

Constantino, Mike

From: John Kniery [JKniery@foleyandassociates.com]
Sent: Thursday, August 11, 2011 5:03 PM
To: Constantino, Mike; Avery, Courtney
Cc: Gruber, Rich; Colby, Dan; Grikis, Linas
Subject: 10-089 Mercy's response to request for additional information
Attachments: Gruber Affidavit 8.11.11.pdf; Changed original app pages.pdf; corrected project cost & Sources and Cost space.pdf; response letter 8.11.11.pdf

Mr. Constantino: On behalf of the Applicant for project number 10-089, please accept this information as their response to your request for information on the issue of the erroneous inclusion of a cardiac cath category of service in the original application as filed.

John P. Kniery
Health Care Consultant
Charles H. Foley & Associates, Inc.
1638 So. MacArthur Boulevard
Springfield, Illinois 62704
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217.544.3615 - Facsimile
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jkniery@foleyandassociates.com

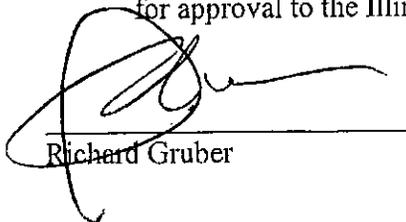
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Mercy Crystal Lake Hospital and Medical Center, Inc., Project #10-089 (the
"Project")

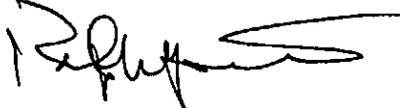
Richard Gruber states as his affidavit:

1. I am an authorized representative of Mercy Alliance Inc. and Mercy Crystal Lake Hospital and Medical Center, Inc., together referred to as "Mercy" in this affidavit.
2. It is not Mercy's current intention, nor was it Mercy's past intention to propose a cardiac catheterization category of service as part of the Project.
3. Although Mercy does not have any plans to propose a cardiac catheterization category of service, should Mercy ever wish to do so, it will submit an application for approval to the Illinois Health Facilities and Services Review Board.



Richard Gruber

Subscribed and sworn before me on August 11, 2011.



Ralph Topinka
Notary Public
My commission is permanent.

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 equal.

Project Costs and Sources of Funds

USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation	\$45,000		\$45,000
Site Preparation	\$4,300,000		\$4,300,000
Off Site Work	\$300,000		\$300,000
New Construction Contracts	\$121,832,908		\$121,832,908
Modernization Contracts			118,226,761 of
Contingencies	\$10,298,998		\$10,298,998
Architectural/Engineering Fees	\$9,137,468		\$9,137,468
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)	\$36,549,872		\$36,549,872
Bond Issuance Expense (project related)	\$11,000,000		\$11,000,000
Net Interest Expense During Construction (project related)	\$970,000		\$970,000
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	\$6,091,646		\$6,091,646
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$200,525,891		\$200,525,891 196,498,065
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			\$30,065,171
Pledges			
Gifts and Bequests			
Bond Issues (project related)			\$176,000,000
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			<u>\$200,525,891</u> of

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

196,498,065

Cost Space Requirements

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

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical	\$17,303,748		61,799	61,799			
Intensive Care	\$1,689,996		3,894	3,894			
Diagnostic Radiology	\$3,881,097		9,752	9,752			
MRI	\$1,610,565		3,405	3,405			
Total Clinical	\$65,650,513		180,083 170,942	180,083	170,942		
NON-REVIEWABLE							
Administrative	\$1,613,375		6,079	6,079			
Parking	\$1,897,500						
Gift Shop	\$93,875		750	750			
Total Non-clinical	\$19,848,410		84,881	84,881			
TOTAL	\$79,249,896		267,346	267,346	258,205		

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.
 258,205



1000 MINERAL POINT AVE. • P.O. BOX 5003 • JANESVILLE, WI 53547-5003 • 608.756.6000 • MercyHealthSystem.org

August 11, 2011

Mike Constantino
Illinois Department of Public Health
525 West Jefferson
Springfield, Illinois 62761

Dear Mr. Constantino:

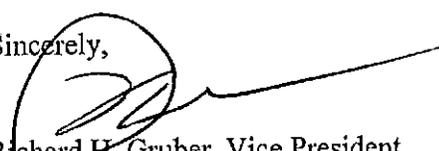
Attached per your request, please find amended pages from our original application striking all references to a heart cath lab. It was never the intent of Mercy to cite a cath lab. However, unfortunately due to an inadvertent clerical error on the part of our previous architectural design firm, those cost and GSF calculation were included.

