

Constantino, Mike

From: Montague, Valerie Breslin [vbmontague@uhlaw.com]
Sent: Wednesday, June 27, 2012 2:40 PM
To: Constantino, Mike
Cc: Vinson, Sam; Miller, Claudette P.; Garvey, Michelle M.
Subject: RE: genesis health system
Attachments: Genesis Medical Park Moline Updated CON Submission.pdf

Mike,

Following our conversation this morning, attached please find Genesis Health System's response to the issues raised in your June 18, 2012 email.

Please let me know if we can provide anything further in hopes of having this application deemed complete tomorrow.

Thanks,

Valerie

From: Constantino, Mike [<mailto:Mike.Constantino@Illinois.gov>]
Sent: Monday, June 18, 2012 9:30 AM
To: Montague, Valerie Breslin
Subject: genesis health system

Hi Valerie:

I am reviewing your application for permit for the medical office building with clinical services.

Regarding medical office buildings. Our current interpretation is that any building by or behalf of a health care facility that exceeds the threshold that has clinical space would need to be reviewed by the Board. We consider the convenient care clinic, x-ray, radiology , MRI etc. and pharmacy as clinical space that would need to be reviewed by us. Therefore we do not believe that this is a total non-clinical project.

What we need is the total cost of the medical office building as one project cost and sources of funds statement broken out between clinical and nonclinical and the cost space chart in similar fashion.

We also do not accept letters of intent as sufficient documentation of an agreement. We will need the complete agreements signed and dated with the appropriate language.

Regarding the clinical services they would need to be reviewed under 77 IAC 1110.3330. The rental of physician offices would not be reviewable by us as it was in the past.

Also we are going to need an address. If the postal office has not assigned a street address, please state that.

Finally while I like seeing my name in print, I cannot remember telling anyone at Ungaretti and Harris that we do not need the source of funds for a project. A developer is not required to be a coapplicant, but we do need the source of funds for all projects.

I have attached our interpretation of medical office building projects provided at the March 2009 State Board Meeting.

Mike Constantino
Illinois Department of Public Health
525 West Jefferson
Springfield, Illinois 62761
Fax:(217) 785-4111
Phone:(217) 785-1557

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VALERIE BRESLIN MONTAGUE
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June 27, 2012

VIA EMAIL

Michael Constantino
Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Second Floor
Springfield, Illinois 62761

Re: Response to Information Request for Genesis Medical Park Moline CON
Application

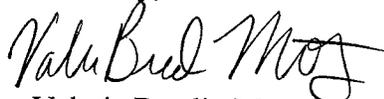
Dear Mike:

In response to your email on June 18, 2012, a copy of which is attached for your reference, and following our conversations on June 21, 2012 and June 27, 2012, we submit the attached information. Pursuant to your guidance, our narrative in Attachment 37 analyzes the convenient care clinic, the general radiology services, the laboratory and the pharmacy under the modernization standard in 77 Ill. Admin. Code 1110.3030(c).

Per our discussion, we are only providing the application pages/attachments that are being added or modified; the remainder of our original submission does not change. If it would be easier for you to review a complete, updated application, we are happy to send a full copy; please let me know.

Please do not hesitate to contact me to discuss or if you require any additional information.

Sincerely,


Valerie Breslin Montague

Attachments

cc: Judy Mondello
Flo Spyrow
Sam Vinson
Claudette P. Miller

UHDOCS 2308012

Montague, Valerie Breslin

From: Constantino, Mike [Mike.Constantino@Illinois.gov]
Sent: Monday, June 18, 2012 9:30 AM
To: Montague, Valerie Breslin
Subject: genesis health system
Attachments: GUIDANCE REGARDING MOB.pdf

Hi Valerie:

I am reviewing your application for permit for the medical office building with clinical services.

Regarding medical office buildings. Our current interpretation is that any building by or behalf of a health care facility that exceeds the threshold that has clinical space would need to be reviewed by the Board. We consider the convenient care clinic, x-ray, radiology , MRI etc. and pharmacy as clinical space that would need to be reviewed by us. Therefore we do not believe that this is a total non-clinical project.

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I have attached our interpretation of medical office building projects provided at the March 2009 State Board Meeting.

