocation. This modernization of work will be completed in-house prior to the start of the surgery addition construction.

Hillsboro Health is licensed for twenty-five patient beds. The surgery addition will be removing three private patient rooms. In preparation for the surgery addition build, the hospital has designated four existing patient rooms to serve as semi-private to maintain the hospital license count of twenty-five. These four existing patient rooms are already properly equipped to serve as semi-private rooms.

The surgery addition will host two, approximately 600 square-foot class C surgical operating rooms and a 349 square foot class B surgical procedure suite for outpatient procedures such as endoscopy and minor interventions not requiring full surgical support. The total space allocation for the surgical suite is approximately 6,534 DGSF which meets the state standard of 6,600 DGSF. The surgery suite will provide critical access for local and rural patients needing operative care without referral to tertiary hospitals.

Although the total space allocation for surgical suite falls within the state standards in Illinois, below are several components that shaped the square footage design.

- The square footage above accounts for:
  - Two operating rooms, supported by a centralized sterile core
  - Staff lockers, which serve all staff in the surgery addition, are arranged to provide a one-way traffic pattern so that personnel entering from outside the surgical suite can change, shower, gown and move directly into the surgical suite[8]
  - Staff Break Room which serves all staff in the surgery suite
  - Vestibule which serves as an exit discharge for the entire surgery suite
  - Med Gas Storage which serves the entire surgery suite. Medical gas storage is required for storage of nitrous oxide and oxygen cylinders[9]
  - Vendor Drop-Off which serves the entire surgery suite, eliminating traffic flow through the main lobby/reception
- Operating Rooms are sized to current guidelines. AORN recommended the size of an OR at 400 to 700 square feet based on types of procedures performed in the room, including the type of equipment and the number of people present during the procedure.[10]
- Each operating room shall have a minimum clear floor area of 400 square feet. The following minimum clearances shall be provided around the operating table, gurney, or procedural chair: 8 feet 6 inches on each side and 6 feet at the head. This dimension shall result in an anesthesia work zone with a clear floor area of 6 feet x 8 feet, and 7 feet at the foot.[11]
- Control Station is required to permit direct visual surveillance of all traffic that enters the operating suite.[12] The control station is combined with the supervisor's office to be efficient with space.
- Soiled Work Room for the exclusive use of the surgical suite staff is required for the proper collection and disposal of soiled materials.[13]

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[8] Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250)

[9] Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250)

[10] Facilities Guidelines Institute, 2022 FGI Guidelines for Design and Construction of Hospitals. 2022.

[11] Facilities Guidelines Institute, 2022 FGI Guidelines for Design and Construction of Hospitals. 2022.

[12] Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250)

- Clean Supply Room is required for storage and distribution of clean and sterile supplies.[14]
- Anesthesia Work and Storage Room are required for cleaning, testing and storing anesthetic gases and anesthesia equipment.[15]
- Patients' Holding Area is required in facilities with two or more operating rooms.[16]
- Stretch storage area is required.[17]
- Janitor's Closet is required exclusively for the surgical suite.[18]
- Procedure room maintains a minimum clear floor area of 130 square feet, with the following minimum clearances around the table, gurney, or procedural chair: 3 feet 6 inches on each side and 3 feet at the head and foot. Where the anesthesia machine and associated supply carts are used, the layout supplies 6 feet at the head to provide space for an anesthesia work zone of 6 feet x 8 feet.[19]

The total space allocation for the surgical suite does not account for the sterile processing department, which is approximately 1,073 square feet. The sterile processing department (SPD) is designed to ensure the efficient and safe reprocessing of surgical instruments. SPD is strategically located within the surgery department to facilitate quick and seamless instrument turnover. The SPD is responsible for cleaning, decontaminating, inspecting, and sterilizing instruments used throughout the hospital, with over 40% of the sterile load coming from departments outside the operating rooms. SPD is an integral to the hospital's infection control strategy, ensuring that all instruments are processed safely and efficiently to support patient care and sterile procedures across the hospital.

Two dedicated post-anesthesia recovery phase I (PACU) will be located adjacent to the surgical operating suite. The PACU space makes up approximately 338 DGSF which meets the state standard of 360 DGSF. The PACU space is dedicated to the surgery addition and not shared with any other departments. The bays with cubical curtains are universal in design for operational efficiency and flexibility. The nurses are actively present at the patient's bedside, providing direct care during the immediate recovery period after surgery.

Nine post-anesthesia recovery phase II (preparation/recovery rooms) will be located adjacent to phase I. While a minimum of four recovery stations per operating room are required, the new surgery addition will have a total of nine recovery stations, one dedicated for isolation patients. Each recovery station is an individual room with sliding doors, which are larger than bays with cubical curtains. Private rooms lead to greater patient satisfaction and better infection prevention. Universal recovery rooms are planned for operational efficiency and flexibility. The

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[13] Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250)

[14] Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250)

[15] Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250)

[16] Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250)

[17] Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250)

[18] Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250)

[19] Facilities Guidelines Institute, 2022 FGI Guidelines for Design and Construction of Hospitals. 2022.

recovery rooms will aid in accommodating outpatient infusion in addition to its typical standards. There will be two nurse stations to provide maximum visibility to patients and to facilitate one-way traffic flow within the recovery space.[20] Phase II also includes soiled holding, equipment alcoves, clean room, patient and staff toilets, making up 3,040 DGSF, which meets the state standard of 3,600 DGSF.

Circulation throughout the surgery addition makes up approximately 3,542 square feet of the 11,561 square foot addition, allowing for back of house movement, eight-foot corridor width for patient stretcher movement, and sterile supply movement throughout the department. Circulation also provides the required life safety egress from the building continuing existing corridors. The new surgery will abut the imaging department to the north. To maintain helipad access to and from the existing emergency department through imaging, the addition of the surgery contains a 576 square foot vestibule to provide emergency personnel access into the departments.

In addition to the proposed 11,561 square foot surgery addition, there is an additional 12,224 square feet of non-clinical space. Below are the non-clinical spaces captured in the design.

- Patient corridor running north - south adjacent to the surgery addition
- Fire-rated Telcom room, modernizing the existing boiler room. The existing boiler servicing the emergency department will be demolished and the CUP will house new boilers
- Renovation of the front lobby and reception areas
- New detached entryway canopy at the front entrance of the hospital
- New canopy/awning at the pair of existing storefront doors
- New detached canopy at the south exit of the new surgery suite for patient discharge
- Central Utility Plant (CUP), modernizing the existing material management space
- New detached canopy located between the CUP and existing inpatient wing for pipe routing.

The CUP is undergoing a comprehensive modernization effort to enhance efficiency and meet the growing demands of the fifty-year-old facility. The existing steam boilers currently serve the sterilization and heating operations of the hospital. These will remain in place to serve only existing HVAC equipment. New electric steam generators will be provided and located in the surgery addition. These are to serve the new SPD and humidification for the surgery addition. Steam generators will be placed on essential power. This upgrade is essential to ensure reliable steam production, which is crucial for the sterilization processes in the operating rooms.

The CUP will also include two dual fuel condensing heating water boilers. These will provide heating for the surgery addition, connection to the emergency department, and some additional capacity for future expansion into the existing hospital. The boilers will be fully redundant.

[20] Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250)

Space for a third boiler will be provided in anticipation of future equipment replacement and working to decommission the existing steam boilers. New pumps will be provided and fully redundant. These new boilers will reduce energy consumption and maintenance costs.

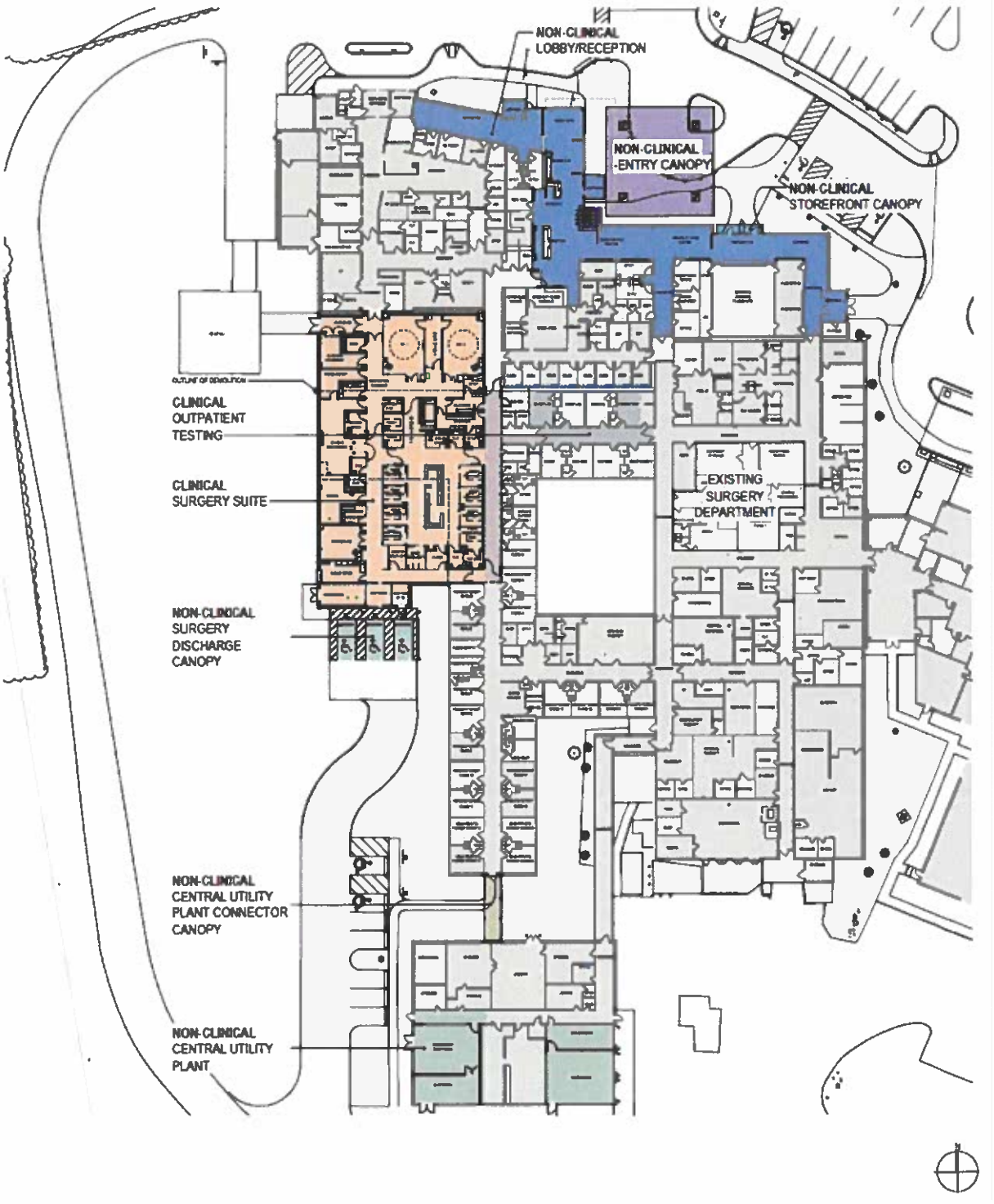
The cooling plant will include one new water-cooled chiller and cooling tower. Once the new chilled water system is installed and operational the existing chiller and cooling tower will be relocated to the new CUP location. Emergency chilled water piping connections will be provided for connection to a temporary chiller. New pumps will be provided and fully redundant. This upgrade will help to ensure continuous chilled water service to the building.

In addition to the HVAC upgrades, the electrical systems, which are also 50 years old, are being updated to support the new surgical modernization efforts. These electrical upgrades will provide a new electrical infrastructure to replace equipment that has met or exceeded average life spans. The electrical infrastructure will back feed existing portions of the hospital and consolidate the number utility connections from three to one. The existing electrical infrastructure is being upgraded to provide a more robust and reliable power supply, capable of handling the increased load from the modernized surgical equipment as well as providing capacity for future improvements to the facility.

The normal power electrical upgrades include new incoming service main distribution board, new utility meter, new service ground to be connected back to the existing hospital grounding service and utility transformer.

The essential power electrical upgrades include 2 new emergency generators (96-hour fuel tank capacity), 4 new automatic transfer switches, and a new emergency main distribution panel.

This comprehensive modernization of the CUP is a critical step in ensuring that our hospital can continue to provide high-quality care to our patients. The new systems will enhance operational efficiency, reduce downtime, and support the advanced medical technologies being implemented in the surgical departments.



ATTACHMENT 14

Hillsboro Health's main entrance.

ATTACHMENT 14

Location of new surgery suite.

Existing outpatient testing wing being demolished to make way for new surgery suite.

ATTACHMENT 14

Section IV. Project Services Utilization

Attachment 15

Appendix B, Project Services Utilization

1110.120 c) Project Size Utilization – For areas for which there are utilization standards as shown in Appendix B

Document that in the 2nd year of operation, the annual utilization of the service shall meet or exceed the utilization standards.

The State Standard for surgery is 1,500 hours per each operating room and each procedure room. Hillsboro Health currently has two operating rooms. The proposed Project will replace the two existing ORs and add one non-sterile procedure room.

Like all other Critical Access Hospitals (CAH) in Illinois, Hillsboro Health acknowledges that it does not presently have the volume to meet the state standard and that it similarly will not do so following project completion. As part of this CON process, Hillsboro Health reviewed the utilization of the approximately 50 Critical Access Hospitals in Illinois. As the table and discussion in Attachment 31 shows, not a single CAH meets this standard. Similarly, not a single CAH meets the bed utilization standard. In almost all cases, its is not even close. This review also showed that, with one exception, every CAH had a minimum of two ORs. Attachment 31 also addresses why the need for at least two ORs and a procedure room is essential to provide the critical access that is the mission of critical access hospitals.

UTILIZATION					
	DEPT./ SERVICE Surgery	HISTORICAL UTILIZATION Surgical Hours	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?
2021		730		1500 /OR	No
2022		650			No
2023		439			No
2024		527			No
2029			2,087		No

Projected Volumes after Surgery Modernization

	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Jan-28	Feb-28	Mar-28	Apr-28	May-28	Jun-28	Total
Pain Procedures	65	68	70	72	74	70	74	73	75	77	80	82	881
General Surgeries	20	21	22	22	23	22	23	22	23	24	25	25	271
Endoscopies and colonoscopies	45	47	51	53	54	51	54	53	54	56	58	60	635
Cataract Surgeries *	30	32	32	33	34	32	34	35	36	37	38	39	412
Orthopedic Procedures	15	16	16	17	17	16	17	17	18	18	19	20	206
Urology Procedures	10	11	11	11	12	12	12	13	13	13	14	14	145

	Jul-28	Aug-28	Sep-28	Oct-28	Nov-28	Dec-28	Jan-29	Feb-29	Mar-29	Apr-29	May-29	Jun-29	Total
Pain Procedures	82	82	82	84	86	82	82	80	83	85	88	90	1007
General Surgeries	25	25	25	26	27	25	25	25	25	26	27	28	310
Endoscopies and colonoscopies	60	60	60	61	63	59	63	62	64	65	67	69	753
Cataract Surgeries *	39	39	39	40	41	39	41	40	42	43	44	46	493
Orthopedic Procedures	20	20	20	20	20	20	20	19	19	19	20	21	239
Urology Procedures	15	15	16	17	17	16	17	17	17	18	18	19	201

Projected Hours after Surgery Modernization

3002

	Avg Proc Min-s	Avg Prep Min-s		FY 27 Hours Procedures	FY 27 Hours Prep	FY 28 Hours Procedures	FY 28 Hours Prep
Pain Procedures	15	5		220	73	252	84
General Surgeries	45	20		203	90	232	103
Endoscopies and colonoscopies	30	5		318	53	376	63
Cataract Surgeries *	15	10		103	69	123	82
Orthopedic Procedures	90	45		309	155	358	179
Urology Procedures	60	10		145	24	201	33
			Total	1299	464	1542	545
			Total		1763		2087
			Procedure Room Hours		664		775
			OR Hours		1099		1312
					1763		2087

ATTACHMENT 15

Attachment 31

Criterion 1110.270 - Clinical Service Areas Other than Categories of Service

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

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

Service	# Existing Key Rooms	# Proposed Key Rooms
☐ **Surgery - OR**	**2**	**2**
☐ **Surgery – Procedure**	**0**	**1**
☐		

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

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) – Need Determination – Establishment
Service Modernization	(c)(1) – Deteriorated Facilities
	AND/OR
	(c)(2) – Necessary Expansion
	PLUS
	(c)(3)(A) – Utilization – Major Medical Equipment
	OR
	(c)(3)(B) – Utilization – Service or Facility
1APPEND DOCUMENTATION AS ATTACHMENT 31, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Attachment 31

Criterion 1110.270 Clinical Service Areas Other Than Categories of Services

A. Deteriorated Facilities

Hillsboro Health is a 25-bed critical access hospital located in Hillsboro. The current hospital building was constructed 50 years ago and is in need of improvements. In 2023 Hillsboro Health completed a Master Facility Plan that outlined an extensive list of needed improvements, more than could be feasibly undertaken at one time. After careful review, it prioritized three elements that are the basis for these improvements in this Project.

The project has three primary components, including (i) constructing an 11,341-foot addition for surgery and related services, (ii) replacing aging mechanical equipment, and (iii) constructing an entrance canopy (the "Project").

Surgical Suite Replacement/Expansion

The most pressing clinical need at the hospital is to replace the two 50-year-old operating rooms. The existing ORs are too small to perform certain procedures. For example, there is insufficient room in the current two ORs for the equipment and staff needed to perform orthopedic procedures. In addition to the need for larger operating rooms there are other deteriorated facilities as described below.

Deteriorated Surgical and Sterile Processing Areas

1. Sterile Processing Department

   The surgical Sterile Processing Department (SPD) at the hospital is currently constrained by limited space, which significantly impacts its operational efficiency. The department is too small to accommodate the sterilization cart, necessitating the reliance on sterilized equipment to cool within the sterilizer. This practice not only prolongs the turnover time for sterile instruments but also increases the risk of contamination and equipment damage due to prolonged exposure to high temperatures.