Please consider the amended pages as our intent to strike all references to a cath lab in the original application. Further, we do want to note that in the modified application we have included cost and GSF for cardiac rehabilitation only. We expressly are not requesting any consideration of a cath lab in the modified proposal.

As amended, the original application square footage is reduced by 6729 square feet representing the removal of the cath lab space. This will result in a total project size of 347,031 square feet and a reduction to 258,205 in the hospital. The total project cost is reduced by \$2,846,672, resulting in a total project cost of \$196,498,065. The cost of construction is also reduced by a like amount from that listed in the original application.

Thank you for your consideration. Should you have questions or additional concerns, I am available to address them at your convenience.

Sincerely,



Richard H. Gruber, Vice President
Mercy Health System Corporation

Enclosures

Square Footage Summary

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary

Room Name	Total DGSF	\$/SF	\$	Comments
IDHP Reviewable Areas				
1 Med/Surg Unit	61,799	\$320	\$19,775,680	
2 ICU	3,894	\$434	\$1,688,996	
3 Obstetrics	15,685	\$320	\$5,019,200	
4 Newborn Nursery	3,635	315	1,145,025	
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$825,330	
6 Emergency	9,368	\$330	\$3,091,440	
7 Laboratory	4,878	\$398	\$1,941,444	
8 Imaging (Diagnostic Radiology)	9,752	\$398	\$3,881,296	
9 MRI	3,405	\$473	\$1,610,565	
11 Central Processing	4,250	\$406	\$1,725,500	
12 Surgical Suite	19,550	\$498	\$9,735,900	
13 Recovery	5,224	\$320	\$1,671,680	
14 Outpatient Surgery	13,663	\$320	\$4,372,160	
15 Dietary	8,724	\$473	\$4,126,452	
16 Pharmacy	1,698	\$291	\$494,118	
17 Respiratory Therapy	1,290	\$315	\$406,350	
18 Cardiac Rehabilitation	1,203	\$320	\$384,960	
19 Physical Therapy	2,355	\$320	\$753,600	
20 Occupational Therapy	450	\$320	\$144,000	
IDHP Non Reviewable Areas				
21 Building Systems	11,748	\$250	\$2,937,000	
22 Administration	6,829	\$250	\$1,707,250	
23 Public Circulation	23,755	\$225	\$5,344,875	
24 Materials Management	2,840	\$220	\$624,800	
25 Building Support	6,251	\$215	\$1,343,965	
26 Employee Facilities	5,110	\$218	\$1,103,760	
27 Medical Library	1,150	\$224	\$257,600	
28 Housekeeping	3,531	\$220	\$776,820	
29 Laundry Holding	1,881	\$200	\$376,200	
30 Morgue	288	\$224	\$64,512	
31 Medical Records	5,500	\$224	\$1,232,000	
32 Dining	5,460	\$310	\$1,692,600	
33 Yard Storage	500	\$185	\$92,500	
34 Human Resources	836	\$220	\$183,920	
35 Marketing	2,310	\$220	\$508,200	
36 Meeting Rooms	2,525	\$220	\$555,500	
37 Sleep Studies	1,313	\$280	\$367,640	
38 Ambulance Garage	1,024	\$157	\$160,768	
39 Canopies	2,250	\$250	\$562,500	

*OK
Pete*

Subtotal Hospital DGSF: 258,205 \$32,643,106

Physician Clinic Summary

Department Name	Total DGSF	\$/SF	\$
1 Building Systems	5,726	\$220	\$1,259,720
2 Medical Records	12,264	\$224	\$2,747,136
3 Waiting	23,406	\$230	\$5,383,840
4 Public Circulation	4,560	\$210	\$957,600
5 Physician Offices	42,866	\$230	\$9,859,640