Mike Constantino
Illinois Department of Public Health
525 West Jefferson
Springfield, Illinois 62761
Fax:(217) 785-4111
Phone:(217) 785-1557

**CERTIFIED
ORIGINAL**

1

1 S56148

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ILLINOIS DEPARTMENT OF PUBLIC HEALTH

4

HEALTH FACILITIES PLANNING BOARD

5

OPEN SESSION

RECEIVED

6

MAR 24 2009

7

HEALTH FACILITIES
PLANNING BOARD

8

9

REPORT OF PROCEEDINGS had, Volume I, and

10

testimony taken in accordance with the

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requirements of the Illinois Health Facilities

12

Planning Act, taken at Holiday Inn at the Mart,

13

14th Floor, 350 West Mart Center Drive, Chicago,

14

Illinois, on March 10, 2009, at the hour of

15

9:07 a.m.

16

17

18

PRESENT:

19

MS. SUSANA LOPATKA, Acting Chairman;

20

MS. COURTNEY AVERY, Member;

21

DR. JAMES J. BURDEN, Member; and

22

MR. DAVID PENN, Member.

23

24

1 EX OFFICIO MEMBERS PRESENT:

2 MR. JEROME BUTLER;
3 MR. DAVID CARVALHO; and
4 MR. MIKE JONES.

5

6 ALSO PRESENT:

7 MR. JEFFREY MARK, Executive Secretary; and
8 MR. FRANK URSO, Legal Counsel.

9

10 STAFF PRESENT:

11 MS. PATRICIA BOVE;
12 MS. CLAIRE BURMAN;
13 MR. MICHAEL COSTANTINO;
14 MS. KAREN HALL;
15 MS. NANDITA KHANNA;
16 MR. MICHAEL MILLS;
17 MS. AMEE PATEL;
18 MR. GEORGE ROATE; and
19 MS. MARY WILBUR.

20

21

22

23

24

DRAFT

		3
1	I N D E X	
2	Call to Order	4
3	Approval of Agenda	5
4	Approval of Minutes, 1/27/09-1/29/09	5
5	Letter to the Chicago Tribune Read	7
6	Discussion of Nonclinical Service Areas	11
7	PERMIT RENEWAL REQUESTS:	
	Bolingbrook Medical Office Building, No. 06-047	16
8		
	DECLARATORY RULINGS:	
9	Fair Haven Christian Village	39
10	APPLICATIONS SUBSEQUENT TO REVIEW:	
	NONSUBSTANTIVE:	
11	Rush-Copley Emergency Center, No. 08-103	44
12	Graham Hospital Association, No. 08-092	85
13	Burr Ridge Medical Office Building, No. 08-098	89
14	West Lawn Dialysis, No. 08-100	103
15	SUBSTANTIVE:	
	Monarch Landing, Inc., No. 08-073	107
16		
	Victorian Village, No. 08-082	156
17		
	Pleasant View Lutheran Home, No. 08-081	162
18		
	Glenbrook Hospital, No. 08-085	175
19		
	Palos Community Hospital, No. 08-075	183
20		
	South Loop Endoscopy & Wellness Center,	218
21	No. 08-078	
22		
23		
24		

DRAFT
REPORT OF PROCEEDINGS -- 03/10/2009

11

1 editorial. Some -- I think it was three years
2 ago there was another negative editorial in the
3 Chicago Tribune that our former chair, Glenn
4 Poshard, wrote a rebuttal to, and that was never
5 published in the Chicago Tribune.

6 I passed out just for the Board members'
7 information another article we found recently in
8 the Tribune. Now, this was an article by
9 Ray Gibson, and if you look at the one, two,
10 three, four -- fifth paragraph, I think there's a
11 grossly inaccurate and potentially very
12 problematic statement of inaccuracy there.

13 Just for the Board members' information, I
14 brought that to this public editor's attention,
15 and she said she would look into it, and that's
16 as far as we should take it.

17 CHAIRMAN LOPATKA: Okay. I wanted to
18 get that on the record.

19 Our next item of business is discussion of
20 nonclinical service areas, and I will defer, I
21 believe, to Mr. Urso.

22 MR. URSO: Thank you, Madam Chair.

23 As Board members know and staff, there are
24 many factors that this Board looks at in

DRAFT
REPORT OF PROCEEDINGS -- 03/10/2009

12

1 determining whether they are going to process or
2 even review a particular application, and two of
3 those factors are clinical versus nonclinical, as
4 well as capital expenditure thresholds, and
5 there's some interplay with those two factors.

6 But I've been asked to take a look at and
7 see if the Board has any questions regarding
8 office space that's owned by a health care
9 facility as defined in the Act, and if that
10 space is leased to a clinician, like a physician
11 or imaging company or physical therapy company,
12 is that clinical or nonclinical space and does
13 that come before the jurisdiction of this
14 particular Board.

