

**ORIGINAL**

14-040

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT**

**RECEIVED**

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

AUG 22 2014

**This Section must be completed for all projects.**

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

**Facility/Project Identification**

Facility Name:	NorthPointe Health and Wellness Campus Free-Standing Emergency Center		
Street Address:	5605 East Rockton Road		
City and Zip Code:	Roscoe 60173		
County:	Winnebago	Health Service Area	1
Health Planning Area:	B-01		

**Applicant /Co-Applicant Identification**

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

Exact Legal Name:	Beloit Health System, Inc.		
Address:	1969 W. Hart Road, Beloit, Wisconsin 53511		
Name of Registered Agent:	Timothy M. McKeveit		
Name of Chief Executive Officer:	Timothy M. McKeveit		
CEO Address:	1969 W. Hart Road, Beloit, Wisconsin 53511		
Telephone Number:	608-364-5104		

**Type of Ownership of Applicant/Co-Applicant**

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

- 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 ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Primary Contact**

[Person to receive ALL correspondence or inquiries)

Name:	Timothy M. McKeveit
Title:	President and Chief Executive Officer
Company Name:	Beloit Health System, Inc. d/b/a Beloit Memorial Hospital
Address:	1969 West Hart Road, Beloit, Wisconsin 53511
Telephone Number:	608-365-5685
E-mail Address:	tmckeveit@beloitmemorialhospital.org
Fax Number:	608-364-5356

**Additional Contact**

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

Name:	Jason W. Dotson, MBA, CMPE
Title:	Vice President of Physician Clinics
Company Name:	Beloit Health System.
Address:	1905 E. Huebbe Parkway, Beloit, Wisconsin 53511
Telephone Number:	608-364-1477
E-mail Address:	jdotson@beloithealthsystem.org
Fax Number:	608-363-7398

**Additional Contact**

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

Name: Edwin W. Parkhurst, Jr.
Title: Managing Principal
Company Name: PRISM Healthcare Consulting, Inc.
Address: 800 Roosevelt Road, Building E, Suite 110, Glen Ellyn, Illinois 60137
Telephone Number: 630-790-5089
E-mail Address: <a href="mailto:eparkhurst@consultprism.com">eparkhurst@consultprism.com</a>
Fax Number: 630-790-2696

**Post Permit Contact (Primary)**

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

Name: Timothy M. McKeveitt
Title: President and Chief Executive Officer
Company Name: Beloit Health Systems, Inc. d/b/a Beloit Memorial Hospital
Address: 1969 W. Hart Road Beloit, Wisconsin 53511
Telephone Number: 609-365-5685
E-mail Address: tmckeveitt@beloitmemorialhospital.org
Fax Number: 608-364-5356

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Beloit Health Systems, Inc. and Beloit Memorial Hospital (d/b/a)
Address of Site Owner: 1969 W. Hart Road Beloit, Wisconsin 53511
Street Address or Legal Description of Site: Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS <u>ATTACHMENT-2</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Operating Identity/Licensee**

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

Exact Legal Name: Beloit Health System, Inc. d/b/a Beloit Memorial Hospital
Address: 1969 W. Hart Road, Beloit, Wisconsin 53511
<input checked="" type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>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.</li> <li>o <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li> </ul>
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Organizational Relationships**

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Post Permit Contact (Secondary)**

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

Name: Jason W. Dotson, MBA, CMPE
Title: Vice President of Physician Clinics
Company Name: Beloit Health System.
Address: 1905 E. Huebbe Parkway, Beloit, Wisconsin 53511
Telephone Number: 608-364-1477
E-mail Address: <a href="mailto:jdotson@beloithealthsystem.org">jdotson@beloithealthsystem.org</a>
Fax Number: 608-363-7398

**Flood Plain Requirements**

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at [www.FEMA.gov](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://www.illinoisfloodmaps.org). **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS **ATTACHMENT-5**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS **ATTACHMENT-6**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**DESCRIPTION OF PROJECT****1. Project Classification**

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

- Substantive  
 Non-substantive

## 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.

Beloit Health System, Beloit, Wisconsin proposes to convert or modernize its existing Immediate Care Center (ICC) at its NorthPointe Health and Wellness Campus at 5605 East Rockton Road, Roscoe, Illinois, to a Freestanding Emergency Center Medical Services Category of Service (FSEC) under Criterion 1110.3230. As required by underlying legislation, a letter of intent was submitted to the IHFSRB on December 5, 2013 (attached).