Total Clinic DGSF: 88,826 \$2231 \$20,207,936

Total Hospital and Clinic DGSF: 347,031 \$102,851,042

Sitework (Included in bldg \$/SF)	1	\$4,000,000	\$4,000,000
Landscaping (Allowance)	1	\$300,000	\$300,000

Subtotal \$4,300,000

Subtotal with Allowances \$107,151,042

Attachment 7: Project Costs and Sources of Funds

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Design and Estimating Contingency	10%	\$11,075,719	
Total Estimated Construction Cost			\$118,226,761
A/E Design Services	7%	\$8,048,891	
FFE	40%	\$48,429,251	
Telecommunications	5%	\$6,053,656	
Project Soft Cost	5%	\$6,053,656	
Subtotal			\$186,812,215
Escalation	8%	\$9,885,850	
Total Estimated Project Cost			\$196,498,065

Alternate Construction Cost Calculation

	Unit	Cost/Unit	Cost
(# of Beds) x (\$1 M / Bed)	128	\$1,000,000	\$128,000,000
Clinic Building	1	\$26,000,000	\$26,000,000
Site/Infrastructure Cost	1	\$4,000,000	\$4,000,000
Soft Cost (30% of Construction Cost)	1	\$47,400,000	\$47,400,000
Financing (80% of Costs @ 8%)	1	\$13,145,600	\$13,145,600
Total Estimated Project Cost			\$218,545,600

SP
Cost

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary

Room Name	Total DGSF	\$/SF	\$	Comments
IDHP Reviewable Areas				
1 Med/Surg Unit	61,799	\$320	\$19,775,680	
2 ICU	3,894	\$434	\$1,689,996	
3 Obstetrics	15,685	\$320	\$5,019,200	
4 Newborn Nursery	3,635	315	1,145,025	
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$825,330	
6 Emergency	9,368	\$330	\$3,091,440	
7 Laboratory	4,878	\$398	\$1,941,444	
8 Imaging (Diagnostic Radiology)	9,752	\$398	\$3,881,296	
9 MRI	3,405	\$473	\$1,610,565	
11 Central Processing	4,250	\$408	\$1,725,500	
12 Surgical Suite	19,550	\$498	\$9,735,900	
13 Recovery	5,224	\$320	\$1,671,680	
14 Outpatient Surgery	13,663	\$320	\$4,372,160	
15 Dietary	8,724	\$473	\$4,126,462	
16 Pharmacy	1,698	\$291	\$494,118	
17 Respiratory Therapy	1,290	\$315	\$406,350	
18 Cardiac Rehabilitation	1,203	\$320	\$384,960	
19 Physical Therapy	2,355	\$320	\$753,600	
20 Occupational Therapy	450	\$320	\$144,000	
IDHP Non Reviewable Areas				
21 Building Systems	11,748	\$250	\$2,937,000	
22 Administration	6,829	\$250	\$1,707,250	
23 Public Circulation	23,755	\$225	\$5,344,875	
24 Materials Management	2,840	\$220	\$624,800	
25 Building Support	6,251	\$215	\$1,343,965	
26 Employee Facilities	5,110	\$216	\$1,103,760	
27 Medical Library	1,150	\$224	\$257,600	
28 Housekeeping	3,531	\$220	\$776,820	
29 Laundry Holding	1,661	\$200	\$332,200	
30 Morgue	288	\$224	\$64,512	
31 Medical Records	5,500	\$224	\$1,232,000	
32 Dining	5,460	\$310	\$1,692,600	
33 Yard Storage	500	\$185	\$92,500	
34 Human Resources	836	\$220	\$183,920	
35 Marketing	2,310	\$220	\$508,200	
36 Meeting Rooms	2,525	\$220	\$555,500	
37 Sleep Studies	1,313	\$280	\$367,640	
38 Ambulance Garage	1,024	\$157	\$160,768	
39 Canopies	2,250	\$250	\$562,500	