15 When you look for the authority in which to
16 answer that question, you take a look at the
17 statutes that this Board follows as well as its
18 rules, and it defines clinical as -- actually
19 defines nonclinical areas.

20 In particular it says, "Nonclinical service
21 areas means an area," number one, "for the
22 benefit of the patients, visitors, staff or
23 employees of the health care facility," and,
24 number two, "nonclinical service areas not

DRAFT
REPORT OF PROCEEDINGS -- 03/10/2009

13

1 directly related -- not directly related to the
2 diagnosis, treatment or rehabilitation of persons
3 receiving services from the health care
4 facility."

5 And the statute goes on to give several
6 examples of nonclinical service areas, and I'll
7 name a couple of those. Nonclinical service
8 areas are defined as things like chapels, gift
9 shops, newsstands, computer systems, staff and
10 visitor dining areas, administration and
11 volunteer offices, et cetera.

12 The Act also goes on to say that,
13 notwithstanding any other provision of the Health
14 Facilities Planning Act, no permit or exemption
15 is required for the construction or modification
16 of a nonclinical service area of a health care
17 facility.

18 So when you take a look at the question in
19 regards to office space owned by a health care
20 facility and then that office space leased to a
21 clinician, is that clinical or nonclinical space
22 that this Board should have jurisdiction effort
23 and essentially consider as a project.

24 The answer seems to be if the health care

DRAFT
REPORT OF PROCEEDINGS -- 03/10/2009

14

1 facility operates the clinical portion of an
2 office building that they own and the total cost
3 of the clinical and nonclinical components are
4 above the capital threshold, then the entire
5 project is subject to the jurisdiction of the
6 Board, and a permit or exemption is required.
7 However, it should be noted that the clinical
8 portion of the building is the only portion
9 that's reviewed or considered by staff and
10 considered by this Board.

11 Conversely, if a health care facility does
12 not operate any clinical portion of a building
13 that it owns, an office building that it owns,
14 then it does not fall under the jurisdiction of
15 the Board, and a permit or an exemption is not
16 required.

17 So I wanted to clarify and hope that we did
18 clarify the clinical versus nonclinical factors
19 as it applies also to the capital threshold.

20 Do you have any questions?

21 CHAIRMAN LOPATKA: I think I have one.

22 If one has a medical office building -- and
23 ordinarily they only come before if it's a
24 licensed health care facility that owns or builds

DRAFT
REPORT OF PROCEEDINGS -- 03/10/2009

15

1 the medical office building and it exceeds the
2 capital threshold, but suppose a medical office
3 building has, say, a radiology practice that
4 moves in but is not affiliated with the hospital,
5 does that count or not?

6 MR. URSO: If the clinical portion is
7 not operated by that health care facility, then
8 that entire building should not come -- does not
9 need to come before this Board.

10 MR. MARK: If I may, I just want to
11 make sure Mike and George -- review staff is
12 clear on this, because we've talked about it
13 several times internally, and we need to apply
14 this consistently across the board.

15 If need be, we can talk with Mr. Urso later
16 for any additional clarification.

17 MR. COSTANTINO: That would be great.

18 CHAIRMAN LOPATKA: Any other questions?

19 (No response.)

20 CHAIRMAN LOPATKA: Okay. So
21 something like pharmacy or radiology or X-ray or
22 whatever would be considered clinical?

23 MR. URSO: If it's operated by the
24 health care facility.

**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.

ORIGINAL

Facility/Project Identification *The U.S. Post Office has not assigned an address to this site.

Facility Name: Genesis Medical Park Moline		
Street Address: Please see Exhibit A to Deed at Attachment 2.*		
City and Zip Code: Please see Exhibit A to Deed at Attachment 2.		
County: Rock Island	Health Service Area: 10	Health Planning Area: 10

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Genesis Health System, d/b/a Genesis Medical Center, Illini Campus		
Address: 801 Illini Drive, Silvis, Illinois 61282		
Name of Registered Agent: Mary Charlene Loding		
Name of Chief Executive Officer: Doug Cropper		
CEO Address: 801 Illini Drive, Silvis, Illinois 61282		
Telephone Number: (563) 421-6510		

Type of Ownership of Applicant/Co-Applicant Please see Attachment -1.

<input checked="" type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership	<input type="checkbox"/>	Other
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental		
<input type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship		

- o Corporations and limited liability companies must provide an Illinois certificate of good standing.
- o 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.