   Furthermore, the lack of adequate storage space within the SPD poses additional challenges. The inability to store supplies within the SPD is due to the aging air handler being unable to maintain the recommended temperature ranges, which are crucial for preserving the integrity and functionality of sterile supplies. This limitation forces staff to frequently retrieve supplies from other storage areas, leading to increased handling.

   The absence of sufficient storage space also hampers workflow efficiency, as essential supplies are not readily available in the working area. This results in delays and inefficiencies, as staff must constantly leave the working area to fetch necessary items. Addressing these space constraints by expanding the SPD would enable the proper use of sterilization equipment, facilitate efficient storage of supplies, and ultimately enhance the overall sterility and timeliness of instrument turnover, thereby improving patient care and operational efficiency.

2. Operating Room Temperature and Humidity

Maintaining the recommended temperature and humidity levels in the aging operating rooms is a significant challenge that affects the quality and safety of surgical procedures. The outdated infrastructure of these rooms often fails to provide consistent environmental control, leading to fluctuations in temperature and humidity that can compromise the sterility of surgical instruments and the comfort of patients and staff.

During the winter months, the dry air necessitates the use of portable humidifiers to prevent the relative humidity from dropping below the recommended range. Low humidity can cause static electricity, which poses an increased risk of surgical electrical fires, equipment malfunction, and can also lead to the degradation of certain materials used in surgical procedures. Conversely, in the summer, high humidity levels require the use of portable dehumidifiers to avoid moisture-related issues that can promote microbial growth and damage equipment.

The reliance on portable humidifiers and dehumidifiers is not an ideal solution, as these devices are temporary and can be inconsistent in their performance. They also take up valuable space within the operating rooms, which are already constrained, and can be noisy. Additionally, the frequent need to adjust and monitor these devices adds to the workload of the staff, diverting their attention from other critical tasks.

To address these challenges effectively, it is essential to invest in modernizing the operating rooms with a dedicated HVAC system specifically designed to maintain consistent temperature and humidity levels throughout the year. Such a system would ensure the optimal conditions required for safe and efficient surgical procedures, enhance the overall comfort and safety of the environment, and ultimately benefit patient outcomes and operational workflows.

3. Recovery Rooms

The current configuration of the recovery room presents significant challenges that impact its functionality and the quality of patient care. Currently, the recovery room is being utilized not only for its intended purpose of monitoring and caring for patients' post-surgery but also as a storage area for sterile supplies, equipment, and is also utilized as a workspace for anesthesia personnel. This multiuse of the space leads to overcrowding and inefficiencies, as essential equipment and supplies are stored in the same area where patients are recovering. This arrangement may not only pose a threat to compromise patient privacy and comfort but also increases the risk of contamination and equipment damage.

Moreover, the recovery room struggles to maintain the recommended temperature and humidity levels, which are crucial for patient comfort and safety. The inconsistent environmental conditions necessitate the use of portable humidifiers in the winter and portable dehumidifiers in the summer. These temporary solutions are not only unreliable but also take up valuable space, further exacerbating the overcrowding issue. The

reliance on these devices also adds to the workload of the staff, who must frequently adjust and monitor them, diverting their attention from patient care.

To address these challenges, it is essential to update the recovery room to create a dedicated, efficient, and comfortable space for post-operative care. This update should include the installation of a reliable HVAC system to maintain consistent temperature and humidity levels, ensuring a safe and comfortable environment for patients. Additionally, the recovery room should be redesigned to separate storage and workspaces from patient care areas, enhancing organization and reducing the risk of contamination. By creating a dedicated recovery room, the hospital can improve patient outcomes, enhance staff efficiency, and provide a higher standard of care.

4. Increasing Size of Operating Room

Increasing the size of our operating rooms from the existing 400 square feet to the planned 600 square feet is essential to accommodate larger and more complex procedures such as orthopedic surgeries, including knee and hip replacements. These larger procedures require more space to facilitate the movement of surgical teams, accommodate specialized equipment, and ensure a safe and efficient operating environment. The additional square footage will provide the necessary room for multiple surgeons, anesthesia providers, and nurses to work collaboratively without feeling cramped, thereby enhancing the overall efficiency and safety of the surgical process. Larger operating rooms also allow for better organization and placement of surgical instruments and equipment, reducing the risk of contamination and improving the sterility of the environment. Furthermore, the increased space will enable the use of advanced imaging and navigation systems that are crucial for precise and successful orthopedic surgeries. By upgrading to 600 square foot operating rooms, we can improve patient outcomes, enhance the working conditions for our surgical staff, and position our hospital as a leader in providing high-quality orthopedic care.

Non-Clinical Improvements - Central Utility Plant

The other major component to the Project is the replacement of aging infrastructure, some of which dates back to the original construction 50 years ago. The Central Utilities Plant (CUP) at our 50-year-old critical access hospital needs to undergo a comprehensive modernization to enhance efficiency and meet the growing demands of the facility. The current infrastructure, including the 50-year-old boilers that supply steam to the surgery sterilizers, would be replaced with more efficient equipment. This upgrade is essential to ensure reliable steam production, which is crucial for the sterilization processes for instrumentation throughout the organization.

In addition to the boiler replacement, the electrical system, which is also 50 years old, would be updated to support the new surgical modernization efforts. The existing electrical infrastructure would be upgraded to provide a more robust and reliable power supply, capable of handling the increased load from the modernized surgical equipment.

The modernization project includes the installation of new, high-efficiency boilers. These new boilers will not only improve the steam supply but also reduce energy consumption and maintenance costs. The electrical upgrades will include the replacement of old distribution circuits to ensure a stable and reliable power supply throughout the modernized departments.

This comprehensive modernization of the CUP is a critical step in ensuring that our hospital can continue to provide high-quality care to our patients. The new systems will enhance operational efficiency, reduce downtime, and support the advanced medical technologies being implemented in the surgical departments. The 2023 Master Facility Plan reviewed all the facilities mechanical, electrical and plumbing system as to their condition. Copied below is the portion of the Master Plan addressing the condition of the facility infrastructure. Please see Attachment 14 for a detailed description of the planned mechanical improvements.

HAH Hillsboro Area Hospital

Project Specific

EXISTING INFRASTRUCTURE EQUIPMENT CONDITION SCHEDULE

June 6, 2023

5 - Excellent:	New or like new condition
4 - Good:	New within last 10 years, functioning, regularly serviced and well maintained
3 - Adequate:	Nearing end of useful life, functioning, regularly services and well maintained
2 - Marginal:	Beyond end of useful life and/or obsolete, no longer manufacturer supported, functioning and well maintained; OR not code compliant.
1 - Poor:	Not functioning or regular failures, hazardous or poses a risk

TAG	DESCRIPTION	AGE (YRS)	CONDITION	CODE COMPLAINT (Y/N)	NOTES
Hospital Generator	600KW Diesel Engine Generator	20	3	Y	
Hospital Utility Transformer	Pad mount utility transformer	15	3	Y	
MDP	Normal Power Switchboard- 2000-amp, 480Y/277V	15	3	Y	
GDP	Generator Dist Switchboard: 1600-amp, 480Y/277V	15	3	Y	
ATS-LS	Life Safety ATS, 100-amp, 480V, 3PH, 4W	15	3	Y	
ATS-CR	Critical ATS, 100-amp, 480V, 3PH, 4W	15	3	Y	
ATS-G	Equipment ATS, 400-amp, 480V, 3PH, 4W	15	3	Y	
ATS-NE	Equipment ATS, 100-amp, 480V, 3PH, 4W	15	3	Y	
ATS-1	Life Safety ATS, 75-amp, 480V, 3PH, 3W	48	2	Y	
ATA-2	Critical ATS, 75-amp, 480V, 3PH, 3W	48	2	Y	
ATS-3	Critical ATS, 75-amp, 480V, 3PH, 3W	48	2	Y	
ATS-4	Equipment ATS, 400-amp, 480V, 3PH, 4W	48	2	Y	
Service ATS	Service ATS, 1600-amp	20	3	Y	
MRI Service	Service Building main electrical service	11	4	Y	
Laundry Service	Laundry wing main electrical service	~30	3	Y	
Fusion Addition Service	Fusion wing main electrical service	17	3	Y	
Telfer Service	Telfer wing main electrical service	33	2	Y	
Assisted Living Service	Assisted wing main electrical service	?	3	?	
Springfield Clinic East Service	Sprinfield wing main electrical service	?	3	?	
Fire Alarm System	Hospital fire alarm system	?	3	?	
Nurse Call System	Hospital nurse call system	?	3	?	Currently being upgraded

ATTACHMENT 31

EXISTING INFRASTRUCTURE EQUIPMENT CONDITION SCHEDULE

June 6, 2023

TAG	DESCRIPTION	AGE (YRS)	CONDITION	CODE COMPLIANT (Y/N)	NOTES
Lighting	General lighting	30	2	?	
Grounding	Hospital grounding system	48	2	?	
AHU-2	Chilled water and steam preheat	48	2	?	
AHU-3	Chilled water and steam preheat	48	2	?	
AHU-4	Chilled water and steam preheat	48	2	?	
AHU-5 (Kitchen)	Chilled water and steam preheat	48	2	?	
Surgery RTU	DX cooling	?	2	?	
Pharmacy RTU	DX cooling	?	2	?	
Lab RTU	DX cooling	?	2	?	
Patient Wing RTU	DX cooling	?	2	?	
Steam Boilers		48	3	Y	Clever Brooks CB-80 HP
300 ton Chiller		3	5	Y	Daikin WMC048DD - 296 tons
Cooling Tower		?	3	Y	Recently rebuilt
Heating Water Boilers	Provide heating water for reheat coils in the ED	12	3	Y	Lochinvar Copper Fin II 400 MBH
EDU RTU	DX cooling	12	3	Y	McQuay Packaged RTU
Clinic RTU	DX cooling	12	3	Y	McQuay Packaged RTU
2-pipe fan coil units	Chilled water and heating water from steam heat exchanger	48	2	?	
Hospital Water Heater	Steam fired package water heater	16	3	Y	Cemline V30SSH630
Kitchen Water Heater	50 gallon electric water heater 240/4500/1	7	4	Y	Reliance #650DORS 210
ED Water Heater	75 gallon Gas fired water heater	12	3	Y	
Medical Vacuum System	Vac System- 60 gallon tank 3hp/460v/3ph/60hz	1	5	Y	Amico VCCD-D-060P-TS-N-030-46063-MS
Water Softener	Twin softener system for the make-up boiler water	?	3	Y	Aqua Systems

PRIORITY P1: Item does not meet code, presents a safety hazard, or has direct impact on patient care

PRIORITY P2: Affects building performance

PRIORITY P2: General recommenstions, modernization upgrades, good practice

ITEM #	ITEM	DESCRIPTION	PRIORITY	NOTES
1	**Utility Yard/Equipment Adjacencies**	The hospital utility transformer, emergency generator, diesel storage tank, main normal power, and generator power equipment is all located at the same outdoor location. Equipment is subject to natural disaster, vandalism, or accident and it is possible that a single event could interfere with proper operation of more than one of this critical equipment.	**P1**	Possible relocate / replace some or all equipment to altnerate locations with distribution equipment located at indoor locations.
2	**Sanitary Sewer**	Original hospital section has original cast iron sewer piping that is at the end of its life expectancy. There have been several collapses to the system that have had to be repaired already.	**P1**	Recommend that the existing sanitary system be addressed with the option of either replaceing mains in a phased plan to minimize impact to operations as this would require concrete removal in corridors and excavation to expose existing main piping and branches and removing to replace with new piping. This operation would require planning and coordination to limit impact to operations as the sewer system will need to be kept live to allow hospital to operate. Another option would be to investigate pipe lining repair or pipe bursting process which would utilize the existing pipes and reline them with a plastic type material to replace piping.
3	**AHUs (AHU-2, AHU-3, AHU-4, AHU-5)**	AHUs are constant volume 100% outside air units utilizing steam for heating and chilled water for cooling. The units are beyond their life and are in need of replacement.	**P1**	Replace AHUs with new AHUs with VAVs with reheat to provide cooling and reheat to spaces.
4	**RTUs (Pharmacy, Lab, Surgery)**	The DX packaged RTUs for the pharmacy, lab, and surgery utilize DX coils for cooling and are not connected to the central chilled water system. Existing humidity, cooling, pressure issues within the spaces require continued maintenance. RTUS have few built in redundancies.	**P1**	Recommend replacing existing DX packaged RTUs with new AHUs utilizing the central chilled water system. Build in redundancies to allow for reliability and continued operation.
5	**2 Pipe Heating/Cooling System**	2-pipe heating/cooling system causes undesirable temperature fluctuations and temperature control, especially in the spring and fall shoulder months.	**P2**	Replace with AHU with variable air volume terminal boxes with reheat to provide cooling and reheat year round

ATTACHMENT 31

ITEM #	ITEM	DESCRIPTION	PRIORITY	NOTES
6	**Temperature Controls**	Existing Building Automation System is outdated and a mixture of manufacturers. Pneumatic controls are still utilized on system in the hospital. There is no remote access.	P2	Introduce new building automation architecture for hospital. Expand building automation throughout hospital. Provide new DDC controls on all new equipment
7	**Water Service**	Original hospital is fed with combination 5" water service into the mechanical room. It comes from the main that is extended down the drive serving the hospital and enters in the Mechanical room and splits into domestic and fire at that point. The ED area is fed with a 6" combination service into the mechanical room of the area and splits into fire and domestic in that room. Both services are from the same primary main connection that feeds the buildings property.	P2	Age of existing water loop is concern and the location in the main drive in makes repairs to breaks very problematic to operations. Possible to add second water service from main to feed buildings and then replace existing with new HDPE water supply located outised of road. This would both provide redundant water supply and replace aging current piping system. Suggest to add valve and connection to tie the piping systems together between the 2 systems internally to allow to backfeed with hospital or ED from each other as anpther backup supply option.
8	**Security**	There was a distinct lack of security cameras and electrified door hardware observed across the facility	P2	Need evaluation of current security system and its deficiencies as well as hospital needs moving forward in the current socioeconomic environment.
9	**Domestic Hot Water**	Current systems are fed by 3 different pieces of equipment each with a different fuel source. 1 electric, 1 steam fired, 1 natural gas fired.	P3	Possibly replace the current equipment with upgraded high effieciency equipment including study as to best option from an operating cost and reliability standpoint for hospital
10	**Chilled Water System**	The cooling tower and chiller have recently been upgraded and replaced. The system seems reliable and in working condition. There are no rendundancies built into the system.	P3	Recommend installing additional chiller and cooling tower for expansion of chilled water system to DX packaged RTUs. The additional chiller and cooling tower would provide some redundancy in the system.
11	**Heating System (Boilers)**	Existing steam boilers are beyond their life, but seem to be well maintained, fairly reliable, and have rendundancy in the system.	P3	Recommend installing new condensing water boilers and begin switching from steam for heating to hot water. Condensing hot water boilers have greater efficiencies.
12	**Lighting**	Lighting throughout the facility was observed to be mostly fluorescent troffers and strips, both recessed and surface mounted.	P3	Replace lighting with newer LED fixtures as spaces are remodeled/updated.

ATTACHMENT 31

Attachment 31

Criterion 1110.270(c)(2)

B. Necessary Expansion – Need for a Procedure Room

The applicable Review Board regulations relative to a Project such as this state that the Project must me one of the three provisions.

c) Service Modernization
The applicant shall document that the proposed project meets one of the following:

1) Deteriorated Equipment or Facilities
The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to historical utilization data, downtime or time spent out of service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.

2) Necessary Expansion
The proposed project is necessary to provide expansion for diagnostic treatment, ancillary training or other support services to meet the requirements of patient service demand. Documentation shall consist of, but is not limited to historical utilization data, evidence of changes in industry standards, changes in the scope of services offered, and licensure or fire code deficiency citations involving the proposed project.

3) Utilization

A) Major Medical Equipment
Proposed projects for the acquisition of major medical equipment shall document that the equipment will achieve or exceed any applicable target utilization levels specified in Appendix B within 12 months after acquisition.

B) Service or Facility
Projects involving the modernization of a service or facility shall meet or exceed the utilization standards for the service, as specified in Appendix B. The number of key rooms being modernized shall not exceed the number justified by historical utilization rates for each of the latest

2 years, unless additional key rooms can be justified per subsection (c)(2) (Necessary Expansion).

C) If no utilization standards exist, the applicant shall document in detail its anticipated utilization in terms of incidence of disease or conditions, or population use rates.

1110.270(c) (emphasis added)

As discussed above, this application documents that the deteriorated equipment provisions in subsection (1) above. The Project replaces mechanical equipment servicing the hospital and replaces two existing operating rooms. The only element of the Project would be considered "expansion" is the addition of a small non-sterile room for minor procedures. We believe this Project also satisfied the "Necessary Expansion" element.

The procedure room is not a small alternative to a sterile OR, but rather and alternative means for providing a different type of care. This room would provide a lower cost, more efficient alternative to using operating rooms. This would be particular useful for our patients needing pain management. We have recently seen a great need for pain management services, particularly as an alternative to patients on opioids. In the past 14 months we have gone from zero procedures to approximately 70 per month. Often these patients need care every two weeks and previously had to drive at least 50 miles for that care. With the proposed procedure room these patients could receive care while in their street clothes and without the need for the process of accessing a sterile OR. Modernizing two operating rooms and adding a procedure room at Hillsboro Health, can significantly enhance operational efficiency, patient care, and the hospital's ability to grow and attract new surgeons. This upgrade allows for increased room turnover by optimizing the use of space and resources. Surgeons can move seamlessly from one operating room to another, maximizing their block time and reducing downtime between procedures. The addition of a dedicated procedure room further supports this efficiency by providing a space for minor local cases, Gastrointestinal (GI) scopes, and Transesophageal Echocardiogram (TEE)/Cardioversions. This specialized room ensures that these procedures do not interfere with major surgeries, thereby maintaining a smooth workflow in the operating rooms.