*OK
Calk*

Subtotal Hospital DGSF: 258,205 \$82,643,106

Physician Clinic Summary

Department Name	Total DGSF	\$/SF	\$
1 Building Systems	5,726	\$220	\$1,259,720
2 Medical Records	12,284	\$224	\$2,747,136
3 Waiting	23,408	\$230	\$5,383,840
4 Public Circulation	4,560	\$210	\$957,600
5 Physician Offices	42,888	\$230	\$9,859,840

Total Clinic DGSF: 88,826 \$223 \$20,207,936

Total Hospital and Clinic DGSF: 347,031 \$102,851,042

Sitework (Included in bldg \$/SF)	1	\$4,000,000	\$4,000,000
Landscaping (Allowance)	1	\$300,000	\$300,000

Subtotal \$4,300,000

Subtotal with Allowances \$107,151,042

Attachment 9: Cost Space Requirements

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Design and Estimating Contingency	10%	\$11,075,719	
Total Estimated Construction Cost		\$118,226,761	
A/E Design Services	7%	\$8,048,891	
FFE	40%	\$48,429,251	
Telecommunications	5%	\$6,053,656	
Project Soft Cost	5%	\$6,053,656	
Subtotal		\$136,812,215	
Escalation	8%	\$9,685,850	
Total Estimated Project Cost		\$196,498,065	

Alternate Construction Cost Calculation

	Unit	Cost/Unit	Cost
(# of Beds) x (\$1 M / Bed)	128	\$1,000,000	\$128,000,000
Clinic Building	1	\$26,000,000	\$26,000,000
Site/Infrastructure Cost	1	\$4,000,000	\$4,000,000
Soft Cost (30% of Construction Cost)	1	\$47,400,000	\$47,400,000
Financing (80% of Costs @ 8%)	1	\$13,145,600	\$13,145,600
Total Estimated Project Cost			\$218,545,600

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Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary

Room Name	Total DGSF	\$/SF	\$	Comments
IDHP Reviewable Areas				
1 Med/Surg Unit	61,799	\$320	\$19,775,680	
2 ICU	3,894	\$434	\$1,689,996	
3 Obstetrics	15,685	\$320	\$5,019,200	
4 Newborn Nursery	3,635	315	1,145,025	
5 Labor-Delivery-Recovery Rooms	2,601	\$330	\$825,330	
6 Emergency	9,368	\$330	\$3,091,440	
7 Laboratory	4,878	\$398	\$1,941,444	
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14 Outpatient Surgery	13,663	\$320	\$4,372,160	
15 Dietary	8,724	\$473	\$4,126,452	
16 Pharmacy	1,698	\$291	\$494,118	
17 Respiratory Therapy	1,290	\$315	\$406,350	
18 Cardiac Rehabilitation	1,203	\$320	\$384,960	
19 Physical Therapy	2,355	\$320	\$753,600	
20 Occupational Therapy	450	\$320	\$144,000	
IDHP Non Reviewable Areas				
21 Building Systems	11,748	\$250	\$2,937,000	
22 Administration	6,829	\$250	\$1,707,250	
23 Public Circulation	23,755	\$226	\$5,344,875	
24 Materials Management	2,840	\$220	\$624,800	
25 Building Support	6,251	\$215	\$1,343,965	
26 Employee Facilities	5,110	\$216	\$1,103,760	
27 Medical Library	1,150	\$224	\$257,600	
28 Housekeeping	3,531	\$220	\$776,820	
29 Laundry Holding	1,661	\$200	\$332,200	
30 Morgue	288	\$224	\$64,512	
31 Medical Records	5,500	\$224	\$1,232,000	
32 Dining	5,460	\$310	\$1,692,600	
33 Yard Storage	500	\$185	\$92,500	
34 Human Resources	836	\$220	\$183,920	
35 Marketing	2,310	\$220	\$508,200	
36 Meeting Rooms	2,525	\$220	\$555,500	
37 Sleep Studies	1,313	\$280	\$367,640	
38 Ambulance Garage	1,024	\$167	\$169,768	
39 Canopies	2,250	\$250	\$562,500	

