



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 • FAX: (217)785-4111

MEMORANDUM

TO: Mike Constantino, Supervisor – Program Review Section
Division of Health Systems Development

FROM: Dale Galassie, Chairman
Illinois Health Facilities and Services Review Board

RE: Extension of Obligation Request for Project # 11-017

Facility: Memorial Hospital - Shiloh

This is to advise you that I have reviewed the above-captioned permit alteration request within the requirements in 77 IAC 1130.730 and have determined the following:

- The request is in compliance with the requirements in 77 IAC 1130.730 and the alteration request is approved.
- This request is to be reviewed by the Health Facilities Planning Board.
- This request is DENIED effective _____ because it does **NOT** comply with the requirements specified in 77 IAC 1130.730.
- Other actions as follows:

Dale Galassie, Chairman
Illinois Health Facilities and
Services Review Board

12-10-2012

Date



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DOCKET ITEM: NA	BOARD MEETING: NA	PROJECT NUMBER: 11-017
PERMIT HOLDERS(S): Memorial Group, Inc. and Metro-East Services, Inc. Metro-East Services, Inc. d/b/a Memorial Hospital-East		
FACILITY NAME and LOCATION: Memorial Hospital - Shilo		

STATE AGENCY REPORT
OBLIGATION EXTENSION REQUEST

On June 28, 2011, the Health Facilities and Services Review Board approved Project #11-017. The permit authorized the establishment of a 94-bed acute care hospital facility. Total estimated project cost: \$118,629,458.

The project is not obligated and the required completion date is June 30, 2017. In accordance with the Planning Act, the permit is valid provided that obligation of the project occurs prior to December 28, 2012. On November 7, 2012, the permit holders submitted a request to extend the obligation period. The State Agency notes the permit holders are requesting a 12-month extension to the current obligation period, from December 28, 2012 to December 28, 2013. The State Agency also notes the obligation extension request was received at least 45 days prior to the permit expiration date.

I. The Obligation Extension Request

- A. Requested Obligation Date:** The permit holders are requesting an extension of the obligation date from December 28, 2012 to December 28, 2013.
- B. Status of the Project and Components Yet to be Finished:** The permit holders state the construction phase of the project has yet to commence
- C. Reason(s) Why the Project Has Not Been Obligated:** According to the permit holders, the project has not been obligated due to the following issues: is to change the financing of the project from a bank loan to bond financing and to refine cost estimates.

D. **Evidence of Financial Commitment to Fund the Project:** The permit holders state that financing is in place.

E. **Anticipated Final Cost of the Project:** The permit holders estimate the final cost of the project is within the approved permit limits of \$124,560,931.

THE STATE AGENCY NOTES IT APPEARS THAT THE PERMIT HOLDERS HAVE SUBMITTED ALL OF THE INFORMATION SPECIFIED IN SECTION 1130.730 FOR A PERMIT EXTENSION REQUEST.

II. **Background Information**

Original Permit Issuance Date:	June 28, 2011
Original Project Completion Date:	June 30, 2017
Original Permit Amount:	\$118,629,458
Altered Permit Amount	\$124,560,931
Project Obligation Date:	December 28, 2012
Proposed Project Obligation Date:	December 28, 2013
Proposed Final Project Costs (estimated):	\$124,560,931

III. **Applicable Rules for Obligation Extension Requests**

77 Ill. Adm. Code 1130.720(a) and (d) states:

- a) Projects for construction, establishment or modification must be obligated no later than:
- 1) 18 months for major construction projects; or
 - 2) 12 months for all projects that do not include major construction; or
 - 3) The HFPB completion date of the permit, if it occurs before the above-mentioned deadlines.
- d) The permit holder of a project that has a cost shall submit a notarized verification by an authorized representative that the project has been obligated on a stated date certain; that the financial resources to fund the project are available or otherwise committed; and that the project's cost, scope, design, square footage, number of beds or stations, etc. (as applicable) are in compliance with that which HFPB has approved. This submittal must

be made within 30 days after obligation. Failure by the permit holder to report obligation in accordance with these provisions shall subject the permit holder to the sanctions and penalties provided by the Act and this Subpart.

77 Ill. Adm. Code 1130.730(a) states:

- a) HFPB may grant the permit holder a single extension of time to obligate the project. An extension shall be for a period of up to one year and shall commence on the previously defined obligation date.

77 Ill. Adm. Code 1130.730(b) (c) & (d) states:

- b) The permit holder shall submit a written request for extension, along with an application processing fee and shall provide the following documentation, as applicable:
 - 1) for major construction projects, evidence that final working drawings have been submitted to IDPH for review or, if IDPH review is not required, evidence that final working drawings have been completed;
 - 2) for projects that are solely for the acquisition of major medical equipment, evidence that suppliers have been solicited and cost estimates received;
 - 3) for projects that are solely for the provision of new services, verification by the permit holder's authorized representative that necessary staff has been recruited or that an application for reimbursement, recognition, or Medicare and/or Medicaid certification has been sought from third party payors or certification agencies;
 - 4) Confirmatory evidence that financial resources are available to complete the project.
- c) A request for extension must be in writing and received by HFPB at least 45 days prior to the permit expiration date. A request for extension shall be assessed a \$500 application processing fee and is subject to the requirements

of Section 1130.230. A request for extension that is not received at least 45 days prior to the permit expiration date shall be subject to an additional \$500 late application processing fee. If payment has not been received within 30 days after receipt of written notice for payment, the request for extension shall be considered withdrawn.

- d) IDPH shall review the request for extension and prepare a report of its findings. If the findings are that the request is in conformance with all HFPB criteria, IDPH's findings and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFPB, shall approve or deny the request, or refer the request to HFPB for action. If IDPH finds that all criteria are not positive or if the Chairman refers this to HFPB for action, then the matter shall be sent by IDPH to HFPB and HFPB shall evaluate the information submitted in making its determination whether to grant the extension. Projects that continue to comply with the provisions of 77 Ill. Adm. Code 1110 and 1120 and that have shown good cause by submitting the required information for an extension request specified in subsection (b) of this Section, and for which the causes for delays are beyond the permit holder's control, shall be approved for extension. Denial by HFPB of an extension request shall constitute the final HFPB decision and is not subject to administrative appeal.

IV. Other Information

Appended to this report are the permit holders' materials for an obligation date extension request, and a copy of the Original State Agency Report.