The need for an additional procedure room in addition to the two operating rooms is crucial to efficiently manage the increasing demand for specific procedures such as Esophagogastroduodenoscopy ("EGD") EGDs, colonoscopies, and pain management. These procedures are essential for diagnosing and treating various conditions and require dedicated space to ensure patient safety and procedural efficiency. EGDs and colonoscopies are critical for detecting gastrointestinal issues, and performing them in-house improves patient access to care, reduces wait times, and enhances continuity, especially in underserved areas. A separate procedure room allows for better workflow management, reducing delays and maximizing resource use, leading to improved patient throughput and satisfaction. It also enables the simultaneous performance of different types of procedures without interfering with major surgeries. Economically, this investment can lead to cost savings by reducing off-site referrals and capturing revenue from these procedures, attracting more patients and healthcare providers, and enhancing the hospital's reputation and market share. In summary, adding a procedure room

is essential for meeting the growing demand for these procedures, ensuring patient safety, improving workflow efficiency, and providing economic benefits. The table below shows the demand for services best provided in the type of procedure room proposed.

Attachment 31

Criterion 1110.270(c)(3)(B)

C. Utilization – Service or Facilities

Hillsboro Health believes it meets the deteriorated facilities test and that it also meets the Necessary Expansion test. The Review Board regulations provide the utilization standards for key rooms do not apply when the Necessary Expansion provision is met. Because Hillsboro Health believes it meets that test, it appears the utilization standards test is inapplicable. Nevertheless, we have analyzed this issue and provide the information below.

First, we believe that the two ORs are necessary. One OR would be insufficient to allow for more than one concurrent emergency or to provide needed redundancy. More practically, without a second OR, it would be very challenging to recruit surgeons to use the hospital. Unlike large hospitals or systems, Hillsboro Health employs no surgeons. Most surgeons do not live in Hillsboro and schedule days to come to our hospital to perform procedures. They want to be able to quickly move from one procedure in one OR to another procedure in a second OR, without waiting while an OR is cleaned and prepared. Requiring a surgeon to be idle while an OR was being prepared would likely dissuade a physician from coming to the hospital and consequently would require most patients to travel over 50 miles for surgery.

Like all other Critical Access Hospitals (CAH) in Illinois, Hillsboro Health acknowledges that it does not presently have the volume to meet the state standard and that it similarly will not do so following project completion. As part of this CON process, Hillsboro Health reviewed the utilization of the approximately 50 Critical Access Hospitals in Illinois. As the table and discussion in Attachment 31 shows, not a single CAH meets this standard. Similarly, not a single CAH meets the bed utilization standard. In almost all cases, its is not even close. This review also showed that, with one exception, every CAH had a minimum of two ORs. Also discussed in Attachment 31, the need for at least two ORs is necessary to provide the critical access that is the mission of critical access hospitals.

Also attached is a table showing the projected utilization following project completion. These numbers represent procedures for residents that presently must leave the area for care, and which could instead be preformed in the new area by physicians choosing to perform procedures in the hospital.

Projected Volumes after Surgery Modernization

	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Jan-28	Feb-28	Mar-28	Apr-28	May-28	Jun-28	Total
Pain Procedures	65	68	70	72	74	70	74	73	75	77	80	82	881
General Surgeries	20	21	22	22	23	22	23	22	23	24	25	25	271
Endoscopies and colonoscopies	45	47	51	53	54	51	54	53	54	56	58	60	635
Cataract Surgeries *	30	32	32	33	34	32	34	35	36	37	38	39	412
Orthopedic Procedures	15	16	16	17	17	16	17	17	18	18	19	20	206
Urology Procedures	10	11	11	11	12	12	12	13	13	13	14	14	145

	Jul-28	Aug-28	Sep-28	Oct-28	Nov-28	Dec-28	Jan-29	Feb-29	Mar-29	Apr-29	May-29	Jun-29	Total
Pain Procedures	82	82	82	84	86	82	82	80	83	85	88	90	1007
General Surgeries	25	25	25	26	27	25	25	25	25	26	27	28	310
Endoscopies and colonoscopies	60	60	60	61	63	59	63	62	64	65	67	69	753
Cataract Surgeries *	39	39	39	40	41	39	41	40	42	43	44	46	493
Orthopedic Procedures	20	20	20	20	20	20	20	19	19	19	20	21	239
Urology Procedures	15	15	16	17	17	16	17	17	17	18	18	19	201

Projected Hours after Surgery Modernization

3002

	Avg Proc Min-s	Avg Prep Min-s		FY 27 Hours Procedures	FY 27 Hours Prep	FY 28 Hours Procedures	FY 28 Hours Prep
Pain Procedures	15	5		220	73	252	84
General Surgeries	45	20		203	90	232	103
Endoscopies and colonoscopies	30	5		318	53	376	63
Cataract Surgeries *	15	10		103	69	123	82
Orthopedic Procedures	90	45		309	155	358	179
Urology Procedures	60	10		145	24	201	33
			Total	1299	464	1542	545
			Total		1763		2087
			Procedure Room Hours		664		775
			OR Hours		1099		1312
					1763		2087

ATTACHMENT 31

Illinois Critical Access Hospital Operating Rooms and Utilization

	City	Hospital	CON Bed Occupancy	ORs	Procedure Rooms	Total Surgical Hours	% of State Standard	Meets Surgical Standard
1.	Aledo	Genesis Medical Center	18.9%	2	2	1,950	65	No
2.	Benton	Franklin Hospital	18.7%	2	2	105	3.5	No
3.	Carlinville	Carlinville Area Hospital	2.7%	2	0	906	30.2	No
4.	Carrollton	Boyd Healthcare Services	4.3%	0	0	0	0	NA
5.	Carthage	Memorial Hospital	40.6%	2	0	1,084	36.1	No
6.	Chester	Memorial Hospital	9.7%	4	2	534	8.9	No
7.	Clinton	Warner Hospital & Health Services	6.4%	2	2	176	5.9	No
8.	DuQuoin	Marshall Browning Hospital	14.4%	2	0	193	6.4	No
9.	Eldorado	Ferrell Hospital	32.7%	4	1	1,238	20.6	No
10.	Eureka	Carle Eureka Hospital	0.7%	2	0	402	13.4	No
11.	Fairfield	Fairfield Memorial Hospital	39.9%	5	0	3,204	42.72	No
12.	Flora	Clay County Hospital	20.0%	2	0	658	21.9	No
13.	Galena	Midwest Medical Center	26.4%	2	0	5,196	1.732	No
14.	Geneseo	Hammond-Henry Hospital	7.1%	3	1	894	19.86	No
15.	Gibson City	Gibson Area Hospital & Health Services	52.9%	7	0	4,271	40.68	No
16.	Harvard	MercyHealth Hospital and Medical Center-Harvard	55.7%	2	1	1,706	56.9	No
17.	Havana	Mason District Hospital	9.1%	1	1	333	22.2	No
18.	Highland	St. Joseph's Hospital	42.8%	2	1	1,600	53.3	No
19.	Hillsboro	Hillsboro Area Hospital Hillsboro Health	14.5	2	0	439	14.6	No
20.	Hoopeston	Carle Hoopeston Regional Health Center	26.1%	2	0	302	10.07	No
21.	Hopedale	Hopedale Medical Complex	14.0%	3	2	1,426	31.7	No
22.	Jacksonville	Jacksonville Memorial Hospital	23.6%	7	2	3,387	32.25	No

ATTACHMENT 31

	City	Hospital	CON Bed Occupancy	ORs	Procedure Rooms	Total Surgical Hours	% of State Standard	Meets Surgical Standard
23.	Kewanee	OSF Healthcare Saint Luke Medical Center	15.1%	2	1	446	14.9	No
24.	Lawrenceville	Lawrence County Memorial Hospital	17.8%	0	0	282	0	No
25.	Lincoln	Lincoln Memorial Hospital	26.3%	3	0	846	18.8	No
26.	Litchfield	St. Francis Hospital	43.7	2	0	1,425	47.5	No
27.	McLeansboro	Hamilton Memorial Hospital District	29.4%	2	0	14,955	*	*
28.	Mendota	OSF Healthcare Saint Paul Medical Center	30.2%	2	1	634	21.1	No
29.	Monmouth	OSF Healthcare Holy Family Medical Center	14.7%	2	0	1,180	39.3	No
30.	Monticello	Kirby Medical Center	18.3%	0	0	1,046	0	No
31.	Morrison	Morrison Community Hospital	23.9%	3	6	2,451	54.5	No
32.	Mt. Carmel	Wabash General Hospital	27.0%	0	0	3,005	0	No
33.	Nashville	Washington County Hospital	2.8%	1	1	10	.67	No
34.	Olney	Carle Richland Memorial* Hospital	16.7%	4	1	1,609	26.8	No
35.	Pana	Pana Community Hospital	8.2%	2	0	758	25.3	No
36.	Paris	Horizon Health	45.1%	2	1	2,664	88.8	No
37.	Pinckneyville	Pinckneyville Community Hospital District	16.0%	2	0	288	9.6	No
38.	Pittsfield	Illini Community Hospital	30.5%	2	1	300	1.0	No
39.	Princeton	OSF Healthcare Saint Clare Medical Center	24.3%	3	2	1,035	23.10	No
40.	Red Bud	Red Bud Regional Hospital	25.4%	2	1	404	13.5	No
41.	Robinson	Crawford Memorial Hospital	27.9%	3	2	2,513	55.8	No
42.	Rochelle	Rochelle Community Hospital	39.5%	4	2	475	7.9	No
43.	Rushville	Sara D. Culbertson Memorial	7.4%	3	1	26	.58	No

ATTACHMENT 31

	City	Hospital	CON Bed Occupancy	ORs	Procedure Rooms	Total Surgical Hours	% of State Standard	Meets Surgical Standard
		Hospital						
44.	Salem	Salem Township Hospital	40.3%	2	0	66,701	*	*
45.	Sandwich	Northwestern Medicine Valley West Hospital	35.5%	3	1	334	7.4	No
46.	Staunton	Community Hospital	7.3%	0	0	0	0	N/A
47.	Taylorville	Taylorville Memorial Hospital	19.7%	3	0	2,001	44.5	No
48.	Vandalia	Sarah Bush Lincoln Fayette County Hospital	30.5%	3	3	818	18.2	No
49.	Watseka	Iroquois Memorial Hospital	17.7%	0	0	863	0	No

Sources: Illinois Critical Access Hospital Network as to CAH hospitals and 2023 HFSRB Hospital Profiles as to utilization.

* Data appears incorrect.

Section VII. 1120.120 Availability of Funds

Attachment 34

Audited Financial Statements for years 2022, 2023, and 2024 are attached and show the availability of funds for the portion of the Project cost to be paid for with cash.

Peoples Bank & Trust
We Put People First.™

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April 28, 2025

Illinois Health Facilities and Services Review Board
525 W Jefferson (2nd Floor)
Springfield, IL 62761

RE: Hillsboro Area Hospital, Inc. dba Hillsboro Health Credit Proposal

Altamont
Arcola
Arthur
Charleston
Mattoon/Lafayette
Pekin
Pana
Springfield
Taylorville
Tuscola
Watseka
White Hall

To Whom It May Concern:

Peoples Bank & Trust ("Lender") is pleased provide this proposal and indication of credit terms and conditions for the consideration of Hillsboro Area Hospital, Inc. ("Hillsboro Health" or "Borrower"). We look forward to expanding our relationship with Hillsboro Health and assisting in its service to residents of Hillsboro and surrounding communities.

The following is a brief description of our proposed terms and conditions for the proposed transaction and is intended for discussion only. Lender's commitment regarding this proposal and indication of credit terms and conditions is specifically subject to satisfactory underwriting, due diligence and approval of Lender. The following terms and conditions apply:

Project: Replacement of west wing of existing hospital facility with new surgical suite and mechanical systems, including utility plant, generators, HVAC, chillers, boilers, etc., as further describing in Borrower's construction and architectural plans with an aggregate cost not to exceed $30,000,000.
Borrower Equity Contribution: Half of the actual project cost, not to exceed $15,000,000.
Credit Limit: Half of the actual project cost, not to exceed $15,000,000.
Credit Structure: Construction – Permanent Structure including straight construction line of credit during the 20 month construction phase and a 240 month permanent repayment phase.
Term: 260 months
Transaction Costs and Fees: All transaction costs and lender fees are to be borne by the Borrower. Estimated Lender transaction cost is $150,000.
Rate: Adjustable monthly to a Rate equal to the Prime Rate defined in the Wall Street Journal but not less than 5.00% or more than 18.00% and calculated on a 365/360 basis, initially 7.50%.

ATTACHMENT 34

Peoples Bank & Trust

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Repayment Plan: On demand, but if no demand is made, in 20 monthly payments of accrued and unpaid interest; followed by 239 monthly principal and interest payments of approximately $121,796 (adjusted from time to time for changes in the variable interest rate); followed by a final payment of all remaining principal and accrued and unpaid interest at maturity.

Prepayment Penalty: Borrowers agree to pay a prepayment penalty equal to one percent (1.00%) of the original loan amount if this loan is repaid before the final scheduled payment date in the payment schedule for any reason. Lender agrees to waive this penalty if Lender in its sole discretion determines that the source of the early payments from Borrowers was NOT financing from another financial institution.

Collateral: Best attainable lien on all personal and real property of Borrower. In addition, Borrower and Lender agree:

1. The chattel collateral will be documented with UCC search and possession of relevant collateral titles acceptable to Lender;
2. The real estate collateral will be documented with environmental, flood, and title insurance acceptable to Lender;
3. Borrower should provide and maintain evidence of insurance for the collateral naming Lender as mortgagee for real property and loss payee for insurable personal property insuring against all risks including fire, theft, and liability at the property's full insurable value.
4. Real and Personal Property collateral will be documented with appraisal(s) acceptable to Lender indicating a fee simple market value of at least $30,000,000.

Financial Reporting Covenants. The following items will be provided by the Borrower:

1. Complete tax returns for the previous year end no later than 30 days after applicable filling date
2. In a form acceptable to Lender and as requested from time to time by Lender, periodic and annual business planning and other information
3. CPA Audited Financial Statements within 120 days following fiscal year end
4. Management Prepared Financial Statements (balance sheet and income statement) in a form acceptable to Lender within 30 days after each calendar quarter end

Financial Covenants. Comply with the following covenants and ratios:

1. Working Capital Requirements. Maintain Working Capital in excess of $15,000,000. In addition, Borrower shall comply with the following working capital ratio requirements: Current Ratio. Maintain a Current Ratio in excess of 2.000 to 1.000. The term "Current Ratio" means Borrower's total Current Assets divided by Borrower's total Current Liabilities. This liquidity ratio should be maintained at all times and may be evaluated at any time.
2. Minimum Income and Cash flow Requirements. Borrower shall comply with the following cash flow ratio requirements: Cash Flow / Current Maturity (LTD) Ratio. Maintain a ratio of Cash Flow / Current Maturity (LTD) in excess of 1.250 to 1.000. The ratio "Cash Flow / Current Maturity (LTD)" means Borrower's Net Profits plus Depreciation, Depletion and Amortization divided by Borrower's Current Portion of Long Term Indebtedness. This coverage ratio will be evaluated as of year-end.
3. Tangible Net Worth Requirements. Maintain a minimum Tangible Net Worth of not less than $50,000,000. In addition, Borrower shall comply with the following working capital ratio requirements: Debt / Worth Ratio. Maintain a ratio of Debt / Worth not in excess of 1.000 to 1.000. The ratio "Debt / Worth" means Borrower's Total Liabilities divided by Borrower's Tangible Net Worth. This leverage ratio should be maintained at all times and may be evaluated at any time.

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(j) Inspecting architect contract (serving as a consultant to Borrower and Lender to verify the stage of construction project completion and compliance with plans, specifications, blueprints and related building codes) in a form acceptable to Lender.
(k) evidence of equity funds deposited with Lender in construction account totaling: $15,000,000
(l) evidence of debt service reserve funds deposited with Lender (held by Lender to offset potential future debt service shortfalls) totaling: $400,000.

2. Preconstruction meeting between Lender, Borrower, and contractor is required to confirm loan terms, draw schedules and plans and specifications.
3. Escrow Conditions. Construction escrow may make disbursements directly to general contractor while the project remains on schedule.
4. Contract Conditions
   (a) Contracts require retainage of at least 10% of the first 50% of the total amount earned by the contractor.
   (b) Change orders increasing construction costs must be approved in advance by the Lender and funded with additional Borrower equity.
   (c) Approval is subject to Lender's approval of contract terms, including proposed draw schedule, lien waiver requirements and other terms.
   (d) Approval is subject to Lender's approval of general contractor, based on financial and historic construction performance.
5. Initial construction draw requires:
   (a) initial application for payment including details of all costs incurred up to the first draw for materials purchased and labor supplied;
   (b) partial lien waivers to date from contractor, subcontractor's and material supplier's;
   (c) physical inspections by Lender and inspecting architect / construction inspector including photos, analysis of the requirements of the plans and specifications, and the percent complete of each primary requirement.
   (d) title policy update
   (e) spot survey verifying construction is located on the real estate and set back requirements are met.
6. Interim construction draws require:
   (a) application for payment including details of all costs incurred for materials purchased and labor supplied; Interim
   (b) partial lien waivers to date from contractor, subcontractor's and material supplier's; Interim
   (c) physical inspections by Lender and inspecting architect / construction inspector including photos, analysis of the requirements of the plans and specifications, and the percent complete of each primary requirement. Interim
   (d) title policy update Interim
7. Final construction draws require:
   (a) final application for payment including details of all costs incurred for materials purchased and labor supplied;
   (b) final lien waivers from general contractor, subcontractors and suppliers; Final
   (c) physical inspections by Lender and inspecting architect / construction inspector including photos, analysis of the requirements of the plans and specifications, and the percent complete of each primary requirement. Final
   (d) title policy update Final

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Other Covenants:
1. Maintain primary deposit accounts of Borrower with Lender
2. Escrow a Debt Service Reserve with Lender of $400,000.
3. Limit annual cumulative capital purchases and leases of fixed assets to the lesser of an amount that will not cause the loan to otherwise be in default.
4. Other conditions ordinarily imposed by Lender and included in Lender's standard Business Loan Agreement between Borrower and Lender are conditions of this proposal.