APPEND DOCUMENTATION AS ATTACHED TO THE NUMERICAL SEQUENCE IN ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name: Sam Vinson
Title: Attorney
Company Name: Ungaretti & Harris, LLP
Address: 70 W. Madison Ave., Chicago, Illinois, 60602
Telephone Number: (312) 977-4388
E-mail Address: svinson@uhlaw.com
Fax Number: (312) 977-4405

Additional Contact

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

Name: Valerie Breslin Montague
Title: Attorney
Company Name: Ungaretti & Harris, LLP
Address: 70 W. Madison Ave., Chicago, Illinois 60602
Telephone Number: (312) 977-4485
E-mail Address: vbmontague@uhlaw.com
Fax Number: (312) 977-4405

2. Narrative Description

Provide in the space below, 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.

Genesis Health System, d/b/a Genesis Medical Center, Illini Campus ("Applicant") is proposing to lease space in a medical office building ("MOB") to provide health services to improve the health care and well being of the Western Illinois community. The project will provide convenient access to physician services, a convenient care clinic, a pharmacy, and durable medical equipment ("DME") services. The MOB campus will contain walking and jogging paths, as well as a park-like area for use by residents of the community. The park-like area and walking/jogging paths will be located on reclaimed Brownfield land. The Applicant is reclaiming and recycling this portion of the property for recreational purposes in order to create a place for the treatment and prevention of illnesses and chronic conditions.

The Applicant is proposing to lease 67% of the space in the 47,280 gross square feet ("GSF") MOB, Genesis Medical Park Moline, constructed and owned by Moline Physicians, LLC ("Developer"), a subsidiary of Frauenshuh HealthCare Real Estate Solutions. The MOB will be located on the real estate parcel described in Exhibit A to the Deed that appears at Attachment 2 and will be predominantly used as physician office space.

Although the MOB is primarily for physician office space, the MOB will include the following service areas, deemed to be clinical by Frank Urso during a Health Facilities and Services Review Board ("HFSRB") meeting on March 10, 2009:

1. A convenient care clinic with a laboratory and general radiology services that is not associated with a hospital license; and
2. Pharmacy space that is not associated with a hospital license.

The MOB will also include certain nonclinical space for the dispensing of DME.

The convenient care clinic, including general radiology and laboratory space, is being relocated from its existing location. The relocation will include transferring certain equipment (not including major medical equipment), supplies and furniture to the proposed MOB location. The MOB will also include a pharmacy to improve patient access to prescription drugs. Finally, the project will involve the development of essential infrastructure such as lobbies, stairs, elevators, circulation, and electrical/mechanical spaces.

The MOB will not be a health care facility as defined in 20 ILCS 3960. Since a MOB does not have any beds, this project will not affect or change bed capacity.

This project is non-substantive because it is solely and entirely limited in scope to outpatient clinical service areas and nonclinical areas. 77 Ill. Admin. Code 1110.40(b).

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			
Site Preparation	508,803	2,035,210	2,544,013
Off Site Work			
New Construction Contracts	160,569	642,276	802,845
Modernization Contracts			
Contingencies	100,000	400,000	500,000
Architectural/Engineering Fees	42,000	168,000	210,000
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	1,193,051	4,772,203	5,965,254
Other Costs To Be Capitalized	453,517	1,506,727	1,960,244
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	2,457,940	9,524,416	11,982,356
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	1,264,889	4,752,213	6,017,102
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)*	1,193,051	4,772,203	5,965,254
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	2,457,940	9,524,416	11,982,356
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

* The dollar amounts listed in this line item represent the actual costs of construction for the portion of the building to be leased by the Applicant.

[This page is intentionally left blank]

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information: Please see Attachment -14.

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.**
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;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing space that results in excess square footage.

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: NOT APPLICABLE; NO PORTION OF THIS PROJECT INVOLVES SERVICES, FUNCTIONS OR EQUIPMENT WITH UTILIZATION STANDARDS OR OCCUPANCY TARGETS
 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	MET 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:

NOT APPLICABLE; THE APPLICANT IS NOT LEASING ANY

Provide the following information:

SHELL SPACE

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF tot 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 are 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:

NOT APPLICABLE; THE APPLICANT IS NOT LEASING ANY SHELL

Submit the following:

SPACE

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.

R. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service Please see Attachment -37.

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
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

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
APPEND DOCUMENTATION AS ATTACHMENT-37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.		