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Subtotal Hospital DGSF **258,205** **\$82,643,106**

Physician Clinic Summary

Department Name	Total DGSF	\$/SF	\$
1 Building Systems	5,726	\$220	\$1,259,720
2 Medical Records	12,264	\$224	\$2,747,136
3 Waiting	23,408	\$230	\$5,383,840
4 Public Circulation	4,560	\$210	\$957,600
5 Physician Offices	42,868	\$230	\$9,859,640

Total Clinic DGSF **88,826** **\$223** **\$20,207,936**

Total Hospital and Clinic DGSF **347,031** **\$102,851,042**

Sitework (Included in bldg \$/SF)	1	\$4,000,000	\$4,000,000
Landscaping (Allowance)	1	\$300,000	\$300,000

Subtotal **\$4,300,000**

Subtotal with Allowances **\$107,151,042**

Attachment 14: Size of Project

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Design and Estimating Contingency	10%	\$11,075,719	
Total Estimated Construction Cost		\$118,226,761	
A/E Design Services	7%	\$8,048,891	
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Telecommunications	5%	\$6,053,658	
Project Soft Cost	5%	\$6,053,658	
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Total Estimated Project Cost		\$196,498,065	

Alternate Construction Cost Calculation

	Unit	Cost/Unit	Cost
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Clinic Building	1	\$28,000,000	\$28,000,000
Site/Infrastructure Cost	1	\$4,000,000	\$4,000,000
Soft Cost (30% of Construction Cost)	1	\$47,400,000	\$47,400,000
Financing (80% of Costs @ 8%)	1	\$13,145,600	\$13,145,600
Total Estimated Project Cost			\$218,545,600

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Mercy
Crystal Lake
Medical Center

Cath Labs

SPACE REQUIREMENTS

Prep/Recovery Zone

Room Name		Total NSF	Required by:	Comments	
1 Prep/Recovery	4 @	108	432	AIA	1 Isolation/Quiet
2 Handwashing	1 @	5	5	IDPH, AIA	
3 Patient Toilet	4 @	60	240	IDPH, AIA	
4 Nurse Station	1 @	144	144	IDPH, AIA	
5 Clean Utility	1 @	80	80	IDPH	
6 Soiled Utility	1 @	100	100	IDPH	

Subtotal Prep/Recovery Zone: 1,001

Procedure Zone

Room Name		Total NSF	Required by:	Comments	
1 Cath Labs	2 @	600	1,200	AIA	400 sf min clear
2 Computer Equipment	2 @	100	200	AIA	
3 Control Room	2 @	100	200	AIA	
4 Scrub Alcove	2 @	25	50	AIA	
5 Stretcher Alcove	2 @	30	60	AIA	
6 Equipment Storage	2 @	150	300	AIA	
7 Clean Core/Work Area	1 @	250	250	AIA	
8 Viewing Room	1 @	80	80	AIA	
9 Server Room	1 @	30	30	AIA	
10 Soiled Utility	1 @	80	80	AIA	
11 Clean Utility	1 @	120	120	AIA	
12 Anesthesia Work	1 @	180	180	AIA	
13 Dictation	1 @	60	60	AIA	
14 Housekeeping	1 @	40	40	AIA	

Subtotal Procedure Zone: 2,850

Support Zone

Room Name		Total NSF	Required by:	Comments	
1 Women's Lockers	1 @	180	180	AIA	Includes Toilet & Shower
2 Men's Lockers	1 @	180	180	AIA	Includes Toilet & Shower
3 Control Desk	1 @	120	120		
4 Crash Cart	1 @	10	10		

Subtotal Support Zone: 490

Subtotal Cath Lab Suite (NSF): 4,341

Total Department Gross Square Feet (DGSF) @ 1.55 6,729

IDPH Illinois Department of Public Health (77 ILL. ADM. CODE 250 Section 250.2440 - General Hospital Standards)
 AIA AIA Guidelines for Design and Construction of Hospitals and Health Care Facilities - 2001 Edition