This existing Center operates as a satellite or division of Beloit Memorial Hospital's Emergency Department; as such, it is staffed by emergency room physicians, emergency department qualified staff, and operates under the same policies and procedures as the Hospital Emergency Department. Hence, it could be considered a de-facto FSEC.

The existing ICC currently has 12 stations which include 4 special-purpose rooms; triage / screening, orthopedic, OB/GYN and ENT. The proposed conversion to an FSEC will have eight each stations which will meet FSEC licensing criteria including an isolation room plus an existing triage room, sexual abuse exam room, and decontamination room. No new space is being developed. This is a modernization project. Clinical modernization costs approximate \$0.54 million with a total project cost approximating \$1.4 million. The project is highly supported by local existing first responders and was pursued at their request.

The Immediate Care Center averaged approximately 9,522 annual visits over the period 2011 to 2013. The patient's severity, as measured by Emergency Department severity levels, approximates the acuity distribution of a hospital based ED, excepting for trauma / ambulance transport cases.

This proposed modernization project will result in a new category of service which must be separately licensed in Illinois; hence, it is substantive by HFSRB criteria.



1969 West Hart Road • Beloit, Wisconsin 53511-2230 • (608) 364-5011  
www.BeloitHealthSystem.org

December 5, 2013

Ms. Courtney R. Avery, Administrator  
Illinois Health Facilities Planning Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Re: Letter of Intent for CON Permit to Establish a Freestanding Emergency Center (FEC) Category of Service and FECMS at NorthPointe, a Health & Wellness Campus, Roscoe, Illinois by Beloit Health System dba Beloit Memorial Hospital, Inc., Beloit, Wisconsin

Dear Ms. Avery:

We appreciate the assistance of Mr. George Roate on November 26, 2013 to clarify the need for this Letter of Intent (LOI) which must be submitted prior to January 1, 2014. The purpose of this LOI, in accordance with PA 097-1112, is to advise the Illinois Health Facilities and Services Review Board and IDPH (by CC) of Beloit Health System's intent to submit a certificate of need permit application to establish a freestanding emergency center (FEC) on Beloit Health System's NorthPointe Health & Wellness Campus in Roscoe, Illinois.

A. Names of the Applicants

The primary applicant for the pending application for permit to establish a free-standing emergency center facility (FEC) category of service and FECMS are Beloit Health System dba Beloit Memorial Hospital (license holder), Beloit, Wisconsin and its Roscoe, Illinois facility dba NorthPointe, a Health and Wellness Campus, Roscoe, Illinois. The proposed FEC name will potentially be named NorthPointe Emergency Center (subject to change).

B. The Site of the Proposed Project and the Name of the Existing Proposed Health Care Facility that Is Being Established, Constructed, or Modified

The proposed FEC will be located in the existing NorthPointe Health and Wellness Campus ambulatory care facility located at 5605 East Rockton Road, Roscoe, Illinois, 60173.

Beloit Health System currently operates an immediate care center in the building; the Immediate Care Center (ICC) is a department of Beloit and will become the FEC pending approval of our CON

**At-Home Healthcare**  
1904 E. Huebbe Parkway  
Beloit, WI - (608) 363-5885

**Beloit Clinic**  
1905 E. Huebbe Parkway  
Beloit, WI - (608) 364-2200

**Clinton Clinic**  
307 Ogden Avenue  
Clinton, WI - (608) 676-2206

**Darien Clinic**  
300 N. Walworth Street  
Darien, WI - (262) 882-1151

**Janesville Clinic**  
1321 Creston Park  
Janesville, WI - (608) 757-1217

**NorthPointe Health & Wellness Campus**  
5605 E. Rockton Road  
Roscoe, IL - (815) 525-4000

**NorthPointe Terrace**  
5601 E. Rockton Road  
Roscoe, IL - (815) 525-4800

**Occupational Health Sports & Family Medicine Center**  
1650 Lee Lane  
Beloit, WI - (608) 362-0211

**Riverside Terrace**  
3055 S. Riverside Dr.  
Beloit, WI - (608) 365-7222

**West Side Clinic**  
1735 Madison Road  
Beloit, WI - (608) 363-7510

Permit Application. At the time an FEC permit is approved, necessary modernization is completed, and a license is subsequently issued, the existing ICC is proposed to be renamed the NorthPointe Emergency Center (subject to change).