Approvals: Loans are specifically subject to loan approval of Lender's Board of Directors.

Additional Information and Financial Due Diligence: This proposal is subject to Lender's independent credit analysis. In order to complete this analysis, Borrower agrees to provide Lender with due diligence documentation, as reasonably requested.

Expiration: This proposal expires September 1, 2025, if not accepted in writing by Borrower before that date or extended in writing by Lender before that date.

Please contact me to answer any questions you may have regarding this proposal and indication of credit terms. Thank you for considering Peoples Bank & Trust for your credit needs!

Sincerely,

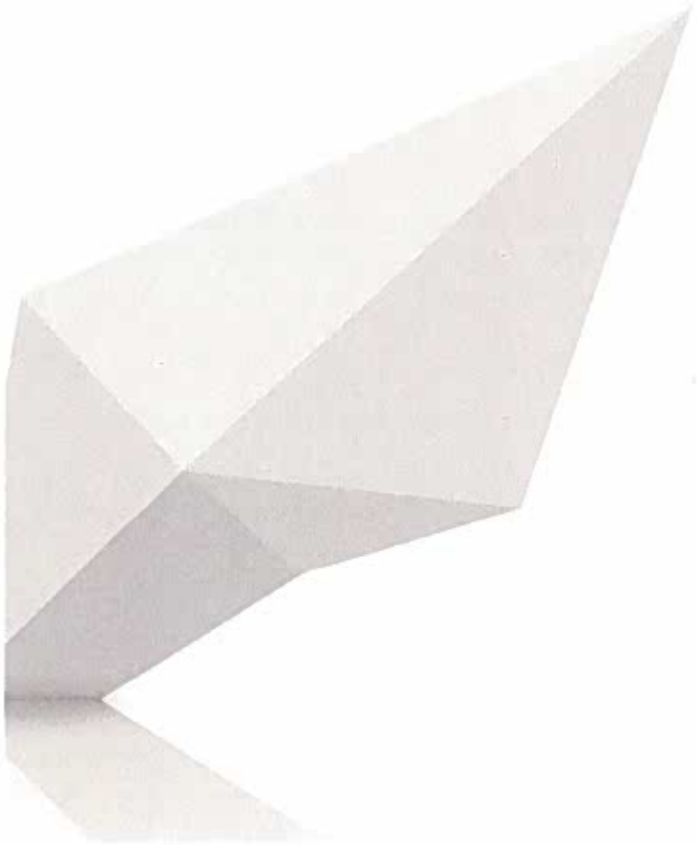
John Gardner
President & CEO

Phone: (888) 728-1954 • Fax: (888) 638-5845

Hillsboro Area Hospital, Inc. d/b/a Hillsboro Health

Financial Statements

Years Ended June 30, 2024 and 2023



WIPFLI

Hillsboro Area Hospital, Inc. d/b/a Hillsboro Health

Years Ended June 30, 2024 and 2023

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WIPFLI

Independent Auditor's Report

Board of Directors
Hillsboro Area Hospital, Inc. d/b/a Hillsboro Health
Hillsboro, Illinois

Opinion

We have audited the financial statements of Hillsboro Area Hospital, Inc. d/b/a Hillsboro Health (the "Hospital"), which comprise the balance sheets as of June 30, 2024 and 2023, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Wipfli LLP

Wipfli LLP
Eau Claire, Wisconsin
December 2, 2024

Hillsboro Area Hospital, Inc.
d/b/a Hillsboro Health
Balance Sheets

June 30,	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,445,664	$ 459,704
Short-term investments	21,050,433	17,305,727
Patient accounts receivable - Net	4,750,884	3,234,630
Amounts receivable from State of Illinois health care programs	16,761	16,761
Other receivables	353,511	285,417
Inventories	605,602	950,821
Prepaid expenses and other	631,772	658,411
Total current assets	30,854,627	22,911,471
Assets limited as to use:		
Board designated for capital expenditures - Not designated as funded depreciation	10,470,128	9,245,033
Restricted by donors	478,401	461,185
Total assets limited as to use	10,948,529	9,706,218
Property and equipment - Net	11,526,826	11,036,382
Other assets:		
Interest in net assets of Hillsboro Area Health Foundation, Inc.	656,645	552,472
Long-term investments	9,015,000	11,785,780
Investment in unconsolidated affiliate	93,537	98,361
Total other assets	9,765,182	12,436,613
Total assets	$ 63,095,164	$ 56,090,684

Hillsboro Area Hospital, Inc.
d/b/a Hillsboro Health
Balance Sheets (Continued)

June 30,	2024	2023
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current maturities of long-term debt	$ 359,316	$ 373,729
Accounts payable and accrued expenses	3,149,657	3,004,730
Accrued payroll and payroll deductions	401,664	305,644
Accrued vacation pay	531,302	535,026
Accrued medical claims payable	400,000	200,000
Amounts payable to third-party reimbursement programs	1,602,907	321,894
Deferred revenue	39,607	176,123
Total current liabilities	6,484,453	4,917,146
Long-term liabilities:		
Long-term debt - Less current maturities	2,711,542	3,070,997
Asset retirement obligation	81,638	81,638
Total long-term liabilities	2,793,180	3,152,635
Total liabilities	9,277,633	8,069,781
Net assets:		
Without donor restrictions	52,685,699	47,009,938
With donor restrictions	1,131,832	1,010,965
Total net assets	53,817,531	48,020,903
Total liabilities and net assets	$ 63,095,164	$ 56,090,684

See accompanying notes to financial statements.

Hillsboro Area Hospital, Inc.
d/b/a Hillsboro Health
Statements of Operations

Years Ended June 30,	2024	2023
Revenue:		
Net patient service revenue	$ 36,523,872	$ 31,039,836
Other operating revenue	451,085	542,852
Total revenue	36,974,957	31,582,688
Expenses:		
Salaries and wages	12,462,742	11,233,668
Employee benefits	3,512,362	3,361,625
Physician services	3,623,139	3,286,195
Other professional services	5,525,521	5,163,839
Supplies and pharmaceuticals	3,523,312	3,186,215
Other	3,263,088	3,196,813
Depreciation	1,368,724	1,245,512
Interest	123,969	136,241
Total expenses	33,402,857	30,810,108
Income from operations	3,572,100	772,580
Other income (loss):		
Investment income	2,587,361	1,380,896
Loss on disposal of property and equipment	(2,626)	(6,806)
Revenue in excess of expenses	6,156,835	2,146,670
Other changes in net assets without donor restrictions:		
Contributions for property and equipment additions	18,926	-
Transfers to Hillsboro Area Health System NFP	(500,000)	(500,000)
Total other changes in net assets without donor restrictions	(481,074)	(500,000)
Increase in net assets without donor restrictions	$ 5,675,761	$ 1,646,670

See accompanying notes to financial statements.

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Hillsboro Area Hospital, Inc.
d/b/a Hillsboro Health
Statements of Changes in Net Assets

Years Ended June 30,	2024	2023
Net assets without donor restrictions:		
Revenue in excess of expenses	$ 6,156,835	$ 2,146,670
Other changes:		
Contributions for property and equipment additions	18,926	-
Transfers to Hillsboro Area Health System NFP	(500,000)	(500,000)
Increase in net assets without donor restrictions	5,675,761	1,646,670
Net assets with donor restrictions:		
Investment income	17,216	8,721
Net assets released from restrictions	(522)	(1,199)
Change in interest in net assets of Foundation	104,173	(3,332)
Increase in net assets with donor restrictions	120,867	4,190
Increase in net assets	5,796,628	1,650,860
Net assets, beginning of year	48,020,903	46,370,043
Net assets, end of year	$ 53,817,531	$ 48,020,903

See accompanying notes to financial statements.

Hillsboro Area Hospital, Inc.
d/b/a Hillsboro Health
Statements of Cash Flows

Years Ended June 30,	2024	2023
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Increase in net assets	$ 5,796,628	$ 1,650,860
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,368,724	1,245,512
Loss on disposal of property and equipment	2,626	6,806
Accretion of asset retirement obligation	-	2,323
Net unrealized gain on investments	(755,214)	(491,855)
Change in equity of unconsolidated affiliate	4,824	1,639
Undistributed change in interest in net assets of Foundation	(104,173)	3,332
Transfers to Hillsboro Area Health System NFP	500,000	500,000
Changes in operating assets and liabilities:		
Patient, State of Illinois, and other accounts receivable	(1,584,348)	(969,981)
Inventories, prepaid expenses, and other current assets	371,858	(229,052)
Accounts payable	144,927	(375,287)
Accrued compensation and other	292,296	(288,504)
Deferred revenue	(136,516)	47,256
Amounts payable to third-party reimbursement programs	1,281,013	(1,877,552)
Total adjustments	1,386,017	(2,425,363)
Net cash provided by (used in) operating activities	7,182,645	(774,503)
Cash flows from investing activities:		
Increase in investments	(973,926)	(1,302,936)
Increase in assets limited as to use	(487,097)	(188,526)
Purchases of property and equipment - Net	(1,861,794)	(1,242,346)
Net cash used in investing activities	(3,322,817)	(2,733,808)
Cash flows from financing activities:		
Principal payments on long-term debt	(373,868)	(361,595)
Transfers to Hillsboro Area Health System NFP	(500,000)	(500,000)
Net cash used in financing activities	(873,868)	(861,595)
Net increase (decrease) in cash and cash equivalents	2,985,960	(4,369,906)
Cash and cash equivalents, beginning of year	459,704	4,829,610
Cash and cash equivalents, end of year	$ 3,445,664	$ 459,704
Supplemental cash flow information:		
Cash paid for interest	$ 123,969	$ 136,241

See accompanying notes to financial statements.

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ATTACHMENT 34

Hillsboro Area Hospital, Inc. d/b/a Hillsboro Health
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

The Entity

Hillsboro Area Hospital, Inc. d/b/a Hillsboro Health (the "Hospital") is a not-for profit Illinois corporation which operates a 25-bed Critical Access Hospital ("CAH") primarily providing inpatient and outpatient health care services to patients in Hillsboro, Illinois and surrounding communities. The Hospital also operates an assisted living facility in Hillsboro, Illinois which provides services to residents in the same geographic area. Hillsboro Area Health System NFP, a not-for-profit Illinois corporation, is the sole corporate member of the Hospital.

Financial Statement Presentation

The Hospital follows accounting standards set by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernmental entities in the preparation of financial statements in conformity with GAAP.

Use of Estimates

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash and Cash Equivalents

The Hospital considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts included in assets limited as to use.

Investments, Assets Limited as to Use, and Investment Income

Investments, including assets limited as to use, are recorded at fair value in the accompanying balance sheets.

Assets limited as to use consist of assets designated by the Board of Directors for future capital improvements, over which the Board of Directors retains control and may at its discretion subsequently be used for other purposes, and amounts restricted by donors.

Note 1: Summary of Significant Accounting Policies (Continued)

Investments, Assets Limited as to Use, and Investment Income (Continued)

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is reported as other income (loss) and is included in revenue in excess of expenses unless the income is restricted by donor or law. During 2024, the Hospital evaluated its investment portfolios and determined the investments are considered to be trading securities and, as such, effective July 1, 2022 through retrospective review and application, all unrealized gains and losses are included in revenue in excess of expenses. Realized gains or losses are determined by specific identification.

The Hospital monitors the difference between the cost and fair value of its investments. If investments experience a decline in value that the Hospital determines is other than temporary, the Hospital records a realized loss in investment income.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The Hospital measures fair value of its financial instruments using a three-tier hierarchy that prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Patient Accounts Receivable and Credit Policy

Patient accounts receivable is reported at the amount that reflects the consideration to which the Hospital expects to be entitled, in exchange for providing patient care services. Patient accounts receivable are recorded in the accompanying balance sheets net of contractual adjustments and implicit price concessions which reflects management's estimate of the transaction price. The Hospital estimates the transaction price based on negotiated contractual agreements, historical experience, and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions and is recorded through a reduction of gross revenue and a credit to patient accounts receivable. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

The Hospital does not have a policy to charge interest on past due accounts.

Inventories

Inventories consist primarily of medical supplies, general supplies, and pharmaceuticals used in the delivery of health care services. Inventories are stated at the lower of cost or net realizable value.

Note 1: Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives range from three to twenty years for major movable equipment and from five to forty years for land improvements and buildings.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from revenue in excess of expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets

The Hospital evaluates the recoverability of its long-lived assets, which consist primarily of property and equipment with estimated useful lives, whenever events or changes in circumstance indicate that the carrying value may not be recoverable. If the recoverability of these assets is unlikely because of the existence of factors indicating impairment, an impairment analysis is performed using a projected undiscounted cash flow method. Management must make assumptions regarding estimated future cash flows and other factors to determine the fair value of these respective assets. If the carrying amounts of the assets exceed their respective fair values, the carrying value of the underlying assets would be adjusted to fair value and an impairment loss would be recognized. During 2024 and 2023, the Hospital determined that no evaluations of recoverability were necessary.

Interest in Net Assets of Hillsboro Area Health Foundation

Accounting guidance establishes standards of financial accounting and reporting for transactions in which an entity makes contributions to another entity or an entity that accepts contributions from a donor and agrees to use those assets on behalf of or transfer those assets and the return on those assets to another entity. Hillsboro Area Health Foundation, Inc. (the "Foundation") holds and accepts contributions on behalf of the Hospital, and accordingly the Hospital recognizes its interest in the net assets of the Foundation for specific funds the Foundation holds which are designated for the benefit of the Hospital, and adjusts that interest for its share of the change in the net assets of the Hospital's designated funds held by the Foundation.

Investment in Unconsolidated Affiliate

Investments in an unconsolidated affiliate are recorded on the equity method.

Note 1: Summary of Significant Accounting Policies (Continued)

Asset Retirement Obligation

Management annually assesses its existing properties to determine if there is a need to recognize a liability for a conditional asset retirement, specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its existing properties. The asset retirement obligation represents the obligation to dispose of assets that are legally required to be removed at a future date. This obligation is recorded at the net present value using a risk-free interest rate and an inflationary rate. The liability will be adjusted annually over the term of the estimated life of the asset.

Net Assets

Net assets without donor restrictions consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Hospital. Net assets with donor restrictions are those whose use by the Hospital has been limited by donors to a specific time period or purpose, or those assets restricted by donors to be maintained by the Hospital in perpetuity.

Revenue in Excess of Expenses

The accompanying statements of operations and statements of changes in net assets include the classification revenue in excess of expenses, which is considered the operating indicator. Changes in net assets, which are excluded from the operating indicator, would include contributions for property and equipment, unrealized gains and losses on certain types of investments other than trading securities, permanent transfers to and from affiliates for other than goods and services, and contributions of long-lived assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets.

Net Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Hospital bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided. Revenue from performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Generally, the majority of patient care services provided in or by the Hospital, the performance obligation is satisfied as the patient simultaneously receives and consumes the benefits provided as the services are performed and recognition of the obligation over time yields the same result as recognizing the obligation at a point in time. The Hospital believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue (Continued)

Because the Hospital's performance obligations relate to contracts with a duration of less than one year, the Hospital has elected to apply the optional exemption and therefore is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Hospital uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The Hospital used the following factors to develop portfolios: major payor classes and type of service (e.g., inpatient, outpatient, emergency, assisted living, etc.) and geographical location. Using historical collection trends and other analysis, the Hospital evaluated the accuracy of its estimates and determined that recognizing revenue by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach was used.

The nature, amount, timing, and uncertainty of revenue and cash flows are affected by several factors that the Hospital considers in its recognition of revenue. Following are some of the factors considered:

- Payors (for example, Medicare, Medicaid, managed care, other insurances, patients, etc.) have different reimbursement/payment methodologies
- Length of the patient's or resident's service/episode of care
- Geography of the service location
- Lines of business that provided the service (for example, hospital, assisted living, etc.)

The Hospital determines the transaction price, which involves significant estimates and judgment, based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Hospital's policy, and implicit price concessions provided to patients. The Hospital determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy, and historical experience. The Hospital determines its estimate of implicit price concessions based on its historical collection experience for each patient portfolio based on payor class and service type.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue (Continued)

The Hospital has agreements with third-party payors that provide for reimbursement at amounts that vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows for hospital services:

- Medicare: The Hospital is designated as a critical access hospital (CAH). As such, all inpatient, swing bed, and outpatient hospital services are paid based on a cost-reimbursement methodology, except for certain types of laboratory, radiology, and professional services provided to Medicare beneficiaries, which are reimbursed on prospectively determined fee schedules.
- Medicaid: Hospital services rendered to Illinois Public Aid beneficiaries are paid at prospectively determined rates based on a patient classification system. These rates are not subject to retroactive adjustment; however, in order to receive proper reimbursement, the Hospital must file a cost report annually with the State of Illinois.

  On November 21, 2006, the Centers for Medicare & Medicaid Services (CMS) approved state of Illinois (the "State") legislation for a Medicaid Hospital Assessment Program (the "Program"). The Program was extended through June 30, 2019, and a redesigned program has been approved and extended through June 30, 2024. Under the Program, the Hospital receives additional Medicaid reimbursement from the State. Additional funding and reimbursement, through sharing in cost savings in the Medicaid program, was also available and distributed to participating hospitals through the development by the State of an Accountable Care Entity ("ACE") which started in 2017. Total reimbursement revenue recognized by the Hospital relating to the Program amounted to $1,820,116 and $1,961,319 during 2024 and 2023, respectively, and is included in net patient service revenue in the accompanying statements of operations. During 2024 and 2023, the Hospital incurred expense of $614,835 and $572,954, respectively, related to amounts paid to the state of Illinois for participation in the Program, and these amounts are included in supplies and other expenses in the accompanying statements of operations.
- Other: Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, prospectively determined daily rates, and fee schedules.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. Because of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Hospital's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Hospital.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue (Continued)

The Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) to search for potentially inaccurate Medicare payments that may have been made to healthcare providers and were not detected through existing CMS program integrity efforts. Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The Hospital has not been notified by the RAC of any potential significant reimbursement adjustments. In addition, contracts the Hospital has with third-party payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Hospital also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Hospital estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended June 30, 2024 and 2023, was not significant.