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Square Ft. New	Gross Square Ft. Circ.*	Gross Square Ft. Mod.	Gross Square Ft. Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
<u>Hospital - All Departments</u>									
<u>IDPH Reviewable Areas</u>									
1 Med/Surg Unit	\$320		61,799				\$19,775,680		\$19,775,680
2 ICU	\$434		3,894				\$1,689,996		\$1,689,996
3 Obstetrics	\$320		15,685				\$5,019,200		\$5,019,200
4 Newborn Nursery	\$315		3,635				\$1,145,025		\$1,145,025
5 Labor-Delivery-Recovery Rooms	\$330		2,501				\$825,330		\$825,330
6 Emergency	\$330		9,368				\$3,091,440		\$3,091,440
7 Laboratory	\$398		4,878				\$1,941,444		\$1,941,444
8 Imaging (Diagnostic Radiology)	\$398		9,752				\$3,881,296		\$3,881,296
9 MRI	\$473		3,405				\$1,610,565		\$1,610,565
11 Central Processing	\$406		4,250				\$1,725,500		\$1,725,500
12 Surgical Suite	\$498		19,550				\$9,735,900		\$9,735,900
13 Recovery	\$320		5,224				\$1,671,680		\$1,671,680
14 Outpatient Surgery	\$320		13,663				\$4,372,160		\$4,372,160
15 Dietary	\$473		8,724				\$4,126,452		\$4,126,452
16 Pharmacy	\$291		1,698				\$494,118		\$494,118
17 Respiratory Therapy	\$315		1,290				\$406,350		\$406,350
18 Cardiac Rehabilitation	\$320		1,203				\$384,960		\$384,960
19 Physical Therapy	\$320		2,355				\$753,600		\$753,600
20 Occupational Therapy	\$320		450				\$144,000		\$144,000
<u>IDPH Non Reviewable Areas</u>									
21 Building Systems	\$250		11,748				\$2,937,000		\$2,937,000
22 Administration	\$250		6,829				\$1,707,250		\$1,707,250
23 Public Circulation	\$225		23,755				\$5,344,875		\$5,344,875
24 Materials Management	\$220		2,840				\$624,800		\$624,800
25 Building Support	\$215		6,251				\$1,343,965		\$1,343,965
26 Employee Facilities	\$216		5,110				\$1,103,760		\$1,103,760
27 Medical Library	\$224		1,150				\$257,600		\$257,600
28 Housekeeping	\$220		3,531				\$776,820		\$776,820
29 Laundry Holding	\$200		1,661				\$332,200		\$332,200

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Square Foot Mod.	Gross Square Ft. New	Gross Square Ft. Circ.*	Gross Square Ft. Mod.	Gross Square Ft. Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
30 Morgue	\$224		288				\$64,512		\$64,512
31 Medical Records	\$224		5,500				\$1,232,000		\$1,232,000
32 Dining	\$310		5,460				\$1,692,600		\$1,692,600
33 Yard Storage	\$185		500				\$92,500		\$92,500
34 Human Resources	\$220		836				\$183,920		\$183,920
35 Marketing	\$220		2,310				\$508,200		\$508,200
36 Meeting Rooms	\$220		2,525				\$555,500		\$555,500
37 Sleep Studies	\$280		1,313				\$367,640		\$367,640
38 Ambulance Garage	\$157		1,024				\$160,768		\$160,768
39 Canopies	\$250		2,250				\$562,500		\$562,500
Subtotal Hospital DGSF	\$298		268,205				\$82,643,106		\$82,643,106
Clinic - All Departments									
1 Building Systems	\$220		5,726				\$1,259,720		\$1,259,720
2 Medical Records	\$224		12,264				\$2,747,136		\$2,747,136
3 Waiting	\$230		23,408				\$5,383,840		\$5,383,840
4 Public Circulation	\$210		4,560				\$957,600		\$957,600
5 Physician Offices	\$230		42,868				\$9,859,640		\$9,859,640
Total Clinic DGSF	\$223		88,826				\$20,207,936		\$20,207,936
Total Hospital and Clinic DGSF	\$290		347,031				\$102,851,042		\$102,851,042

* Overall circulation is 8%

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Attorney at Law
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312.984.7745