C. A Brief Description of the Transaction, including the Number of Beds or Stations Involved, Categories of Service Involved, the Estimated Cost of the Project, the Approximate Square Footage Being Added or Modernized and the Date the Application will be Submitted.

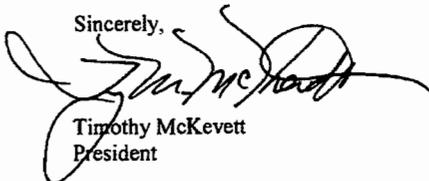
Beloit Health System dba Beloit Memorial Hospital, Inc. proposes to establish an FEC Category of Service at the NorthPointe Health and Wellness Campus; the FEC will be developed through modernizing the existing Immediate Care Center which currently has 10 exam/treatment stations on an annual utilization approximating 10,000 visits. The existing space will be allocated both immediate care services as well as FEC services; the proposed FEC program is expected to have approximately 5,000 bgsf; the project cost for modernization has not yet been determined. The application is expected to be filed in the first quarter of 2014.

D. If the Project is for the Discontinuation of the Facility or Category of Service, the Reason for the Discontinuation and the Proposed Discontinuation Date.

Not applicable; the associated permit application is not for the discontinuation of a facility or category of service. It is to establish an FEC by modernizing the existing, non-licensed, ICC.

We look forward to working with you and your staff if we require technical assistance on this project. If you have any questions about this Letter of Intent or other issues related to this filing, please contact Jason Dotson at Beloit Memorial Hospital at 608-364-1477 or [jdotson@beloithealthsystem.org](mailto:jdotson@beloithealthsystem.org).

Sincerely,

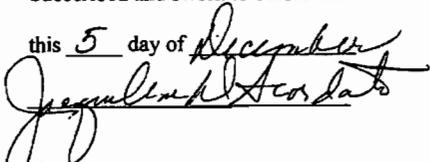


Timothy McKeve  
President

CC: David Carvalho, Deputy Director, IDPH  
Mike Constantino, Head, IHFSRB Review Section  
George Roate, IHFSRB Review Staff

Notarization:

Subscribed and sworn to before me

this 5 day of December  


JACQUELINE D. SCORDATO  
NOTARY PUBLIC  
STATE OF WISCONSIN

ASTC Support Letters

List of Attached Letters

South Beloit Fire	(Placeholder)
Harlem-Roscoe Fire Protection District #1	Donald Shoenlin, Fire Chief
Rockton Fire Protection District	Kirk R. Wilson, Fire Chief
Roscoe Area Chamber of Commerce	Mickey Heinzerth, Executive Director
Rockton Chamber of Commerce	Dennis McCorkle, President
Roscoe Methodist	Rev. Dr. Paul C. Meyers, Head Chaplain

South Beloit Fire Protection  
Support Letter Placeholder

HARLEM-ROSCOE  
FIRE PROTECTION DISTRICT #1

Donald Shoevlin  
Fire Chief

P.O. BOX 450 \* ROSCOE, ILLINOIS 61073-0450  
Administration # (815) 623-7867 Fax # (815) 623-8831

July 14, 2014

Tim McKeveatt  
Beloit Health Systems  
1969 W Hart Road  
Beloit WI 53511

Mr. McKeveatt,

On behalf of the fire protection district, I am writing to express my support of the development of a free-standing emergency center on the NorthPointe campus located in Roscoe Illinois. This campus is located in our fire district.

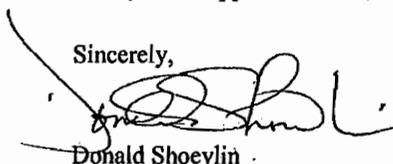
Timely access to healthcare, especially emergency medical services is vital to a community and its quality of life. Beloit Memorial Hospital, Inc. has continually demonstrated its commitment to providing high-quality emergency services to all regional residents. This has become more evident with the completion of this campus, as well as the state of the art facility they have put in service, then staffing it with dedicated and professional personnel.

Our fire protection district along with the region has seen substantial population growth. This growth has increased the demand for emergency services. As a direct result of growth, increased call volume and roadway traffic congestion has reduced first responder times. The possibility of a FEC will have a direct effect in reducing times by providing a facility closer which will keep our ACLS units in the district to benefit the resident's. Access to vital community based emergency services will be enhanced.