Consistent with the Hospital's mission, care is provided to patients regardless of their ability to pay. Therefore, the Hospital has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Hospital expects to collect based on its collection history with those patients. The Hospital's policy provides for approximately 10% discounts from established charges to uninsured patients for making prompt pay for services rendered, and after this initial discount, further discounts are available for patients that qualify through the hospital's charity care or financial assistance policy. The uninsured prompt pay discount percentage remained consistent in 2024 and 2023.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue (Continued)

For uninsured patients who do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital includes price concessions related to uninsured patients in the period the services are provided.

The promised amount of consideration from patients and third-party payors has not been adjusted for the effects of a significant financing component due to the Hospital's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Hospital does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

All incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Hospital otherwise would have recognized is one year or less in duration.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care/uninsured patient discount policy without charge or at amounts less than its established rates. Eligible patients are identified based on analysis of financial information obtained from the patients. The Hospital maintains records to identify the amount of charges forgone for services and supplies furnished under the charity care/uninsured patient discount policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue in the accompanying statements of operations.

Contributions and Donor-Restricted Gifts

Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as donor-restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions.

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital is also exempt from state income taxes on related income under similar state laws.

Advertising Costs

Advertising costs are expensed as incurred.

Real Estate Taxes

The State of Illinois previously enacted legislation that clarifies when hospitals are eligible to receive exemption from property tax requirements. As part of the legislation, hospitals, including the Hospital, must submit to the State of Illinois annual property tax exemption applications, which include information on the amount of benefits provided to low-income, charity care, and Illinois Public Aid (Medicaid) beneficiaries. As of June 30, 2024, the majority of the real estate of the Hospital has been granted property tax exemption by the State of Illinois.

Subsequent Events

Subsequent events have been evaluated through December 2, 2024, which is the date the financial statements were available to be issued.

Note 2: Available Resources and Liquidity

The Hospital does not have a formal liquidity policy but generally strives to maintain financial assets in liquid form such as cash and cash equivalents for at least three to six months of operating expenses. Other funds, included in long-term investments and assets limited as to use in the accompanying balance sheets, are considered available for operational or capital needs, except for investments with restrictive redemption requirements. Occasionally, the Board of Directors designates a portion of operating surplus to be appropriated at its discretion for future operational initiatives and capital expenditures. These funds, at the discretion of the Board of Directors, could be released immediately or sold and redeemed prior to their maturity and are not considered available under the Hospital's general liquidity management. At June 30, 2024 and 2023, the balance of these funds was $10,470,128 and $9,245,033, respectively.

Financial assets available for general expenditure, such as operating expenses, and purchases of property and equipment, within one year of the balance sheet date, comprise the following at June 30:

	2024	2023
Cash and cash equivalents	$ 3,445,664	$ 459,704
Short-term investments	21,050,433	17,305,727
Patient accounts receivable - Net	4,750,884	3,234,630
Amounts receivable from State of Illinois health care programs	16,761	16,761
Other receivables	353,511	285,417
Totals	$ 29,617,253	$ 21,302,239

Patient accounts receivable - net becomes available as an available resource to the Hospital generally as operating cash as it is billed and collected based on the policies and procedures described in Note 1, and its opening balance at July 1, 2022 was $2,451,177.

Note 3: Investments and Assets Limited as to Use

Investments

Investments consisted of the following at June 30:

	2024	2023
Short-term investments - Certificates of deposit	$ 10,018,780	$ 6,359,998
Short-term investments - U.S. Treasury securities	10,632,764	10,945,729
Short-term investments - Mututal funds	398,889	-
Long-term investments - Certificates of deposit	9,015,000	11,785,780
Total investments	$ 30,065,433	$ 29,091,507

Note 3: Investments and Assets Limited as to Use (Continued)

Assets Limited as to Use

Assets limited as to use consisted of the following at June 30:

	2024	2023
Board designated for capital expenditures - Not designated as funded depreciation:		
Money market funds	$ 120,480	$ 152,222
Certificates of deposit	5,209,383	4,997,383
Common stock	35	35
Mutual funds	5,099,121	4,071,782
Accrued interest receivable	41,109	23,611
Total board designated for capital expenditures - Not designated as funded depreciation	10,470,128	9,245,033
Restricted by donors:		
Money market funds	25,804	12,567
Certificates of deposit	445,614	445,614
Accrued interest receivable	6,983	3,004
Total restricted by donors	478,401	461,185
Total assets limited as to use	$ 10,948,529	$ 9,706,218

Investment Income

Investment income, including realized and unrealized gains and losses on investments and assets limited as to use, consisted of the following for the years ended June 30:

	2024	2023
Interest and dividends	$ 1,832,147	$ 889,041
Interest on restricted net assets with donor restrictions	17,216	8,721
Change in net unrealized gain on investments	755,214	491,855
Total investment income	$ 2,604,577	$ 1,389,617

Note 3: Investments and Assets Limited as to Use (Continued)

Management assesses individual investment securities as to whether declines in market value are other than temporary and result in impairment. For equity securities and mutual funds, the Hospital considers whether it has the ability and intent to hold the investment until a market price recovery. Evidence considered in this includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, the issuer's financial condition, and the general market condition in the geographic area or industry in which the investee operates. For debt securities, if the Hospital has made a decision to sell the security, or if it is more likely than not the Hospital will sell the security before the recovery of the security's cost basis, an other-than-temporary impairment is considered to have occurred. If the Hospital has not made a decision or does not have an intent to sell the debt security, but the debt security is not expected to recover its value due to a credit loss, an other-than-temporary impairment is considered to have occurred. At June 30, 2024 and 2023, the Hospital did not consider any individual investments other than temporarily impaired.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Note 4: Fair Value Measurements

The following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds are valued using a net asset value (NAV) of $1.00. Fixed income securities are primarily invested in U.S. Government securities such as bonds and are valued using quotes from pricing vendors for identical or similar assets based on recent trading activity and other observable market data. Quoted market prices are used to determine the fair value of investments in marketable equity securities, which are primarily invested in common stock. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Hospital are open-end mutual funds that are registered with the Securities and Exchange Commission. The mutual funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Hospital are deemed to be actively traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 4: Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Hospital's assets measured at fair value on a recurring basis as of June 30:

	2024			
	Level 1	Level 2	Level 3	Total Assets at Fair Value
Money market funds	$ -	$ 146,284	$ -	$ 146,284
Mutual funds - Equity and fixed income	5,498,010	-	-	5,498,010
Marketable equity securities - Common stock	35	-	-	35
U.S. Treasury securities	-	10,632,764	-	10,632,764
Total	$ 5,498,045	$ 10,779,048	$ -	$ 16,277,093

	2023			
	Level 1	Level 2	Level 3	Total Assets at Fair Value
Money market funds	$ -	$ 164,789	$ -	$ 164,789
Mutual funds - Equity and fixed income	4,071,782	-	-	4,071,782
Marketable equity securities - Common stock	35	-	-	35
U.S. Treasury securities	-	10,945,729	-	10,945,729
Total	$ 4,071,817	$ 11,110,518	$ -	$ 15,182,335

The assets included in the fair value measurements table above at both June 30, 2024 and 2023, include all assets within investments and assets limited as to use as described in Note 3, with the exception of certificates of deposit and accrued interest receivable, which are excluded from the fair value measurement table.

Note 5: Property and Equipment

Property and equipment consisted of the following at June 30:

	2024	2023
Land	$ 330,860	$ 330,860
Land improvements	1,848,191	1,828,208
Buildings	18,354,968	18,070,843
Movable equipment	18,843,678	17,316,767
Construction in progress	77,090	139,299
Total property and equipment	39,454,787	37,685,977
Less - Accumulated depreciation	27,927,961	26,649,595
Property and equipment - Net	$ 11,526,826	$ 11,036,382

Note 6: Interest in Net Assets of Hillsboro Area Health Foundation

Hillsboro Area Health Foundation, Inc. (the "Foundation") was established to benefit the general public and the Hospital. The Foundation's Board of Directors determines the amount, timing, and purpose of the distribution of Foundation funds. The Hospital recognizes its interest in the net assets held by the Foundation. At June 30, 2024 and 2023, $656,645 and $552,472, respectively, is recognized as the Hospital's interest in the total net assets of the Foundation, which includes contributions received by the Foundation that are donor restricted to be used for Hospital purposes.

The Foundation also holds certain funds under terms of an endowment agreement for the benefit of the Hospital which is included in the amounts above and further described in Note 9.

Note 7: Investment in Unconsolidated Affiliate

Investment in South Central Hospital Alliance LLC

During 2022, the Hospital became a founding member of the South Central Hospital Alliance LLC (the "Alliance") and contributed an initial equity investment of $100,000. As of June 30, 2024, the Alliance has three other member hospitals. All of the member hospitals are non-profit hospitals located in the South Central region of Illinois.

The goal of the Alliance is to facilitate the development of a cooperative rural health care network which will be operated exclusively for the benefit of, to perform functions of, and carry out the respective charitable missions of the member hospitals. A common working goal of the members through the Alliance will be to develop, establish, and operate both clinic and non-clinical shared services and programs as well as other collaborative functions which are aimed at expanding access to high-quality patient care, improving the overall quality of patient care, and utilizing economies of scale to increase the efficiencies and lower the costs of healthcare delivery in the communities served by the member hospitals.

The Hospital accounts for the investment in the Alliance under the equity method of accounting. Earnings or losses of the Alliance are allocated to the members based on the terms of the operating agreement, and the Hospital adjusts its investment in the Alliance based on its respective allocated profits and losses. There has been limited financial activity of the Alliance in both 2024 and 2023.

Note 8: Long-Term Debt

Long-term debt consisted of the following at June 30:

	2024	2023
City of Hillsboro, Illinois, capital Improvement Revenue Bonds, Series 2008, bearing interest at 3.79%. The bonds are payable in monthly installments of $41,486, including principal and interest. Final principal payment due October 1, 2031. Secured by the new building construction, which was completed during the year ended June 30, 2011, and net revenues of the Hospital.	$ 3,070,858	$ 3,444,726
Less - Current maturities	359,316	373,729
Long-term maturities	$ 2,711,542	$ 3,070,997

The Series 2008 bond agreement provides for various restrictive covenants, including required annual financial reporting.

Scheduled payments of principal on long-term debt at June 30, 2024, including current maturities, are summarized as follows:

2025	$ 359,316
2026	403,111
2027	418,657
2028	434,803
2029	451,571
Thereafter	1,003,400
Total	$ 3,070,858

Note 9: Net Assets with Donor Restrictions and Endowments

Net assets with donor restrictions include assets set aside in accordance with donor restrictions as to time or use. Net assets with donor restrictions are available for the following purposes at June 30:

	2024	2023
Hospital programs including those supporting the treatment of childhood obesity	$ 465,187	$ 448,493
Scholarships and education	10,000	10,000
Funds held by Foundation	371,645	267,472
Total	$ 846,832	$ 725,965

In addition to the above donor-restricted funds, the Hospital has an endowment of $285,000 as of both June 30, 2024 and 2023, which has been restricted by donors to be maintained in perpetuity, the income of which is expendable to support maintenance and equipment needs of the Hospital.

The Hospital's endowment consists of one fund that is invested and maintained by the Foundation in U.S. Treasury securities at financial institutions. The endowment includes only donor-restricted endowment funds. Net assets associated with the endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Hospital have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Illinois state legislature, as requiring the preservation of the fair value of the original gift to an endowment fund absent any explicit donor stipulations that would otherwise dictate the contributed funds. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanently restricted endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of prudence prescribed by UPMIFA. The Hospital relies on the adopted investment and spending policies of the Foundation for endowment assets that attempt to provide a dependable method of funding programs supported by the endowment funds while seeking to preserve the purchasing power of the endowment assets. Under this policy, the Foundation invests the endowment assets it maintains for the Hospital only in interest-bearing bank depository accounts that are not expected to decline in value in the future. This method of investing will maintain the purchasing power of the endowment assets that are required to be held in perpetuity as well as to provide additional purchasing ability through new contributions and investment returns.

Note 12: Net Assets with Donor Restrictions and Endowments (Continued)

Changes in endowment net assets for the years ended June 30 consisted of the following:

	Original Gifts With Restrictions to be Held in Perpetuity	Portion Available For Appropriation With Donor Restrictions	Total Endowment Net Assets
Beginning balance at July 1, 2022	$ 285,000	$ 148,479	$ 433,479
Interest income	-	2,430	2,430
Ending balance as of June 30, 2023	285,000	150,909	435,909
Interest income	-	6,113	6,113
Ending balance as of June 30, 2024	$ 285,000	$ 157,022	$ 442,022

Note 10: Net Patient Service Revenue

The composition of net patient service revenue based on the geographic region the Hospital operates in as outlined in Note 1, its lines of business, and timing of revenue recognition for the years ended June 30 are as follows:

	2024	2023
Service lines:		
Hospital services	$ 34,720,320	$ 29,803,820
Assisted living services	1,803,552	1,236,016
Totals	$ 36,523,872	$ 31,039,836

The majority of all patient service revenue was recognized at the time of service by the Hospital during the years ended June 30, 2024 and 2023 due to the types of hospital and assisted living services provided and their respective contractual terms.

Note 10: Net Patient Service Revenue (Continued)

Patient service revenue (net of contractual allowances, discounts, and implicit price concessions) by payor consisted of the following for the year ended June 30:

	2024	2023
Medicare and Medicare Advantage plans	$ 13,495,925	$ 12,580,333
Medicaid and Medicaid HMO plans	7,572,902	6,786,252
Other third-party payors	13,888,890	10,756,248
Uninsured patients	1,566,155	917,003
Totals	$ 36,523,872	$ 31,039,836

Note 11: Charity Care and Community Benefits

The Hospital provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community, including the health of low-income patients. Consistent with the mission of the Hospital, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources or who are underinsured.

Patients who meet certain criteria for charity care, generally based on federal poverty guidelines, are provided care without charge or at a reduced rate, determined based on qualifying criteria as defined in the Hospital's charity care/uninsured patient discount policy and from applications completed by patients and their families. The Hospital is also required to provide additional discounts to uninsured hospital patients under the Hospital Uninsured Patient Discount Act as required by Illinois state law.

The estimated cost of providing care to patients under the Hospital's charity care/uninsured patient discount policy was approximately $203,000 and $128,000 in 2024 and 2023, respectively. The cost was calculated by multiplying the ratio of cost to gross charges for the Hospital times the gross uncompensated charges associated with providing the charity care.

During each year the Hospital accumulates the amount of shortfalls from payments from providing the services previously described under its charity care/uninsured patient discount policy, as well as health care services to patients who are covered under government health insurance programs including the Medicaid program and patients unable or unwilling to pay a portion or all of their charges to the Hospital which are considered bad debts to the Hospital. These shortfalls are measured in a method consistent with the determination of the charity care shortfalls above, less any reimbursement received from patients and others. During 2024 and 2023, the total costs of providing these services was approximately $1,802,000 and $1,636,000, respectively, and is considered a significant benefit to the community and surrounding area the Hospital serves.

Note 11: Charity Care and Community Benefits (Continued)

As a part of its mission to provide health care services to those in need in the community, as well as to support the general well-being of the community, the Hospital also commits significant time and resources to activities and services that meet unmet community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Such programs include, but are not limited to, health fairs and events, health screenings and assessments, space for health care occupation classes and daycare programs offered by the local school system and Lincoln Land Community College, support for vital community services, trauma care, and various community educational services. The Hospital also participates with Southern Illinois University (SIU) School of Medicine on community research projects, providing funding, information, staffing, and supplies.

Note 12: Retirement Plan

The Hospital sponsors a defined contribution tax-deferred annuity plan, which covers all employees. Employees may contribute a percentage of their compensation to the annuity plan on a tax-deferred or after-tax basis. The Hospital may contribute discretionary amounts up to 50% of employees' tax-deferred contribution, up to 6% of compensation. Total retirement plan expense was $304,784 and $278,935 for the years ended June 30, 2024, and 2023, respectively.

Note 13: Self-Funded Health Insurance

The Hospital has a self-funded health care plan to provide medical benefits to employees and their dependents. Employees share in the cost of health benefits. Health care expense is based upon actual claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. The Hospital buys reinsurance to cover catastrophic individual claims over specific individual and aggregate amounts.

Health care expense totaled $1,998,825 and $1,927,976 in 2024 and 2023, respectively. A liability of $400,000 and $200,000 for claims outstanding for each of the years ended June 30, 2024 and 2023, respectively, has been recorded in accrued liabilities in the accompanying balance sheets. Management believes this liability is sufficient to cover estimated claims, including claims incurred but not yet reported, as of June 30, 2024 and 2023.

Note 14: Malpractice Insurance

The Hospital purchases medical malpractice insurance under a claims-made policy. Under such a policy, only claims made and reported to the insurer are covered during the policy term, regardless of when the incident giving rise to the claim occurred. The Hospital would be able to purchase tail coverage from its insurance carrier if it chose to do so. The Hospital has primary commercial insurance coverage for individual claims up to $1,000,000 and $3,000,000 in the aggregate during the policy period. In addition, the Hospital carries a claims-made hospital professional liability supplement of $4,000,000 for each claim and in the aggregate. The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending to November 19, 2024.

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the Hospital. Although there exists the possibility of claims arising from services provided to patients through June 30, 2024, which have not yet been asserted even if covered by insurance policies, the Hospital has not been given notice of any such material possible claims, and accordingly no provision or related insurance recoveries have been made for them.