August 11, 2011

VIA ELECTRONIC MAIL

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

RE: Mercy Crystal Lake Hospital and Medical Center, Inc., Project #10-089 (the "Project")

Dear Ms. Avery:

As you are aware, on July 27, 2011 Mercy Crystal Lake Hospital and Medical Center, Inc. and Mercy Alliance, Inc. (collectively, "**Mercy**"), modified the Project to create a smaller hospital facility in Crystal Lake (the "**Modification**"). As we discussed during the technical assistance meeting held on July 7, 2011, and as was then confirmed by Board staff, the Modification does not appear to meet any of the Type A modification criterion specified in Section 1130.650 of the Board rules and, as such, the Modification would not be subject to an additional public hearing. Specifically, the Modification:

- Does not involve an increase in the number of beds proposed in the Project.
- Does not involve a change in the site of the Project to a new location within the planning area.
- Does not involve an increase in the cost of the Project exceeding 10% of the original estimated Project cost.
- Does not involve an increase in the total gross square footage (GSF) of the Project exceeding 10% of the original GSF.
- Does not involve a change in the categories of service to be provided.

U.S. practice conducted through McDermott Will & Emery LLP.

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- Does not involve a change in the person who is the applicant.
- Does not involve any other modification that, by itself, would require a CON application or exemption.

By letter dated August 10, 2011, Mercy's competitor, Centegra Health System ("Centegra"), submitted a letter to you wherein they suggested that Mercy's original application proposed a cardiac catheterization category of service, and the Modification contains no reference to cardiac catheterization. As such, Centegra predictably suggests the Modification constitutes a Type A modification that is subject to the public hearing process.

To be clear, it was never Mercy's intention to propose a cardiac catheterization category of service, whether as part of the originally proposed hospital Project or the Project proposed in the Modification. Instead, as Centegra pointed out, 4 pages (out of the hundreds on pages Mercy submitted as part of the Project), each of which were prepared by Mercy's then-existing architect, erroneously referenced a "cath lab." In fact, the cost and GSF data submitted as a part of the original application is from Mercy's former architectural firm who is no longer associated with the Project. This item was identified by Mercy's subsequent architectural firm who caught the error and corrected it in the Modification. While preparing the Modification, Mercy's new architect prepared portions of the Modification that correctly did not include any reference to a "cath lab."¹ Simply put, the references to a "cath lab" in Mercy's original application was an innocent mistake. Moreover, even if one could conclude that Mercy somehow had in fact meant to propose a cardiac catheterization category of service (a conclusion that is not supported by any evidence), the Board should conclude that such proposal is deemed waived because, as set forth in greater detail below, it was not addressed in any manner in the application, at the public hearing, at the June Board meeting, or in any other manner.

Despite the erroneous references to a "cath lab," Mercy's original application did not propose a cardiac catheterization category of service, as evidenced by the fact that Mercy did not address the category of service in the narrative description of the application, and also did not address any of the criteria required by Section 1110.1330 of the Board rules, including:

- Detailing the mechanism for adequate peer review of the program.
- Indicating whether it will reduce the volume of existing facilities below 200 catheterizations.
- Contacting all facilities currently providing the service within the planning area in which the applicant facility is located to determine the impact the project will have on the patient volume at existing services.

¹ Note, while the Modification does not reference a cath lab or cardiac catheterization category of services, it does reference cardiac rehab, which is not a category of service.