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements NOT APPLICABLE

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 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.

B. Conditions of Debt Financing Please see Attachment -42.

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 Please see Attachment -42.

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

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	21-22
2	Site Ownership	23-39
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	40-41
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	42-43
5	Flood Plain Requirements	44-45
6	Historic Preservation Act Requirements	46-47
7	Project and Sources of Funds Itemization	48-52
8	Obligation Document if required	53-56
9	Cost Space Requirements	57
10	Discontinuation	
11	Background of the Applicant	58-62
12	Purpose of the Project	63-66
13	Alternatives to the Project	67-69
14	Size of the Project	69.5-69.5A
15	Project Service Utilization	
16	Unfinished or Shell Space	70
17	Assurances for Unfinished/Shell Space	71
18	Master Design Project	
19	Mergers, Consolidations and Acquisitions	
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	
21	Comprehensive Physical Rehabilitation	
22	Acute Mental Illness	
23	Neonatal Intensive Care	
24	Open Heart Surgery	
25	Cardiac Catheterization	
26	In-Center Hemodialysis	
27	Non-Hospital Based Ambulatory Surgery	
28	General Long Term Care	
29	Specialized Long Term Care	
30	Selected Organ Transplantation	
31	Kidney Transplantation	
32	Subacute Care Hospital Model	
33	Post Surgical Recovery Care Center	
34	Children's Community-Based Health Care Center	
35	Community-Based Residential Rehabilitation Center	
36	Long Term Acute Care Hospital	
37	Clinical Service Areas Other than Categories of Service	71.5-71.5A
38	Freestanding Emergency Center Medical Services	
	Financial and Economic Feasibility:	
39	Availability of Funds	72-134
40	Financial Waiver	
41	Financial Viability	
42	Economic Feasibility	135-137
43	Safety Net Impact Statement	
44	Charity Care Information	138-139

ATTACHMENT – 2

Proof of Ownership

Per the request of Mike Constantino, the Applicant hereby documents that the ground lease letter of intent and the space lease letter of intent that are included in this Attachment –2 are provided pursuant to the Site Ownership section on page 2 of the certificate of need application. The Applicant submits letters of intent, as permitted by the instructions on page 2 of the application, because drafts of the leases are not yet available.

APPLICANT PROJECT COSTS FORMAT FOR GENESIS MEDICAL OFFICE BUILDING

USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Site Preparation			
Site Design	32,000	128,000	160,000
Site Work	164,225	656,900	821,125
Entry Paving and Monument	88,164	352,656	440,820
Additional Community Parking	760	3,038	3,798
Trails / Other Community Improvements	18,900	75,600	94,500
Detention Pond	21,723	86,895	108,618
Utility Distribution	19,626	78,503	98,129
Concrete Paving	43,795	175,180	218,975
Additional Site Work, Lighting, Landscaping, and Utility Improvements	119,610	478,438	598,048
TOTAL	508,803	2,035,210	2,544,013
New Construction Contracts			
MOB Build Out	160,569	642,276	802,845
TOTAL	160,569	642,276	802,845
Contingencies	100,000	400,000	500,000
Architectural / Engineering Fees	42,000	168,000	210,000
Fair Market Value of Leased Space (See attached breakdown of Frauenshuh costs)	1,193,051	4,772,203	5,965,254
Other Costs to be Capitalized			
Relocation of Radiology Equipment	15,000	0	15,000
Laboratory Relocation and Updating	61,835	0	61,835
I.T. Equipment	100,690	402,761	503,451
FF&E for Leased Space	200,992	803,966	1,004,958

USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
FF&E for Common Areas (Waiting and Conference Rooms)	40,000	160,000	200,000
FF&E for Installation (Moving Costs, Furniture)	35,000	140,000	175,000
TOTAL	453,517	1,506,727	1,960,244
TOTAL USES OF FUNDS	2,457,940	9,524,416	11,982,356

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PROJECT COSTS FORMAT FOR GENESIS MEDICAL OFFICE BUILDING,

NOTE: The bold-faced headings for various project costs are specified by the Illinois CON Program.