Note 15: Functional Classification of Expenses

The accompanying statements of operations present certain expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis. Employee benefits are allocated based on factors of either salary expense or actual employee expense. Overhead costs that include things such as professional services, office expenses, information technology, insurance, and other similar expenses are allocated on a variety of factors including revenues and departmental expense.

The expenses reported in the statements of operations for the years ended June 30 supported the following programs and functions:

	2024			2023		
	Healthcare Services	General Administrative	Total	Healthcare Services	General Administrative	Total
Salaries and wages	$ 10,469,618	$ 1,993,124	$ 12,462,742	$ 9,254,479	$ 1,979,189	$11,233,668
Employee benefits	2,924,934	587,428	3,512,362	2,712,195	649,430	3,361,625
Physician services	3,623,139	-	3,623,139	3,286,195	-	3,286,195
Other professional services	3,420,530	2,104,991	5,525,521	3,475,804	1,688,035	5,163,839
Supplies and pharmaceuticals	2,181,079	1,342,233	3,523,312	2,144,656	1,041,559	3,186,215
Other	2,019,989	1,243,099	3,263,088	2,151,789	1,045,024	3,196,813
Depreciation	1,014,874	353,850	1,368,724	923,515	321,997	1,245,512
Interest	123,969	-	123,969	136,241	-	136,241
	$ 25,778,132	$ 7,624,725	$ 33,402,857	$24,084,874	$ 6,725,234	$30,810,108

Note 16: Concentration of Credit Risk

Financial instruments that potentially subject the Hospital to credit risk consist principally of patient accounts receivable and cash deposits in excess of insured limits.

Patient accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to patients. The majority of the Hospital's patients are from Hillsboro, Illinois, and the surrounding area.

The mix of receivables from patients and third-party payors is as follows at June 30:

	2024	2023
Medicare	36 %	39 %
Medicaid	23 %	19 %
Commercial insurance	21 %	24 %
Self-pay	20 %	18 %
Totals	100 %	100 %

The Hospital maintains depository relationships with area financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured institutions. Depository accounts are insured by the FDIC up to $250,000. Operating cash needs often require that amounts on hand exceed FDIC limits. Management has entered into pledging agreements or obtained additional depository agreements with financial institutions to provide collateral on amounts in excess of the FDIC-insured limits.

Note 17: Related-Party Transactions

Hillsboro Area Health System NFP ("System") is the sole corporate member of the Hospital, Foundation, and Hillsboro Area Health Services, Inc. ("Health Services").

The Hospital leases land, on which the Health Services operates a wellness center, to Health Services for a nominal amount. The lease term is for 99 years and expires in August 2103. Health Services provides a workplace wellness program for the benefit of Hospital staff and families. The Hospital paid $125,000 and $125,000 in connection with this program to Health Services for the years ended June 30, 2024 and 2023, respectively.

The Hospital also leases physical therapy and other clinical space from Health Services on an annual contract basis. Rental expense paid to Health Services was $38,528 and $40,663 for the years ended June 30, 2024 and 2023, respectively.

The Hospital transferred $500,000 and $500,000 to the System in the years ended June 30, 2024 and 2023, respectively. The Hospital also leases land to the System for a specialty clinic facility and classrooms for a nominal amount. The lease term is for 99 years and expires in May 2112. Finally, the Hospital leases space for certain administrative and finance services from the System on an annual basis. Total leased space from the system was $10,282 and $10,306 for the years ended June 30, 2024 and 2023, respectively.

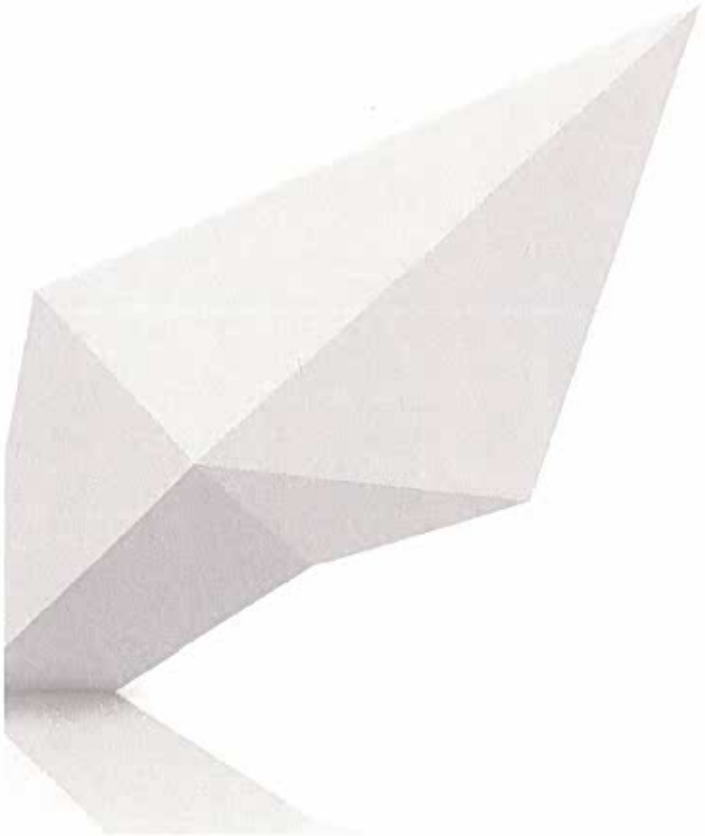
Note 18: Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 classifications.

Hillsboro Area Hospital, Inc.

Financial Statements

Years Ended June 30, 2023 and 2022



WIPFLI

ATTACHMENT 34

Hillsboro Area Hospital, Inc.

Years Ended June 30, 2023 and 2022

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WIPFLI

Independent Auditor's Report

Board of Directors
Hillsboro Area Hospital, Inc.
Hillsboro, Illinois

Opinion

We have audited the financial statements of Hillsboro Area Hospital, Inc. (the "Hospital"), which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Wipfli LLP

Wipfli LLP
Eau Claire, Wisconsin
October 2, 2023

Hillsboro Area Hospital, Inc.

Balance Sheets

June 30,	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 459,704	$ 4,829,610
Short-term investments	17,305,725	22,132,455
Patient accounts receivable - Net	3,234,630	2,451,177
Amounts receivable from State of Illinois health care programs	16,761	16,761
Other receivables	285,417	98,889
Inventories	950,821	908,482
Prepaid expenses and other	658,411	471,698
Total current assets	22,911,469	30,909,072
Assets limited as to use:		
Board designated for capital expenditures - Not designated as funded depreciation	9,245,033	8,569,953
Restricted by donors	461,185	455,884
Total assets limited as to use	9,706,218	9,025,837
Property and equipment - Net	11,036,382	11,046,354
Other assets:		
Interest in net assets of Hillsboro Area Health Foundation, Inc.	552,472	555,804
Long-term investments	11,785,780	5,656,114
Investment in unconsolidated affiliate	98,361	100,000
Total other assets	12,436,613	6,311,918
Total assets	$ 56,090,682	$ 57,293,181

Hillsboro Area Hospital, Inc.

Statements of Operations

Years Ended June 30,	2023	2022
Revenue:		
Net patient service revenue	$ 31,039,836	$ 30,347,462
Other operating revenue	542,852	1,524,313
Total revenue	31,582,688	31,871,775
Expenses:		
Salaries and wages	11,233,668	10,730,413
Employee benefits	3,361,625	3,175,708
Physician services	3,286,195	2,986,021
Other professional services	5,163,839	4,237,744
Supplies and pharmaceuticals	3,186,215	3,052,244
Other	3,196,813	2,897,064
Depreciation	1,245,512	1,186,744
Interest	136,241	151,412
Total expenses	30,810,108	28,417,350
Income from operations	772,580	3,454,425
Other income:		
Investment income	889,041	423,757
Loss on disposal of property and equipment	(6,806)	-
Revenue in excess of expenses	1,654,815	3,878,182
Other changes in net assets without donor restrictions:		
Change in net unrealized gain (loss) on investments other than trading securities	491,855	(953,125)
Transfers to Hillsboro Area Health System NFP	(500,000)	(500,000)
Total other changes in net assets without donor restrictions	(8,145)	(1,453,125)
Increase in net assets without donor restrictions	$ 1,646,670	$ 2,425,057

See accompanying notes to financial statements.

Hillsboro Area Hospital, Inc.

Statements of Changes in Net Assets

Years Ended June 30,	2023	2022
Net assets without donor restrictions:		
Revenue in excess of expenses	$ 1,654,815	$ 3,878,182
Other changes:		
Change in net unrealized gain (loss) on investments other than trading securities	491,855	(953,125)
Transfers to Hillsboro Area Health System NFP	(500,000)	(500,000)
Increase in net assets without donor restrictions	1,646,670	2,425,057
Net assets with donor restrictions:		
Investment income	8,721	1,888
Net assets released from restrictions	(1,199)	(582)
Change in interest in net assets of Foundation	(3,332)	9,171
Increase in net assets with donor restrictions	4,190	10,477
Increase in net assets	1,650,860	2,435,534
Net assets, beginning of year	46,370,043	43,934,509
Net assets, end of year	$ 48,020,903	$ 46,370,043

See accompanying notes to financial statements.

Hillsboro Area Hospital, Inc.

Statements of Cash Flows

Years Ended June 30,	2023	2022
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Increase in net assets	$ 1,650,860	$ 2,435,534
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,245,512	1,186,744
Loss on disposal of property and equipment	6,806	-
Accretion of asset retirement obligation	2,323	2,254
Net unrealized gain (loss) on investments other than trading securities	(491,855)	953,125
Change in equity of unconsolidated affiliate	1,639	-
Undistributed change in interest in net assets of Foundation	3,332	(9,171)
Transfers to Hillsboro Area Health System NFP	500,000	500,000
Changes in operating assets and liabilities:		
Patient, State of Illinois, and other accounts receivable	(969,981)	373,161
Inventories, prepaid expenses, and other current assets	(229,052)	(44,324)
Accounts payable	(375,287)	1,474,751
Accrued compensation and other	(288,504)	31,457
Deferred revenue	47,256	104,260
Amounts payable to third-party reimbursement programs	(1,877,552)	(2,173,948)
Total adjustments	(2,425,363)	2,398,309
Net cash provided by (used in) operating activities	(774,503)	4,833,843
Cash flows from investing activities:		
Increase in investments	(1,302,936)	(8,317,967)
Increase in assets limited as to use	(188,526)	(309,100)
Investment in unconsolidated affiliate	-	(100,000)
Purchases of property and equipment - Net	(1,242,346)	(908,179)
Net cash used in investing activities	(2,733,808)	(9,635,246)
Cash flows from financing activities:		
Principal payments on long-term debt	(361,595)	(346,424)
Transfers to Hillsboro Area Health System NFP	(500,000)	(500,000)
Net cash provided by (used in) financing activities	(861,595)	(846,424)
Net decrease in cash and cash equivalents	(4,369,906)	(5,647,827)
Cash and cash equivalents, beginning of year	4,829,610	10,477,437
Cash and cash equivalents, end of year	$ 459,704	$ 4,829,610
Supplemental cash flow information:		
Cash paid for interest	$ 136,241	$ 151,412

See accompanying notes to financial statements.

Hillsboro Area Hospital, Inc.
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

The Entity

Hillsboro Area Hospital, Inc. (the "Hospital") is a not-for profit Illinois corporation which operates a 25-bed Critical Access Hospital ("CAH") primarily providing inpatient and outpatient health care services to patients in Hillsboro, Illinois and surrounding communities. The Hospital also operates an assisted living facility in Hillsboro, Illinois which provides services to residents in the same geographic area. Hillsboro Area Health System NFP, a not-for-profit Illinois corporation, is the sole corporate member of the Hospital.

Financial Statement Presentation

The Hospital follows accounting standards set by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernmental entities in the preparation of financial statements in conformity with GAAP.

Use of Estimates

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash and Cash Equivalents

The Hospital considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts included in assets limited as to use.

Investments, Assets Limited as to Use, and Investment Income

Investments, including assets limited as to use, are recorded at fair value in the accompanying balance sheets.

Assets limited as to use consist of assets designated by the Board of Directors for future capital improvements, over which the Board of Directors retains control and may at its discretion subsequently be used for other purposes, and amounts restricted by donors.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is reported as other income (loss) and is included in revenue in excess of expenses unless the income is restricted by donor or law. Unrealized gains and losses are excluded from revenue in excess of expenses unless the investments are trading securities or restricted by donor or law. Realized gains or losses are determined by specific identification.

Note 1: Summary of Significant Accounting Policies (Continued)

Investments, Assets Limited as to Use, and Investment Income (Continued)

The Hospital monitors the difference between the cost and fair value of its investments. If investments experience a decline in value that the Hospital determines is other than temporary, the Hospital records a realized loss in investment income.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The Hospital measures fair value of its financial instruments using a three-tier hierarchy that prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Patient Accounts Receivable and Credit Policy

Patient accounts receivable is reported at the amount that reflects the consideration to which the Hospital expects to be entitled, in exchange for providing patient care services. Patient accounts receivable are recorded in the accompanying balance sheets net of contractual adjustments and implicit price concessions which reflects management's estimate of the transaction price. The Hospital estimates the transaction price based on negotiated contractual agreements, historical experience, and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions and is recorded through a reduction of gross revenue and a credit to patient accounts receivable. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

The Hospital does not have a policy to charge interest on past due accounts.

Inventories

Inventories consist primarily of medical supplies, general supplies, and pharmaceuticals used in the delivery of health care services. Inventories are stated at the lower of cost or net realizable value.

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives range from three to twenty years for major movable equipment and from five to forty years for land improvements and buildings.

Note 1: Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation (Continued)

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from revenue in excess of expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets

The Hospital evaluates the recoverability of its long-lived assets, which consist primarily of property and equipment with estimated useful lives, whenever events or changes in circumstance indicate that the carrying value may not be recoverable. If the recoverability of these assets is unlikely because of the existence of factors indicating impairment, an impairment analysis is performed using a projected undiscounted cash flow method. Management must make assumptions regarding estimated future cash flows and other factors to determine the fair value of these respective assets. If the carrying amounts of the assets exceed their respective fair values, the carrying value of the underlying assets would be adjusted to fair value and an impairment loss would be recognized. During 2023 and 2022, the Hospital determined that no evaluations of recoverability were necessary.

Interest in Net Assets of Hillsboro Area Health Foundation

Accounting guidance establishes standards of financial accounting and reporting for transactions in which an entity makes contributions to another entity or an entity that accepts contributions from a donor and agrees to use those assets on behalf of or transfer those assets and the return on those assets to another entity. Hillsboro Area Health Foundation, Inc. (the "Foundation") holds and accepts contributions on behalf of the Hospital, and accordingly the Hospital recognizes its interest in the net assets of the Foundation for specific funds the Foundation holds which are designated for the benefit of the Hospital, and adjusts that interest for its share of the change in the net assets of the Hospital's designated funds held by the Foundation.

Investment in Unconsolidated Affiliate

Investments in an unconsolidated affiliate are recorded on the equity method.

Note 1: Summary of Significant Accounting Policies (Continued)

Asset Retirement Obligation

Management annually assesses its existing properties to determine if there is a need to recognize a liability for a conditional asset retirement, specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its existing properties. The asset retirement obligation represents the obligation to dispose of assets that are legally required to be removed at a future date. This obligation is recorded at the net present value using a risk-free interest rate and an inflationary rate. The liability will be adjusted annually over the term of the estimated life of the asset.

Net Assets

Net assets without donor restrictions consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Hospital. Net assets with donor restrictions are those whose use by the Hospital has been limited by donors to a specific time period or purpose, or those assets restricted by donors to be maintained by the Hospital in perpetuity.

Revenue in Excess of Expenses

The accompanying statements of operations and statements of changes in net assets include the classification revenue in excess of expenses, which is considered the operating indicator. Changes in net assets, which are excluded from the operating indicator, would include contributions for property and equipment, unrealized gains and losses on certain types of investments other than trading securities, permanent transfers to and from affiliates for other than goods and services, and contributions of long-lived assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets.

Net Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Hospital bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided. Revenue from performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Generally, the majority of patient care services provided in or by the Hospital, the performance obligation is satisfied as the patient simultaneously receives and consumes the benefits provided as the services are performed and recognition of the obligation over time yields the same result as recognizing the obligation at a point in time. The Hospital believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue (Continued)

Because the Hospital's performance obligations relate to contracts with a duration of less than one year, the Hospital has elected to apply the optional exemption and therefore is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Hospital uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The Hospital used the following factors to develop portfolios: major payor classes and type of service (e.g., inpatient, outpatient, emergency, assisted living, etc.) and geographical location. Using historical collection trends and other analysis, the Hospital evaluated the accuracy of its estimates and determined that recognizing revenue by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach was used.

The nature, amount, timing, and uncertainty of revenue and cash flows are affected by several factors that the Hospital considers in its recognition of revenue. Following are some of the factors considered:

- Payors (for example, Medicare, Medicaid, managed care, other insurances, patients, etc.) have different reimbursement/payment methodologies
- Length of the patient's or resident's service/episode of care
- Geography of the service location
- Lines of business that provided the service (for example, hospital, assisted living, etc.)

The Hospital determines the transaction price, which involves significant estimates and judgment, based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Hospital's policy, and implicit price concessions provided to patients. The Hospital determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy, and historical experience. The Hospital determines its estimate of implicit price concessions based on its historical collection experience for each patient portfolio based on payor class and service type.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue (Continued)

The Hospital has agreements with third-party payors that provide for reimbursement at amounts that vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows for hospital services:

- Medicare: The Hospital is designated as a critical access hospital (CAH). As such, all inpatient, swing bed, and outpatient hospital services are paid based on a cost-reimbursement methodology, except for certain types of laboratory, radiology, and professional services provided to Medicare beneficiaries, which are reimbursed on prospectively determined fee schedules.
- Medicaid: Hospital services rendered to Illinois Public Aid beneficiaries are paid at prospectively determined rates based on a patient classification system. These rates are not subject to retroactive adjustment; however, in order to receive proper reimbursement, the Hospital must file a cost report annually with the State of Illinois.