- Documenting the availability of the following support services (a) nuclear medicine laboratory; (b) echocardiography service; (c) electrocardiography laboratory and services, including stress testing and continuous cardiogram monitoring; (d) pulmonary function unit; (e) blood bank; (f) hematology laboratory - coagulation laboratory; (g) microbiology laboratory; (h) blood gas laboratory; and (i) clinical pathology laboratory with facilities for blood chemistry.
- Documenting that the following personnel will be available: (a) lab director board-certified in internal medicine, pediatrics or radiology with subspecialty training in cardiology or cardiovascular radiology; (b) a physician with training in cardiology and/or radiology present during examination with extra physician backup personnel available; (c) nurse specially trained in critical care of cardiac patients, knowledge of cardiovascular medication, and understanding of catheterization equipment; (d) radiologic technologist highly skilled in conventional radiographic techniques and angiographic principles, knowledgeable in every aspect of catheterization instrumentation, and with thorough knowledge of the anatomy and physiology of the cardiovascular system; (e) cardiopulmonary technician for patient observation, handling blood samples and performing blood gas evaluation calculations; (f) monitoring and recording technician for monitoring physiologic data and alerting physician to any changes; (g) electronic radiologic repair technician to perform systematic tests and routine maintenance; must be immediately available in the event of equipment failure during a procedure; and (h) darkroom technician well trained in photographic processing and in the operation of automatic processors used for both sheet and cine film.
- Documenting that written transfer agreements have been established with facilities with open-heart surgery capabilities for the transfer of seriously ill patients for continuity of care.

The fact that Mercy's original application did not propose a cardiac catheterization category of service is further evidenced by the fact that Board staff deemed the application complete in January 2011, and Board staff issued its State Agency Report in July 2011. In each instance, Board staff did not question Mercy regarding whether it was proposing a cardiac catheterization category of service. Given the above, and based on the materials provided by Mercy to date, it is clear that Mercy did not propose a cardiac catheterization category of service. Mercy further represents and warrants to the Board, via the attached affidavit, that it is not Mercy's current intention, nor was it Mercy's past intention, to propose a cardiac catheterization category of service as part of the Project. Mercy also stipulates in the affidavit that in the event Mercy should propose a cardiac catheterization category of service at any time in the future, it will submit an application to the Board for review and approval.

For the reasons previously mentioned, the Modification does not constitute a Type A modification and should not trigger the opportunity for yet another public hearing (which, in addition to the numerous opportunities already afforded the public for comment and testimony, would duplicate what has already been said many times before and would cause additional work

Ms. Courtney Avery
August 11, 2011
Page 4

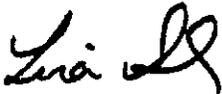
for both Board staff and at least one Board member (who would now, given the full Board compliment, be required to attend the public hearing)).

Despite Centegra's expressed concerns, they and all other members of the public can submit written comments on the Modification up until 20 days before final consideration in October. Further, it also appears that they will also have the opportunity to comment on the Modification during the public participation portion of the October board meeting. In short, Centegra and the public at large will have ample opportunity to comment on the Modification without subjecting Mercy, and more importantly, Board staff to a costly, duplicative and unnecessary public hearing.

We realize that Mercy is ultimately responsible for all material submitted by it with respect to the Project. As such, Mercy sincerely apologizes for any confusion these errors may have created. If you have any comments or questions, please do not hesitate to contact me.

As always, we appreciate your consideration and attention to this matter.

Cordially,



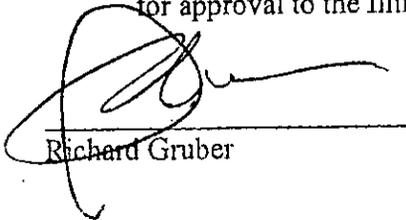
Linas J. Grikis

cc: Frank Urso
Mike Constantino

Mercy Crystal Lake Hospital and Medical Center, Inc., Project #10-089 (the
"Project")

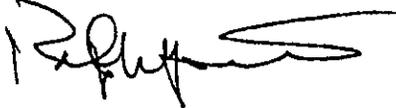
Richard Gruber states as his affidavit:

1. I am an authorized representative of Mercy Alliance Inc. and Mercy Crystal Lake Hospital and Medical Center, Inc., together referred to as "Mercy" in this affidavit.
2. It is not Mercy's current intention, nor was it Mercy's past intention to propose a cardiac catheterization category of service as part of the Project.
3. Although Mercy does not have any plans to propose a cardiac catheterization category of service, should Mercy ever wish to do so, it will submit an application for approval to the Illinois Health Facilities and Services Review Board.



Richard Gruber

Subscribed and sworn before me on August 11, 2011.



Ralph Topinka
Notary Public
My commission is permanent.