	<u>Base Building MOB</u> <u>Core and Shell</u>	<u>Clinical Service</u> <u>Areas</u>	<u>Non-Clinical</u> <u>Service Areas</u>	<u>Total</u>
<u>Pre-Planning Costs</u>				
Architectural Programming Costs				
UBC Special Inspections				
Other (Identify)				
Total Pre-Planning Costs \$	-			
<u>Site Survey and Soil Investigation</u>				
Geotechnical Investigation		1,675.00	6,700.00	8,375.00
Site Survey		1,005.00	4,020.00	5,025.00
Environmental Assessment/Appraisal		2,680.00	10,720.00	13,400.00
Other (Identify)				
Total Site Survey and Soil Investigation \$	-	5,360.00	21,440.00	26,800.00
<u>Site Preparation</u>				
Site Civil/Mechanical Utilities				
Site Electrical Utilities				
Other (Identify)				
Total Site Preparation \$	-			
<u>Off-Site Work</u>				
Paving (includes roadways, drives, sidewalks)				
Exterior Lighting				
Landscaping				
Relocation of Site Utilities				
Vehicle Garage (optional to list here)				
Other (Identify)				
Total Off-Site Work \$	-			
<u>New Construction Contracts</u>				
		997,254.01	3,989,016.05	4,986,270.06
<u>New Construction Contingencies</u>				
		21,142.97	84,571.86	105,714.83
<u>Architectural/Engineering Fees</u>				
		45,694.00	182,776.00	228,470.00
<u>Consulting and Other Fees</u>				
Pre-Construction Services (Identify)				
Design Team Construction Administration				
Architectural Reimbursables		3,387.52	13,550.08	16,937.60
Program Management				
Program Management Reimbursables				
Hazardous Materials Survey				
Environmental Assessment/Appraisals/Geotechnical Reports				
Graphics Design				
Graphics Design Reimbursables				
Medical Equipment Planning				
Medical Equipment Planning Reimbursables				
Shielding Consulting				
Legal Fees		12,060.00	48,240.00	60,300.00
CON Planning and Consultation		6,700.00	26,800.00	33,500.00
CON Application Processing Fee		6,700.00	26,800.00	33,500.00
IDPH Plan Review Fee				
Building Permit Fee				
Materials Testing Fee / Special Inspections				
Leasing & Recruiting Expense		9,503.28	38,013.12	47,516.40
Total Consulting and Other Fees \$	-	38,350.80	153,403.20	191,754.00
<u>Movable or Other Equipment Not in Construction Contracts</u> <u>(Provide Separate List)</u>				
Medical Equipment				
Furniture/Furnishings including Systems/Modular				
Telecom Equipment				
Artwork and Plants				
Signage and Graphics (could be listed under Other Costs)				
Other (Identify)				
Total Movable or Other Equipment Not in Construction Contracts \$	-			

Bond Issuance Expense (Project Related)

IDENTIFY ALL COSTS

- Underwriting fees
- Bond Counsel
- Issuer Fees
- IFA Counsel Fees
- Financial Advisor to Hospital Sisters Services, Inc.
- Auditor Fees
- Underwriter's Counsel
- Trustee
- Printer
- Rating Agencies' Fees
- Other (Identify)

Total Bond Issuance Expense (Project Related) \$ -

Net Interest Expense During Construction

(Project Related)

\$

- 35,462.78 141,851.13 177,313.91
- 35,462.78 141,851.13 177,313.91

Fair Market Value of Leased Space or Equipment

Other Costs to be Capitalized

- Exterior Canopy
- Exterior Canopy Footings
- Temporary Department Relocations
- Moving Costs
- Signage/Graphics (could be listed under FF&E)
- Other (Physician Marketing Reimbursables, Development Reimbursables, Title Fees & Closing, Soft Cost Contingency & Development Overhead)

Total Other Costs to Be Capitalized \$ -

49,786.24 199,144.96 248,931.20
49,786.24 199,144.96 248,931.20

TOTAL PROJECT COST (GHS LEASED PORTION) \$ 5,965,254

1,193,050.80 4,772,203.20 5,965,254.00

ATTACHMENT – 9
Cost Space Requirements

Dept./Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Footage That Is:			
		Existing	Proposed	New Const.	Moder-nized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Convenient Care	376.62	0	3,556	3,556			
Laboratory	429.01	0	1,180	1,180			
General Radiology	405.73	0	515	515			
Pharmacy	376.61	0	1,000	1,000			
Total Clinical*	2,431,054	0	6,251	6,251			
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Office space/part-time physicians	375.60	0	4,040	4,040			
Office space/full-time physicians	375.61	0	20,892	20,892			
DME	375.60	0	500	500			
Total Non-clinical*	9,552,468	0	25,432	25,432			
TOTAL*	11,983,522	0	31,683	31,683			

*Any discrepancies between the total costs identified herein and those on page 5 and Attachment 7 of the Application are due to the use of rounded percentages in calculation.