  On November 21, 2006, the Centers for Medicare & Medicaid Services (CMS) approved state of Illinois (the "State") legislation for a Medicaid Hospital Assessment Program (the "Program"). The Program was extended through June 30, 2019, and a redesigned program has been approved and extended through June 30, 2024. Under the Program, the Hospital receives additional Medicaid reimbursement from the State. Additional funding and reimbursement, through sharing in cost savings in the Medicaid program, was also available and distributed to participating hospitals through the development by the State of an Accountable Care Entity ("ACE") which started in 2017. Total reimbursement revenue recognized by the Hospital relating to the Program amounted to $1,961,319 and $1,713,472 during 2023 and 2022, respectively, and is included in net patient service revenue in the accompanying statements of operations. During 2023 and 2022, the Hospital incurred expense of $572,954 and $465,123, respectively, related to amounts paid to the state of Illinois for participation in the Program, and these amounts are included in supplies and other expenses in the accompanying statements of operations.
- Other: Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, prospectively determined daily rates, and fee schedules.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. Because of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Hospital's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Hospital.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue (Continued)

The Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) to search for potentially inaccurate Medicare payments that may have been made to healthcare providers and were not detected through existing CMS program integrity efforts. Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The Hospital has not been notified by the RAC of any potential significant reimbursement adjustments. In addition, contracts the Hospital has with third-party payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Hospital also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Hospital estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended June 30, 2023 and 2022, was not significant.

Consistent with the Hospital's mission, care is provided to patients regardless of their ability to pay. Therefore, the Hospital has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Hospital expects to collect based on its collection history with those patients. The Hospital's policy provides for approximately 10% discounts from established charges to uninsured patients for making prompt pay for services rendered, and after this initial discount, further discounts are available for patients that qualify through the hospital's charity care or financial assistance policy. The uninsured prompt pay discount percentage remained consistent in 2023 and 2022.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue (Continued)

For uninsured patients who do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital includes price concessions related to uninsured patients in the period the services are provided.

The promised amount of consideration from patients and third-party payors has not been adjusted for the effects of a significant financing component due to the Hospital's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Hospital does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

All incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Hospital otherwise would have recognized is one year or less in duration.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care/uninsured patient discount policy without charge or at amounts less than its established rates. Eligible patients are identified based on analysis of financial information obtained from the patients. The Hospital maintains records to identify the amount of charges forgone for services and supplies furnished under the charity care/uninsured patient discount policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue in the accompanying statements of operations.

Contributions and Donor-Restricted Gifts

Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as donor-restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions.

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital is also exempt from state income taxes on related income under similar state laws.

Advertising Costs

Advertising costs are expensed as incurred.

Real Estate Taxes

The State of Illinois previously enacted legislation that clarifies when hospitals are eligible to receive exemption from property tax requirements. As part of the legislation, hospitals, including the Hospital, must submit to the State of Illinois annual property tax exemption applications, which include information on the amount of benefits provided to low-income, charity care, and Illinois Public Aid (Medicaid) beneficiaries. As of June 30, 2023, the majority of the real estate of the Hospital has been granted property tax exemption by the State of Illinois.

Subsequent Events

Subsequent events have been evaluated through October 2, 2023, which is the date the financial statements were available to be issued.

Adoption of Accounting Pronouncement

In February 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842). This ASU modifies lease accounting to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing information. The most significant change for lessees is the recognition of both a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term for those leases classified as operating leases under current GAAP. Certain accounting policy elections are permitted for leases with terms of 12 months of less. FASB ASC Topic 842, *Leases*, supersedes current lease requirements in FASB ASC Topic 840, *Leases*. The Hospital has elected to adopt and apply this accounting pronouncement effective July 1, 2022, and applied the adoption of this pronouncement using a modified retrospective approach. The Hospital elected to utilize practical expedients made available, including the package of practical expedients not to reassess whether a contract is or contains a lease, the lease classification, and initial direct costs for any existing leases. Adoption of this standard did not have a material impact on the results of operations reported in the accompanying statements of operations, and had no impact on accompanying statements of cash flows.

Note 2: COVID-19

Starting in March 2020, the nation in general, and healthcare-related entities specifically, were faced with a global pandemic. As healthcare entities prepared for the crisis, operational changes were made to delay routine visits and elective procedures and reevaluate the entire care delivery model to care for patient needs, specifically those affected by COVID-19. These operational changes continued and adjustments were made in operations and business plans throughout the pandemic. The declared public health emergency ended in May 2023 related to the COVID-19 pandemic, and even with this ending the complete financial impact on the economy in general and healthcare-related entities specifically still remains undeterminable at this time. Management of the Hospital continues to note that both operational performance and cash flows for healthcare-related entities have been and will continue to be impacted into the future even though the declared public health emergency period and pandemic have ended.

The federal and state governments, as well as other agencies, assisted many healthcare organizations to prevent significant financial constraints by providing supplemental payment programs in the forms of distributions which are intended to help in offsetting lost revenues as well as the cost of staffing, supplies, and equipment from treating patients impacted by or preparing for the pandemic's healthcare needs. Through June 30, 2022, the Hospital received approximately $5,055,000 in funding from these programs and had recognized approximately $946,000 of these funds as other operating revenue during the year ended June 30, 2022, in the accompanying statements of operations. The hospital had also previously recognized approximately $4,109,000 in operating revenue of these amounts received collectively between 2021 and 2020. No additional funds had been received from these programs during the year ended June 30, 2023. Funding was primarily received from the U.S. Department of Health and Human Services ("HHS") Coronavirus Aid, Relief, and Economic Security ("CARES") and American Rescue Plan ("ARP") Acts, and the State of Illinois related to COVID-19 assistance.

These funds are subject to various financial and compliance guidelines for intended uses as published by the federal and state governments. Management is continuing to monitor compliance with the terms and conditions of these grants as new guidance and clarification is released from HHS, the State of Illinois, and other agencies. The Hospital has completed all required attestations to the federal government as well as all required audits to date to or comply with the current terms and conditions of the programs; however, as more information becomes available or the federal or state government would perform any additional audits in the future, the Hospital's ability to retain some or all of the distributions received could be impacted.

The Hospital also received approximately $4,481,000 of accelerated and advanced payments from the Medicare program in 2021 to be repaid interest free over approximately an eighteen month period of time starting in 2022. During 2023 and 2022, the Hospital repaid approximately $2,002,000 and $2,022,000, respectively, in funds to the Medicare program from this advance. The Hospital had also previously repaid approximately $457,000 in funds to the Medicare program in 2021. The remaining liabilities from these accelerated and advanced program payments were included in amounts payable to third-party payor settlements in the accompanying balance sheets at June 30, 2022. No amounts are remaining to be repaid to the Medicare program related to these accelerated and advanced payments at June 30, 2023.

Note 3: Available Resources and Liquidity

The Hospital does not have a formal liquidity policy but generally strives to maintain financial assets in liquid form such as cash and cash equivalents for at least three to six months of operating expenses. Other funds, included in long-term investments and assets limited as to use in the accompanying balance sheets, are considered available for operational or capital needs, except for investments with restrictive redemption requirements. Occasionally, the Board of Directors designates a portion of operating surplus to be appropriated at its discretion for future operational initiatives and capital expenditures. These funds, at the discretion of the Board of Directors, could be released immediately or sold and redeemed prior to their maturity and are not considered available under the Hospital's general liquidity management. At June 30, 2023 and 2022, the balance of these funds was $9,245,033 and $8,569,953, respectively.

Financial assets available for general expenditure, such as operating expenses, and purchases of property and equipment, within one year of the balance sheet date, comprise the following at June 30:

	2023	2022
Cash and cash equivalents	$ 459,704	$ 4,829,610
Short-term investments	17,305,725	22,132,455
Patient accounts receivable - Net	3,234,630	2,451,177
Amounts receivable from State of Illinois health care programs	16,761	16,761
Other receivables	285,417	98,889
Totals	$ 21,302,237	$ 29,528,892

Patient accounts receivable - net becomes available as an available resource to the Hospital generally as operating cash as it is billed and collected based on the policies and procedures described in Note 1, and its opening balance at July 1, 2021 was $2,759,278.

Note 4: Investments and Assets Limited as to Use

Investments

Investments consisted of the following at June 30:

	2023	2022
Short-term investments - Certificates of deposit	$ 6,359,998	$ 15,190,001
Short-term investments - U.S. Treasury securities	10,945,727	6,942,454
Long-term investments - Certificates of deposit	11,785,780	1,755,780
Long-term investments - U.S. Treasury securities	-	3,900,334
Total investments	$ 29,091,505	$ 27,788,569

Note 4: Investments and Assets Limited as to Use (Continued)

Assets Limited as to Use

Assets limited as to use consisted of the following at June 30:

	2023	2022
Board designated for capital expenditures - Not designated as funded depreciation:		
Money market funds	$ 152,222	$ 303,622
Certificates of deposit	4,997,383	4,767,384
Common stock	35	35
U.S. Treasury securities	-	60,984
Mutual funds	4,071,782	3,433,851
Accrued interest receivable	23,611	4,077
Total board designated for capital expenditures - Not designated as funded depreciation	9,245,033	8,569,953
Restricted by donors:		
Money market funds	12,567	9,445
Certificates of deposit	445,614	445,614
Accrued interest receivable	3,004	825
Total restricted by donors	461,185	455,884
Total assets limited as to use	$ 9,706,218	$ 9,025,837

Investment Income

Realized investment income, including realized gains and losses on investments and assets limited as to use, consisted of the following for the years ended June 30:

	2023	2022
Interest and dividends	$ 889,041	$ 423,757
Interest on restricted net assets with donor restrictions	8,721	1,888
Total investment income	$ 897,762	$ 425,645

Note 4: Investments and Assets Limited as to Use (Continued)

Management assesses individual investment securities as to whether declines in market value are other than temporary and result in impairment. For equity securities and mutual funds, the Hospital considers whether it has the ability and intent to hold the investment until a market price recovery. Evidence considered in this includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, the issuer's financial condition, and the general market condition in the geographic area or industry in which the investee operates. For debt securities, if the Hospital has made a decision to sell the security, or if it is more likely than not the Hospital will sell the security before the recovery of the security's cost basis, an other-than-temporary impairment is considered to have occurred. If the Hospital has not made a decision or does not have an intent to sell the debt security, but the debt security is not expected to recover its value due to a credit loss, an other-than-temporary impairment is considered to have occurred. At June 30, 2023 and 2022, the Hospital did not consider any individual investments other than temporarily impaired.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Note 5: Fair Value Measurements

The following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds are valued using a net asset value (NAV) of $1.00. Fixed income securities are primarily invested in U.S. Government securities such as bonds and are valued using quotes from pricing vendors for identical or similar assets based on recent trading activity and other observable market data. Quoted market prices are used to determine the fair value of investments in marketable equity securities, which are primarily invested in common stock. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Hospital are open-end mutual funds that are registered with the Securities and Exchange Commission. The mutual funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Hospital are deemed to be actively traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 5: Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Hospital's assets measured at fair value on a recurring basis as of June 30:

	2023			
	Level 1	Level 2	Level 3	Total Assets at Fair Value
Money market funds	$ -	$ 164,789	$ -	$ 164,789
Mutual funds:				
Blend	1,085,506	-	-	1,085,506
Growth	1,550,853	-	-	1,550,853
Value	936,123	-	-	936,123
Intermediate government	10,247	-	-	10,247
International allocation	167,813	-	-	167,813
Other international	321,240	-	-	321,240
	4,071,782	-	-	4,071,782
Marketable equity securities - Common stock	35	-	-	35
U.S. Treasury securities	-	10,945,727	-	10,945,727
Total	$ 4,071,817	$ 11,110,516	$ -	$ 15,182,333

	2022			
	Level 1	Level 2	Level 3	Total Assets at Fair Value
Money market funds	$ -	$ 313,067	$ -	$ 313,067
Mutual funds:				
Blend	894,255	-	-	894,255
Growth	1,272,871	-	-	1,272,871
Value	826,392	-	-	826,392
Intermediate government	10,502	-	-	10,502
International allocation	157,538	-	-	157,538
Other international	272,293	-	-	272,293
	3,433,851	-	-	3,433,851
Marketable equity securities - Common stock	35	-	-	35
U.S. Treasury securities	-	10,903,773	-	10,903,773
Total	$ 3,433,886	$ 11,216,840	$ -	$ 14,650,726

Note 5: Fair Value Measurements (Continued)

The assets included in the fair value measurements table above at both June 30, 2023 and 2022, include all assets within investments and assets limited as to use as described in Note 4, with the exception of certificates of deposit and accrued interest receivable, which are excluded from the fair value measurement table.

Note 6: Property and Equipment

Property and equipment consisted of the following at June 30:

	2023	2022
Land	$ 330,860	$ 355,860
Land improvements	1,828,208	1,814,732
Buildings	18,070,843	17,955,388
Movable equipment	17,316,767	16,208,291
Construction in progress	139,299	122,401
Total property and equipment	37,685,977	36,456,672
Less - Accumulated depreciation	26,649,595	25,410,318
Property and equipment - Net	$ 11,036,382	$ 11,046,354

Note 7: Interest in Net Assets of Hillsboro Area Health Foundation

Hillsboro Area Health Foundation, Inc. (the "Foundation") was established to benefit the general public and the Hospital. The Foundation's Board of Directors determines the amount, timing, and purpose of the distribution of Foundation funds. The Hospital recognizes its interest in the net assets held by the Foundation. At June 30, 2023 and 2022, $552,472 and $555,804, respectively, is recognized as the Hospital's interest in the total net assets of the Foundation, which includes contributions received by the Foundation that are donor restricted to be used for Hospital purposes.

The Foundation also holds certain funds under terms of an endowment agreement for the benefit of the Hospital which is included in the amounts above and further described in Note 9.

Note 8: Investment in Unconsolidated Affiliate

Investment in South Central Hospital Alliance LLC

During 2022, the Hospital became a founding member of the South Central Hospital Alliance LLC (the "Alliance") and contributed an initial equity investment of $100,000. As of June 30, 2023, the Alliance had three other member hospitals. All of the member hospitals are non-profit hospitals located in the South Central region of Illinois.

The goal of the Alliance is to facilitate the development of a cooperative rural health care network which will be operated exclusively for the benefit of, to perform functions of, and carry out the respective charitable missions of the member hospitals. A common working goal of the members through the Alliance will be to develop, establish, and operate both clinic and non-clinical shared services and programs as well as other collaborative functions which are aimed at expanding access to high-quality patient care, improving the overall quality of patient care, and utilizing economies of scale to increase the efficiencies and lower the costs of healthcare delivery in the communities served by the member hospitals.

The Hospital accounts for the investment in the Alliance under the equity method of accounting. Earnings or losses of the Alliance are allocated to the members based on the terms of the operating agreement, and the Hospital adjusts its investment in the Alliance based on its respective allocated profits and losses. There has been limited financial activity of the Alliance in both 2023 and 2022.

Note 9: Long-Term Debt

Long-term debt consisted of the following at June 30:

	2023	2022
City of Hillsboro, Illinois, capital Improvement Revenue Bonds, Series 2008, bearing interest at 3.79%. The bonds are payable in monthly installments of $41,486, including principal and interest. Final principal payment due October 1, 2031. Secured by the new building construction, which was completed during the year ended June 30, 2011, and net revenues of the Hospital.	$ 3,444,726	$ 3,806,321
Less - Current maturities	373,729	359,784
Long-term maturities	$ 3,070,997	$ 3,446,537

The Series 2008 bond agreement provides for various restrictive covenants, including required annual financial reporting.

Scheduled payments of principal on long-term debt at June 30, 2023, including current maturities, are summarized as follows:

2024	$ 373,729
2025	388,142
2026	403,111
2027	418,657
2028	434,803
Thereafter	1,426,284
Total	$ 3,444,726

Note 10: Net Assets with Donor Restrictions and Endowments

Net assets with donor restrictions include assets set aside in accordance with donor restrictions as to time or use. Net assets with donor restrictions are available for the following purposes at June 30:

	2023	2022
Hospital programs including those supporting the treatment of childhood obesity	$ 448,493	$ 440,971
Scholarships and education	10,000	10,000
Funds held by Foundation	267,472	270,804
Total	$ 725,965	$ 721,775

In addition to the above donor-restricted funds, the Hospital has an endowment of $285,000 as of both June 30, 2023 and 2022, which has been restricted by donors to be maintained in perpetuity, the income of which is expendable to support maintenance and equipment needs of the Hospital.

The Hospital's endowment consists of one fund that is invested and maintained by the Foundation in U.S. Treasury securities at financial institutions. The endowment includes only donor-restricted endowment funds. Net assets associated with the endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Hospital have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Illinois state legislature, as requiring the preservation of the fair value of the original gift to an endowment fund absent any explicit donor stipulations that would otherwise dictate the contributed funds. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanently restricted endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of prudence prescribed by UPMIFA. The Hospital relies on the adopted investment and spending policies of the Foundation for endowment assets that attempt to provide a dependable method of funding programs supported by the endowment funds while seeking to preserve the purchasing power of the endowment assets. Under this policy, the Foundation invests the endowment assets it maintains for the Hospital only in interest-bearing bank depository accounts that are not expected to decline in value in the future. This method of investing will maintain the purchasing power of the endowment assets that are required to be held in perpetuity as well as to provide additional purchasing ability through new contributions and investment returns.

