

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

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OCT 04 2010

HEALTH FACILITIES &
SERVICES REVIEW BOARD

by electronic mail and FedEx

October 1, 2010

Mr. Michael Constantino
c/o Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: Project 010-051, Lincoln Prairie Behavioral Health Center
Project 010-052, Riveredge Hospital
Project 010-053, Streamwood Behavioral Health Hospital

Dear Mr. Constantino:

Please accept this letter in response to your September 29, 2010 email inquiry related to the historical charity care and net patient revenue information for Riveredge Hospital contained in Section XII of the three Certificate of Need applications referenced above.

The information contained in Riveredge Hospital's 2007, 2008 and 2009 IDPH Annual Hospital Questionnaire (AHQ) is correct and consequently, the numbers reported in the Charity Care chart for Net Revenue and Charity Care in the Permit applications for these three years needs to be revised. PSI is submitting the attached revised Charity Care table for Riveredge Hospital. Revised tables are also being submitted for Streamwood Behavioral Health and Lincoln Prairie Behavioral Health Center. The original chart for the Streamwood facility inadvertently reflected Net Income instead of Net Revenue and the charity care numbers for 2007 and 2009 in the original Chart were incorrect. Also, Lincoln Prairie's Net Revenue numbers were slightly off and the charity care for 2009 was \$0. With respect to all three facilities, Net Revenue and Charity Care numbers in the original charts were compiled from data that was in a different format from the AHQs and errors were made in attempting to convert the data to Net Revenue and Charity Care costs and charges for the charts in the applications. The information in the AHQs for all facilities is correct.

The correct information, as reflected in the facilities' Annual Hospital Questionnaire, is shown below and in the attached revised Net Revenue and Charity Care Tables.

Riveredge Hospital

	2007	2008	2009
Net Revenue	\$38,037,790	\$32,337,261	\$28,704,919
Amount of Charity Care (Charges)	\$571,663	\$54,270	\$59,453
Cost of Charity Care	\$171,499	\$16,281	\$17,836

Streamwood Behavioral Health Hospital

	2007	2008	2009
Net Revenue	\$35,754,794	\$33,945,482	\$36,813,261
Amount of Charity Care (Charges)	\$14,183	\$0	\$1,011,467
Cost of Charity Care	\$4,255	\$0	\$303,440

Lincoln Prairie Health Center

	2008	2009
Net Revenue	\$4,892,175	\$14,943,989
Amount of Charity Care (Charges)	\$0	\$0
Cost of Charity Care	\$0	\$0

Should any additional information be required, please do not hesitate to contact me.

Sincerely,


Jacob M. Axel
President

cc M. Jacobs Skinner
D. Lawler

XII. Charity Care Information

Charity Care information **MUST** be furnished for **ALL** projects.

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 44.

Lincoln Prairie Behavioral Health Center

CHARITY CARE			
	Year 2008	Year 2009	
Net Patient Revenue	\$4,892,175	\$14,943,989	
Amount of Charity Care (charges)	\$0	\$0	
Cost of Charity Care	\$0	\$0	

APPEND DOCUMENTATION AS ATTACHMENT 44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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**RE: Project 010-051, Lincoln Prairie Behavioral
Health Center
Project 010-052, Riveredge Hospital
Project 010-053, Streamwood Behavioral
Health Hospital**

Dear Mr. Constantino:

Please accept this letter in response to your September 29, 2010 email inquiry related to the historical charity care and net patient revenue information for Hartgrove Hospital and The Pavilion Foundation contained in Section XII of the three Certificate of Need applications referenced above.

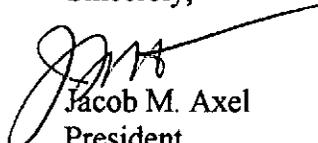
The information contained in the Hartgrove Hospital and The Pavilion Foundation's 2007-2009 IDPH Annual Hospital Questionnaires is correct, and summarized in the table on the following page.

	<u>Hartgrove Hospital</u>		
	2007	2008	2009
Net Revenue	\$30,326,944	\$38,700,669	\$40,181,155
Cost of Charity Care	\$12,569	\$46,653	\$55,368

	<u>The Pavilion Foundation</u>		
	2007	2008	2009
Net Revenue	\$7,979,256	\$15,861,273	\$11,759,826
Cost of Charity Care	\$85,000	\$60,000	\$147,948

Should any additional information be required, please do not hesitate to contact me.

Sincerely,



Jacob M. Axel
President

attachments

cc M. Jacobs Skinner
D. Lawler

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A table in the following format must be provided for all facilities as part of Attachment 44.

Hartgrove Hospital

CHARITY CARE			
	Year 2007	Year 2008	Year 2009
Net Patient Revenue	\$32,326,944	\$38,700,669	\$40,181,155
Amount of Charity Care (charges)	\$34,328	\$118,286	\$141,145
Cost of Charity Care	\$12,569	\$46,653	\$55,368

APPEND DOCUMENTATION AS ATTACHMENT 44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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The Pavilion Foundation

CHARITY CARE			
	Year 2007	Year 2008	Year 2009
Net Patient Revenue	\$7,979,256	\$15,861,273	\$11,759,826
Amount of Charity Care (charges)	\$362,812	\$209,908	\$656,620
Cost of Charity Care	\$85,000	\$60,000	\$147,948

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.