ATTACHMENT – 14

Size of Project

1. The amount of physical space proposed for the proposed medical office building ("MOB") is necessary and not excessive.

The Applicant's portion of the MOB contains 31,683 gross square feet. 25,432 gross square feet will contain physician office space and space for durable medical equipment ("DME"), both of which are nonclinical areas. The DME space will consist of 500 gross square feet and will be used to store and dispense DME supplies. The majority of the physician office space, 20,892 square feet, will be used to provide offices for the Applicant's full-time employed physicians. 4,040 gross square feet will be provided for office space for the Applicant's part-time employed physicians. The Applicant will be relocating these employed physicians from office locations throughout the Illinois Quad Cities. There is no state standard for physician office space or DME space. The gross square footage proposed to house the physician office space and the DME space is within the industry norms for these types of services.

The remainder of the Applicant's portion of the MOB contains a convenient care clinic (3,556 gross square feet), a pharmacy (1,000 gross square feet), a laboratory primarily for patients of the convenient care clinic (1,180 gross square feet) and an area for general radiology services for patients of the convenient care clinic (515 gross square feet). The radiology and laboratory spaces are contained within the convenient care clinic area (for a total of 5,251 gross square feet in the convenient care clinic area). The Applicant will be relocating all of these services from other locations in the Illinois Quad Cities to the proposed MOB. There are no state standards in Section 1110. Appendix B of the Health Facilities and Services Review Board ("HFSRB") Rules for convenient care clinics, pharmacies and laboratories. There also are no state standards in Appendix B for non-hospital based general radiology services. The gross square footage proposed for each of these areas falls within the industry norms for these types of services.

ATTACHMENT – 14

Size of Project, Continued

2. There are no standards documented in Section 1110. Appendix B of the HFSRB Rules, as none of the services to be provided at the proposed MOB are "Hospital-based Services" or service areas of "Other Facilities" designated in Appendix B.

SIZE OF PROJECT				
DEPARTMENT/ SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Convenient Care	3,556	N/A	N/A	N/A
Office Space/Part-time Physicians	4,040	N/A	N/A	N/A
Office Space/Full-time Physicians	20,892	N/A	N/A	N/A
Pharmacy	1,000	N/A	N/A	N/A
DME	500	N/A	N/A	N/A
Laboratory (for Convenient Care)	1,180	N/A	N/A	N/A
General Radiology (for Convenient Care)	515	N/A	N/A	N/A

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ATTACHMENT – 37

Clinical Service Areas Other than Categories of Service

1. Following statements made by Frank Urso at the March 10, 2009 Health Facilities and Services Review Board ("HFSRB") meeting, Mike Constantino informed us that convenient care clinics, general radiology service areas, pharmacy service areas and a laboratory, none of which are governed under the license of a hospital or other health care facility, are analyzed as clinical service areas by the HFSRB.

2. Changes by service:

Service	# Existing Key Rooms	# Proposed Key Rooms
Convenient Care Clinic	N/A	1 clinic
General Radiology	N/A	1 unit
Pharmacy	N/A	1 pharmacy
Laboratory	N/A	1 laboratory

Please note that the proposed medical office building ("MOB") will be a newly-constructed facility, so the convenient care clinic, general radiology service area, pharmacy and laboratory do not currently exist in this location. However, as discussed further in this application, the Applicant provides each of these services in other locations throughout the Illinois Quad Cities. The Applicant proposes to consolidate these services within the proposed MOB.

3. Mike Constantino advised that, because the Applicant currently provides the services outlined above and is relocating these services, it will be analyzed as a modernization of these services.

The proposed project is necessary to expand the physician services currently provided at the convenient care clinic located at 2350 41st Street in Moline, Illinois and to provide space for a pharmacy serving the convenient care patients. The Applicant began leasing space in the 41st Street building, the current site of the convenient care clinic (including the general radiology services and the laboratory) in August 2005. More recently, patients have had difficulty accessing physician services in the building due to its limited parking and treatment space. Patient waiting areas inside the building have consistently received the lowest score from patients in Press Ganey Surveys as compared to other convenient care clinic waiting areas. More critically, physicians are limited in the size of treatment space, as total treatment space in the 41st Street building is approximately half the size of treatment space in other local convenient care clinics.