Note 10: Net Assets with Donor Restrictions and Endowments (Continued)

Changes in endowment net assets for the years ended June 30 consisted of the following:

	Original Gifts With Restrictions to be Held in Perpetuity	Portion Available For Appropriation With Donor Restrictions	Total Endowment Net Assets
Beginning balance at July 1, 2021	$ 285,000	$ 145,395	$ 430,395
Interest income	-	3,084	3,084
Ending balance as of June 30, 2022	285,000	148,479	433,479
Interest income	-	2,430	2,430
Ending balance as of June 30, 2023	$ 285,000	$ 150,909	$ 435,909

Note 11: Net Patient Service Revenue

The composition of net patient service revenue based on the geographic region the Hospital operates in as outlined in Note 1, its lines of business, and timing of revenue recognition for the years ended June 30 are as follows:

	2023	2022
Service lines:		
Hospital services	$ 29,803,820	$ 29,442,600
Assisted living services	1,236,016	904,862
Totals	$ 31,039,836	$ 30,347,462

The majority of all patient service revenue was recognized at the time of service by the Hospital during the years ended June 30, 2023 and 2022 due to the types of hospital and assisted living services provided and their respective contractual terms.

Note 11: Net Patient Service Revenue (Continued)

Patient service revenue (net of contractual allowances, discounts, and implicit price concessions) by payor consisted of the following for the year ended June 30:

	2023	2022
Medicare and Medicare Advantage plans	$ 12,580,333	$ 15,816,209
Medicaid and Medicaid HMO plans	6,786,252	5,605,913
Other third-party payors	10,756,248	8,001,675
Uninsured patients	917,003	923,665
Totals	$ 31,039,836	$ 30,347,462

Note 12: Charity Care and Community Benefits

The Hospital provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community, including the health of low-income patients. Consistent with the mission of the Hospital, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources or who are underinsured.

Patients who meet certain criteria for charity care, generally based on federal poverty guidelines, are provided care without charge or at a reduced rate, determined based on qualifying criteria as defined in the Hospital's charity care/uninsured patient discount policy and from applications completed by patients and their families. The Hospital is also required to provide additional discounts to uninsured hospital patients under the Hospital Uninsured Patient Discount Act as required by Illinois state law.

The estimated cost of providing care to patients under the Hospital's charity care/uninsured patient discount policy was approximately $128,000 and $229,000 in 2023 and 2022, respectively. The cost was calculated by multiplying the ratio of cost to gross charges for the Hospital times the gross uncompensated charges associated with providing the charity care.

During each year the Hospital accumulates the amount of shortfalls from payments from providing the services previously described under its charity care/uninsured patient discount policy, as well as health care services to patients who are covered under government health insurance programs including the Medicaid program and patients unable or unwilling to pay a portion or all of their charges to the Hospital which are considered bad debts to the Hospital. These shortfalls are measured in a method consistent with the determination of the charity care shortfalls above, less any reimbursement received from patients and others. During 2023 and 2022, the total costs of providing these services was approximately $1,636,000 and $2,054,000, respectively, and is considered a significant benefit to the community and surrounding area the Hospital serves.

Note 12: Charity Care and Community Benefits (Continued)

As a part of its mission to provide health care services to those in need in the community, as well as to support the general well-being of the community, the Hospital also commits significant time and resources to activities and services that meet unmet community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Such programs include, but are not limited to, health fairs and events, health screenings and assessments, space for health care occupation classes and daycare programs offered by the local school system and Lincoln Land Community College, support for vital community services, trauma care, and various community educational services. The Hospital also participates with Southern Illinois University (SIU) School of Medicine on community research projects, providing funding, information, staffing, and supplies.

Note 13: Retirement Plan

The Hospital sponsors a defined contribution tax-deferred annuity plan, which covers all employees. Employees may contribute a percentage of their compensation to the annuity plan on a tax-deferred or after-tax basis. The Hospital may contribute discretionary amounts up to 50% of employees' tax-deferred contribution, up to 6% of compensation. Total retirement plan expense was $278,935 and $275,488 for the years ended June 30, 2023, and 2022, respectively.

Note 14: Self-Funded Health Insurance

The Hospital has a self-funded health care plan to provide medical benefits to employees and their dependents. Employees share in the cost of health benefits. Health care expense is based upon actual claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. The Hospital buys reinsurance to cover catastrophic individual claims over specific individual and aggregate amounts.

Health care expense totaled $1,927,976 and $1,866,953 in 2023 and 2022, respectively. A liability of $200,000 and $195,000 for claims outstanding for each of the years ended June 30, 2023 and 2022, respectively, has been recorded in accrued liabilities in the accompanying balance sheets. Management believes this liability is sufficient to cover estimated claims, including claims incurred but not yet reported, as of June 30, 2023 and 2022.

Note 15: Malpractice Insurance

The Hospital purchases medical malpractice insurance under a claims-made policy. Under such a policy, only claims made and reported to the insurer are covered during the policy term, regardless of when the incident giving rise to the claim occurred. The Hospital would be able to purchase tail coverage from its insurance carrier if it chose to do so. The Hospital has primary commercial insurance coverage for individual claims up to $1,000,000 and $3,000,000 in the aggregate during the policy period. In addition, the Hospital carries a claims-made hospital professional liability supplement of $4,000,000 for each claim and in the aggregate. The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending to November 19, 2023.

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the Hospital. Although there exists the possibility of claims arising from services provided to patients through June 30, 2023, which have not yet been asserted even if covered by insurance policies, the Hospital has not been given notice of any such material possible claims, and accordingly no provision or related insurance recoveries have been made for them.

Note 16: Functional Classification of Expenses

The accompanying statements of operations present certain expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis. Employee benefits are allocated based on factors of either salary expense or actual employee expense. Overhead costs that include things such as professional services, office expenses, information technology, insurance, and other similar expenses are allocated on a variety of factors including revenues and departmental expense.

The expenses reported in the statements of operations for the years ended June 30 supported the following programs and functions:

	2023			2022		
	Healthcare Services	General Administrative	Total	Healthcare Services	General Administrative	Total
Salaries and wages	$ 9,254,479	$ 1,979,189	$ 11,233,668	$ 8,963,196	$ 1,767,217	$10,730,413
Employee benefits	2,712,195	649,430	3,361,625	2,604,938	570,770	3,175,708
Physician services	3,286,195	-	3,286,195	2,986,021	-	2,986,021
Other professional services	3,475,804	1,688,035	5,163,839	2,939,451	1,298,293	4,237,744
Supplies and pharmaceuticals	2,144,656	1,041,559	3,186,215	2,117,146	935,098	3,052,244
Other	2,151,789	1,045,024	3,196,813	2,009,507	887,557	2,897,064
Depreciation	923,515	321,997	1,245,512	873,706	313,038	1,186,744
Interest	136,241	-	136,241	151,412	-	151,412
	$ 24,084,874	$ 6,725,234	$ 30,810,108	$22,645,377	$ 5,771,973	$28,417,350

Note 17: Concentration of Credit Risk

Financial instruments that potentially subject the Hospital to credit risk consist principally of patient accounts receivable and cash deposits in excess of insured limits.

Patient accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to patients. The majority of the Hospital's patients are from Hillsboro, Illinois, and the surrounding area.

The mix of receivables from patients and third-party payors is as follows at June 30:

	2023	2022
Medicare	39 %	33 %
Medicaid	19 %	11 %
Commercial insurance	24 %	30 %
Self-pay	18 %	26 %
Totals	100 %	100 %

The Hospital maintains depository relationships with area financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured institutions. Depository accounts are insured by the FDIC up to $250,000. Operating cash needs often require that amounts on hand exceed FDIC limits. Management has entered into pledging agreements or obtained additional depository agreements with financial institutions to provide collateral on amounts in excess of the FDIC-insured limits.

Note 18: Related-Party Transactions

Hillsboro Area Health System NFP ("System") is the sole corporate member of the Hospital, Foundation, and Hillsboro Area Health Services, Inc. ("Health Services").

The Hospital leases land, on which the Health Services operates a wellness center, to Health Services for a nominal amount. The lease term is for 99 years and expires in August 2103. Health Services provides a workplace wellness program for the benefit of Hospital staff and families. The Hospital paid $125,000 and $125,000 in connection with this program to Health Services for the years ended June 30, 2023 and 2022, respectively.

The Hospital also leases physical therapy space from Health Services on an annual contract basis. Rental expense paid to Health Services was $40,663 and $48,582 for the years ended June 30, 2023 and 2022, respectively.

The Hospital transferred $500,000 and $500,000 to the System in the years ended June 30, 2023 and 2022, respectively. The Hospital also leases land to the System for a specialty clinic facility and classrooms for a nominal amount. The lease term is for 99 years and expires in May 2112.

Section VIII. 1120.130 – Financial Viability

Attachment 35

The Financial Viability Waiver does not apply, and financial ratios are attached.

Section VIII. 1120.130 – Financial Viability

Attachment 36

Financial Viability Rations are attached which appear to show that the Applicant meets all states standards.

1.	**Current Ratio**	Current Assets / Current Liabilities		
FY 2021		$32,223,103 / $7,947,406	=	4.05
FY 2022		$30,909,072 / $7,397,286	=	4.18
FY 2023		$22,911,469 / $4,917,144	=	4.66
FY 2024		$30,854,627 / $6,484,453	=	4.76
FY 2028 (projected)		$46,379,013 / $9,510,185	=	4.88
2.	**Net Margin Percentage**	Net Income * 100 / Net Operating Revenue		
FY 2021		$5,526,306 * 100 / $30,567,240	=	18.08%
FY 2022		$3,878,182 * 100 / $31,871,775	=	12.17%
FY 2023		$1,654,815 * 100 / $31,582,688	=	5.24%
FY 2024		$6,156,835 * 100 / $36,974,957	=	16.65%
FY 2028 (projected)		$9,616,184.6 * 100 / $57,064,507	=	16.85%
3.	**Percent Debt to Total Capitalization**	Long Term Debt / Long Term Debt + Net Assets		
FY 2021		$3,883,382 / $3,883,382 + $43,934,509	=	8.12%
FY 2022		$3,525,852 / $3,525,852 + $46,370,043	=	7.07%
FY 2023		$3,152,635 / $3,152,635 + $48,020,903	=	6.16%
FY 2024		$2,793,180 / $2,793,180 + $53,817,531	=	4.93%
FY 2028 (projected)		$2,303,400 + $15,000,000 / $2,303,400 $15,000,000+ $58,793,452	=	22.74%

ATTACHMENT 36

5. Days Cash on Hand	Cash & Cash Equivalents + Short-Term Investments + Long-Term Investments + Board Designated Funds + Restricted by Donors + Interest in net assets of HAHF + Investment in Unconsolidated Affiliate - Permanently Restricted Endowment in HAHF / Total Operating Expense - Depreciation / # Days in Year-to-Date Period		
FY 2021	$10,477,437 + $17,469,822 + $2,000,780 + $9,215,866 + $453,996 + $546,633 - $285,000 / $27,231,336 - $1,171,848 / 365	=	558.57
FY 2022	$4,829,610 + $22,132,455 + $5,656,114 + $8,569,953 + $455,884 + $555,804 + $100,000 - $285,000 / $28,417,350 - $1,186,744 / 365	=	563.17
FY 2023	$459,704 + $17,305,725 + $11,785,780 + $9,245,033 + $461,185 + $552,472 + $98,361 - $285,000 / $30,810,108 - $1,245,512 / 365	=	489.18
FY 2024	$3,445,664 + $21,050,433 + $9,015,000 + $10,470,128 + $478,401 + $656,645 + $93,537 - $285,000 / $33,402,857 - $1,368,724 / 366	=	513.28
FY 2028 (projected)	$14,323,687 (includes short & long term investments) + $10,880,499 + $954,304 / $35,510,979 - $1,174,125 / 365	=	278.83
7. Cushion Ratio	Cash & Cash Equivalents +Short-Term Investments + Long-Term Investments + Board Designated Funds / Principle + Interest		
FY 2021	$10,477,437 + $17,469,822 + $2,000,780 + $9,215,866 / $346,424 + $3,806,321 + $164,276	=	9.07
FY 2022	$4,829,610 + $22,132,455 + $5,656,114 + $8,569,953 / $359,784 + $3,446,537 + $151,412	=	10.41
FY 2023	$459,704 + $17,305,725 + $11,785,780 + $9,245,033 / $373,729 + $3,070,997 + $136,241	=	10.83
FY 2024	$3,445,664 + $21,050,433 + $9,015,000 + $10,470,128 / $359,316 + $2,711,542 + $123,969	=	13.77
FY 2028 (projected)	$14,323,687 (includes short & long term investments) + $10,880,499 / $359,316 + $2,503,400 + $111,463 + ($121,796*12)	=	5.68

ATTACHMENT 36

Section IX. 1120.140 - Economic Feasibility

Attachment 37

Economic Feasibility

A. Reasonableness of Financing Arrangements.

A letter attesting to reasonableness of the financing arrangements is attached.

B. Conditions of Debt Financing.

The Project is being financed by cash on hand and debt financing. A letter attesting to conditions of det financing is attached.

C. Reasonableness of Project and Related Costs.

The Project meets all the State Standards for Project Costs except the New Construction standard. O'Shea Builders will be constructing the Project pursuant to a Guaranteed Maximum Price (GMP) construction contract. Attached is an analysis from O'Shea Builders addressing factors as reasons for the proposed construction cost.

May 19, 2025

Hillsboro Health Hospital – Surgery, Central Utility Plant (CUP), & Front Entrance

The Project meets all the State Standards for Project Costs except the New Construction standard. O'Shea Builders will be constructing the Project pursuant to a Guaranteed Maximum Price (GMP) construction contract. Below we have identified the following factors as reasons for the proposed construction cost.

- Market Inflation/Conditions & Regional Cost Escalation
- Project-Specific Complexities
  - Displacement of services.
  - Demolish a portion of the existing hospital.
  - Enclosing the removed section of hospital to maintain hospital services.
  - Complexity of lying new structure into the existing.
  - Relocated Central Utility Plant into Existing Maintenance Facility Building for
  - the Surgery Suite and capabilities for future expansion for the rest of the hospital.
- The budget includes a reasonable contingency and risk reserve to account for unknowns as design is in process and not complete.
- Our budget reflects real-time, project-specific, and market-informed estimates. These are based on:
  - Subcontractor and supplier input.
  - Current market intelligence.
  - Lessons learned from comparable projects in the region.

O'Shea Builders

F. Brett Streb
Preconstruction Manager

Attachment 37							
		Gross Square Feet		Amount of Proposed Total Gross Square Feet That is:			
Department	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINCAL							
Operating Suite	$ 4,593,465	2,113	3,827	3,827			2,113
Procedure Suite	$ 794,700		883	883			
Decontamination & Sterile Processing	$ 804,750	196	1,073	1,073			196
PACU	$ 342,000	1,220	338	456			
Pre/Post Opp	$ 2,381,600	1,200	1,867	2,977			
Mechanical, Vestibule, Med Gas Storage, Vendor Drop Off, Back of House Circulation, Locker Rooms & Break Room	$ 1,381,250	562	3,040	2,125			562
Outpatient Testing	$25,000	3,493	3,304		3,304		
Contingency	$654,535						
Clinical subtotal	$ 10,977,300	8,784	14,332	11,341	3,304		2,871
NON-CLINICAL							
N/S Patient Corridor	$ 216,039	1,638	1,638		1,638		
Telecom	$ 27,644	147	147		147		
Entry Canopy	$ 367,462		2,755	2,755			
Lobby/Reception	$ 1,296,451	6,074	6,203	129	6,074		
Storefront Canopy	$ 87,545		100	100			
Surgery Discharge Canopy	$ 221,198		1,125	1,125			
Central Utility Plant	$ 9,301,443	3,455			3,455		
Central Utility Plant Connector Canopy	$ 176,086		256	256			
Contingency	$ 685,284						
Non-clinical subtotal	$ 12,379,152	11,314	12,224	4,365	11,314		
TOTAL	$ 23,356,452	20,098	26,556	15,706	14,618		2,871

D. Project Operating Costs.

Estimated Costs, Procedures, and Cost per Patient Day

Projected Direct Operating Expenses - 2 years after Project Completion - Year 2030		
Total Operating Costs		$ 1,685,437
Equivalent Patient Days		911
Direct Cost per Equivalen Patient Day		$ 1,644.98

E. Total Effect of Project on Capital Costs.

		Project FY2030	Total Hospital FY2030	
Equivalent Patient Days			18,919	
Total Project Capital Cost		$ 28,000,000		
Useful Life		27.5		
Total Annual Depreciation		$ 1,018,182	$ 2,600,078.22	
Depreciation cost per Equivalent Patient Day		1,117.60	137.43	

HILLSBORO health

May 12, 2025

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

Re: Hillsboro Health Surgical Project
Reasonableness of Financing Arrangements 1120.140(a)(1)

Dear Mr. Kniery:

Hillsboro Health is undertaking a project to expand and modernize its surgical services and make other mechanical and infrastructure improvements. We anticipate that the total estimated project costs and will be funded in part by borrowing because:

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

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

Hillsboro Health further attests that the conditions of debt financing are reasonable in that the selected form of debt financing for the Project will be at the lowest net cost available

Hillsboro Health

Name: Alex Nazarian
Title: Chief Financial Officer

Notarization:
Subscribed and sworn before me
this 12th day of May, 2025

OFFICIAL SEAL
LINDA M WEISS
NOTARY PUBLIC STATE OF ILLINOIS
My Commission Expires 08-02-2027
ID # 323844

Linda M. Weiss
Signature of Notary Public

55565171.1

ATTACHMENT 37

1200 E Tremont St, Hillsboro, IL 62049 • (217) 532-6111 • FAX (217) 532-2726

Attachment 38

Section X. Safety Net Impact Statement

The proposed Project is classified as "non-substantive" under the Review Board's rules. Consequently, Safety Net Impact statements are not applicable.

Section X. Charity Care

Attachment 39

Shown below is the amount of charity care provided by Hillsboro Health

CHARITY CARE			
	FY22	FY23	FY24
Net Patient Revenue	$28,442,600	29,803,819	34,720,474
Amount of Charity Care (charges)	$552,650	$288,899	$522,415
Cost of Charity Care	$117,661	$72,777	$225,830
Ratio of Charity Care Cost to Net Patient Revenue	0.4%	0.2%	0.7%