NorthPointe and Beloit Memorial Hospital already provide valuable health and wellness resources to the community and region. Adding a free-standing emergency center (FEC) will make our area a safer and healthier place to live.

I ask you to support this addition to the emergency care resources.

Sincerely,



Donald Shoevlin

*Protection of Life and Property is our Business*



## Rockton Fire Protection District



201 N. Blackhawk Blvd.  
Rockton, IL 61072

Kirk R. Wilson  
Fire Chief

Administration: 815-624-6010  
Fax: 815-624-7825

Date: July 15, 2014

To: Tim McKeveitt, System President  
NorthPointe Health & Wellness

From: Kirk Wilson, Chief

Re: Free Standing Emergency Center

Dear Mr. McKeveitt,

It has come to my attention that NorthPointe Health & Wellness is investigating the possibility of opening a Free Standing Emergency Center. It is my belief that the residents within the Rockton Fire Protection District who frequent Beloit Hospital would benefit from this facility. It is also our policy that we transport critically ill patients to the closest medical facility improving their chance of survival and quality of life.

First and foremost, the ambulance transport times to this emergency facility would be cut dramatically. This would be a tremendous benefit to our customers by providing a much closer emergency room facility and reducing lengthily ambulance transport times to other area health care facilities.

At this time, I would like to give my support to NorthPointe and hope that the reality of this project graces our community. If you should have any questions, please feel free to contact during business hours.

Respectfully Submitted,

Kirk Wilson, Chief  
Rockton Fire Protection District

*"Loyalty-Pride-Tradition"*



Timothy McKeveatt, President & CEO  
Beloit Health System  
1969 W. Hart Road  
Beloit, WI 53511

Dear Mr. McKeveatt,

I am pleased to provide a letter expressing my support for the proposed Free Standing Emergency Center project for the NorthPointe Health & Wellness Campus.

It is my hope that the State of Illinois' Health Facilities Planning Commission will approve this important project to allow the NorthPointe Campus the ability to include a 24 Hour Emergency Center.

This project supported by both local Fire Chiefs, Don Shoefflin (Roscoe) & Kirk Wilson (Rockton), will keep our local ambulances from traveling long distances to the closest hospitals (Rockford & Beloit), therefore offering a quicker response time.

A 24 Hour Emergency Center at the NorthPointe Campus would also provide local residents a closer option for emergency medical care. Currently, some have to travel at least 30 minutes to reach a hospital (myself included), this option would cut that travel time by 20 minutes. The center would also create new jobs in the community.

The new 24 Hour Emergency Center would be an asset to our community and will provide a valuable service locally and to surrounding areas. I look forward to learning of approval being granted for this project.

Sincerely,

A handwritten signature in black ink, appearing to read "Mickey Heinzeroth", written in a cursive style.

Mickey Heinzeroth,  
Executive Director  
Roscoe Area Chamber of Commerce

5310 Williams Dr • Roscoe • Illinois • 61073 • 815-623-9065 • Fax 815-623-1755 • info@roscoechamber.com



**ROCKTON CHAMBER OF COMMERCE**

330 E. MAIN ST. #700 ROCKTON, IL 61072  
O: (815)624.7625 F: (815)624.7385  
ROCKTONCHAMBER.COM

8/1/14

Mr. Tim McKeveitt  
CEO & President  
Beloit Health System  
1969 W. Hart Road  
Beloit, WI 53511

Dear Mr. McKeveitt,

As President of the Rockton Chamber of Commerce, I have seen the positive impact NorthPointe is making in our resident's quality of life. NorthPointe/Beloit Health System is a strong community supporter; their presence here continues to be good for both local business and our customers. I believe that having NorthPointe's staff available twenty-four hours, seven days a week to care for people would benefit us locally.

I am in of support of NorthPointe Immediate Care becoming a free standing emergency center!

Sincerely,

Dennis McCorkle  
President  
Rockton Chamber of Commerce  
[www.rocktonchamber.com](http://www.rocktonchamber.com)

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DEVELOP. SUPPORT. SUSTAIN.