Relocating the convenient care clinic, general radiology services and laboratory services, and creating a pharmacy for the proposed medical office building ("MOB") will provide patients with greater access to these services. Patients will benefit from increased access to parking, waiting areas and treatment space. Additionally, the park-like spaces planned for the MOB campus will provide patients with opportunities for exercise and other recreational activities that enhance patient wellness. As the healthcare industry further promotes primary care physician services and patient wellness activities, the proposed relocation and expansion will provide greater access

to such services for the population of the Illinois Quad Cities.

The following table shows historical utilization and projected volume for the existing convenient care clinic (including general radiology services and laboratory services). If the proposed expansion is approved, the Applicant anticipates that the number of patient visits for the Moline convenient care clinic will increase to more closely approximate the patient volume of Genesis' other convenient care clinics, which typically serve between 15,000 and 24,000 patients per year.

**Actual and Projected Patient Visits
For Existing Convenient Care Clinic
(if not relocated)**

	Actual			YTD	Projected**			
	FY 09	FY 10	FY 11	FY 12*	FY 13	FY 14	FY 15	FY 16
Genesis Convenient Care Moline	14,738	14,071	10,945	11,194	11,200	11,200	11,200	11,200

**Annualized based on six months of actual data*

***Projected patient visits if services are not relocated; 15,000 to 24,000 patient visits expected each year if services are relocated to the proposed MOB*

There will be no change in the scope of services provided in the proposed MOB.

The 41st Street building has not been cited for any licensure or fire code deficiencies.

There are no state standards for convenient care clinics, pharmacies and laboratories in Section 1110. Appendix B of the HFSRB Rules. There also are no state standards for non-hospital based general radiology services.

ATTACHMENT – 42
Reasonableness of Project and Related Cost

Attached please find the attestation letter regarding applicable Conditions of Debt Financing as well as the Applicant's Reasonableness of Project and Related Cost table.



June 22, 2012

VIA FEDERAL EXPRESS

Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Second Floor
Springfield, Illinois 62761

Re: Conditions of Debt Financing Attestation – Genesis Health System d/b/a Genesis Medical Center, Illini Campus

Dear Sir or Madam:

In connection with the Genesis Health System d/b/a Genesis Medical Center, Illini Campus ("GHS") Certificate of Need application for the Genesis Medical Park Moline medical office building, I attest to the following as required by 77 Ill. Admin. Code § 1120.140(b)(3):

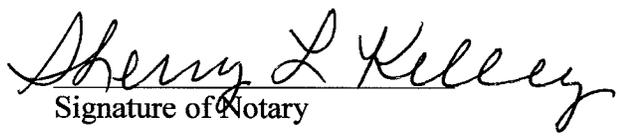
This project shall involve the leasing by GHS of approximately 67% of 47,280 gross square feet in the Genesis Medical Park Moline medical office building. The expenses to be incurred with leasing this portion of the medical office building are less costly than constructing a new medical office building.


Signature

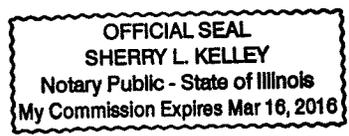
Florence L. Spyrow
Printed Name

President, GMC-Illini
Title

Subscribed and sworn to before me this 22nd day of June, 2012


Signature of Notary

Seal



ATTACHMENT – 42
Reasonableness of Project and Related Cost

The construction and contingency cost per gross square foot is approximately \$41.12. The portions of the project that are deemed to be clinical encompass 6,251 gross square feet, and the portions of the project that are deemed to be nonclinical encompass 25,432 square feet. The construction and contingency costs for the nonclinical portions of the project are \$1,302,845.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE																			
Department (list below)	A		B		C		D		E		F		G		H		Total Cost		
	Cost/Square Foot		Gross Sq. Ft.		Gross Sq. Ft.		Const. \$		Mod. \$		Total Cost (G + H)								
	New	Mod.	New	Circ.	Mod.Circ.														
Convenient Care	25.34		3,556	15%							90,109				90,109				
General Radiology	25.34		515	15%							13,050				13,050				
Laboratory	25.34		1,180	15%							29,901				29,901				
Pharmacy	25.34		1,000	15%							25,340				25,340				
Office space/part-time physicians	25.34		4,040	15%							102,373				102,373				
Office space/full-time physicians	25.34		20,892	15%							529,402				529,402				
DME	25.34		500	15%							12,670				12,670				
Construction Total	25.34		31,683	15%							802,845				802,845				
Contingency	15.78		31,683								500,000				500,000				
TOTALS	41.12		31,683								1,302,845				1,302,845				
*Include the percentage (%) of space for circulation																			