August 1, 2014

Mr. Tim McKeve  
CEO & President  
Beloit Health System  
1969 W. Hart Road  
Beloit, WI 53511

Dear Mr. McKeve,

As Head Chaplain for the Harlem Roscoe Fire Protection District and Roscoe Police Department, I have been witness to the ever growing number of emergency response calls in our district and communities. Having been in the area for over four years now, I have also witnessed the positive impact NorthPointe is making in the community, in all aspects of health care; prevention through long term assisted living and care.

NorthPointe/Beloit Health System is a strong and positive influence in our community. To have the service of a 24/7 Free Standing Emergency Center in this close proximity to the emergent needs would be a great benefit to our community. The conversion of the NorthPointe/Beloit Health System Immediate Care into a 24/7 Free Standing Emergency Center is a very good idea.

I am in of support of NorthPointe Immediate Care becoming a 24/7 Free Standing Emergency Center.

Sincerely,

Rev. Dr. Paul C. Meyers  
Head Chaplain  
Harlem Roscoe Fire Department  
Roscoe Police Department

Connect ♦ Grow ♦ Serve  
10816 Main St. Box 738 Roscoe, Illinois 61073 Phone 815-623-2292 Fax 815-623-2888  
[www.roscoeumc.org](http://www.roscoeumc.org)

**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.

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Preplanning Costs	\$18,000	\$7,000	\$25,000
Site Survey and Soil Investigation	2,500	2,500	5,000
Site Preparation	--	2,100	2,100
Off Site Work	--	72,191	72,191
New Construction Contracts (Bldg. Only)	--	--	0
Modernization Contracts	219,657	649,404	869,061
Contingencies	21,966	64,940	86,906
Architectural/Engineering Fees	23,920	70,720	94,640
Consulting and Other Fees	40,000	17,500	57,500
Movable or Other Equipment (not in construction contracts)	205,000	--	205,000
Bond Issuance Expense (project related)	--	--	--
Net Interest Expense During Construction (project related)	--	--	--
Fair Market Value of Leased Space or Equipment	--	--	--
Other Costs To Be Capitalized	12,500	12,500	25,000
Acquisition of Building or Other Property (excluding land)	--	--	--
<b>TOTAL USES OF FUNDS</b>	<b>\$543,543</b>	<b>\$898,855</b>	<b>\$1,442,398</b>
<b>SOURCE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Cash and Securities	\$543,543	\$898,855	\$1,442,398
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$543,543</b>	<b>\$898,855</b>	<b>\$1,442,398</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

**Note: See Attachment 7, Project Costs and Services, Itemization / Allocation for detail.**

**Related Project Costs**

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

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$ _____		
Fair Market Value: \$ _____		

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

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

Estimated start-up costs and operating deficit cost is \$ 55,000. The project proposes to convert an existing service to a FSEC Category of Service. Hence, there are minimal start-up costs.

**Project Status and Completion Schedules**

<b>For facilities in which prior permits have been issued please provide the permit numbers.</b>
Indicate the stage of the project's architectural drawings:
<input type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary <input checked="" type="checkbox"/> Schematics <input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>December 15 2017 *</u>
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed. <input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies <input checked="" type="checkbox"/> Project obligation will occur after permit issuance.
<b>APPEND DOCUMENTATION AS <u>ATTACHMENT-8</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>

**State Agency Submittals (Not Applicable, Out of State Hospital)**

Are the following submittals up to date as applicable:
<input checked="" type="checkbox"/> Cancer Registry <input type="checkbox"/> APORS (NA) <input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted <input checked="" type="checkbox"/> All reports regarding outstanding permits <b>Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.</b>

\* The seemingly long completion schedule is due to phased construction in and around an existing department which must remain operational.

**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
<b>REVIEWABLE</b>							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
<b>NON REVIEWABLE</b>							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
<b>TOTAL</b>							

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

**Facility Bed Capacity and Utilization**

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

<b>FACILITY NAME:</b> Beloit Memorial Hospital		<b>CITY:</b> Beloit, Wisconsin			
<b>REPORTING PERIOD DATES:</b> From: 1/1/2013 to: 12/31/2013					
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days</b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
Medical/Surgical	256	3,104	12,544	0	256
Obstetrics	-	298	1,366		-
Pediatrics	-	94	165		-
Intensive Care	-	402	1,796		-
Comprehensive Physical Rehabilitation	-				-
Acute/Chronic Mental Illness	-				-
Neonatal Intensive Care	-				-
General Long Term Care	-				-
Specialized Long Term Care	-				-
Long Term Acute Care	-				-
Other ((identify))	-				-
<b>TOTALS:</b>	<b>256</b>	<b>3,898</b>	<b>15,871</b>	<b>0</b>	<b>256</b>

**Facility Bed Capacity and Utilization**

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

<b>FACILITY NAME:</b> Beloit Memorial Hospital		<b>CITY:</b> Beloit, Wisconsin			
<b>REPORTING PERIOD DATES:</b> From: 1/1/2012 to: 12/31/2012					
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days</b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
Medical/Surgical	256	2,647	12,886	0	256
Obstetrics	-	672	1,479	-	-
Pediatrics	-	124	223	-	-
Intensive Care	-	552	1,767	-	-
Comprehensive Physical Rehabilitation	-	-	-	-	-
Acute/Chronic Mental Illness	-	-	-	-	-
Neonatal Intensive Care	-	-	-	-	-
General Long Term Care	-	-	-	-	-
Specialized Long Term Care	-	-	-	-	-
Long Term Acute Care	-	-	-	-	-
Other ((identify))	-	-	-	-	-
<b>TOTALS:</b>	<b>256</b>	<b>3,995</b>	<b>16,355</b>	<b>0</b>	<b>256</b>

**CERTIFICATION**

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

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

  
SIGNATURE

Timothy M. McKeve  
PRINTED NAME

President and Chief Executive Officer  
Beloit Health System, Inc.  
PRINTED TITLE

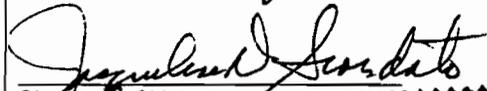
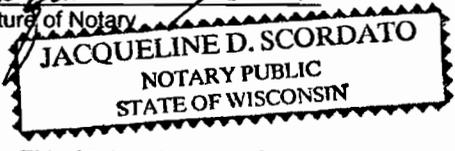
  
SIGNATURE

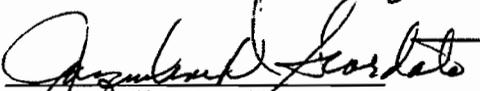
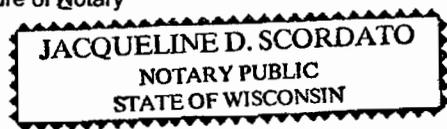
William Groeper  
PRINTED NAME

Vice President  
Beloit Health System, Inc.  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 19 day of August

Notarization:  
Subscribed and sworn to before me  
this 19 day of August

  
Signature of Notary  
Seal 

  
Signature of Notary  
Seal 

\*Insert EXACT legal name of the applicant

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:

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15	Project Service Utilization	68
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18	Master Design Project	NA
19	Mergers, Consolidations and Acquisitions	NA
	<b>Service Specific:</b>	
20	Medical Surgical Pediatrics, Obstetrics, ICU	NA
21	Comprehensive Physical Rehabilitation	NA
22	Acute Mental Illness	NA
23	Neonatal Intensive Care	NA
24	Open Heart Surgery	NA
25	Cardiac Catheterization	NA
26	In-Center Hemodialysis	NA
27	Non-Hospital Based Ambulatory Surgery	NA
28	Selected Organ Transplantation	NA
29	Kidney Transplantation	NA
30	Subacute Care Hospital Model	NA
31	Children's Community-Based Health Care Center	NA
32	Community-Based Residential Rehabilitation Center	NA
33	Long Term Acute Care Hospital	NA
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	<b>Financial and Economic Feasibility:</b>	
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ILLINOIS HEALTH FACILITIES  
AND  
SERVICES REVIEW BOARD  
  
APPLICATION FOR PERMIT  
  
TO  
  
MODERNIZE THE EXISTING  
IMMEDIATE CARE CENTER  
  
TO ESTABLISH A  
FREE-STANDING EMERGENCY CENTER  
  
CATEGORY OF SERVICE  
  
AT  
  
NORTHPOINTE HEALTH AND WELLNESS CAMPUS  
  
ROSCOE, ILLINOIS

By

BELOIT HEALTH SYSTEM, INC.  
BELOIT, WISCONSIN

August 20, 2014



Operated by Beloit Memorial Hospital

1969 West Hart Road • Beloit, Wisconsin 53511-2230 • (608) 364-5011  
www.BeloitHealthSystem.org

August 19, 2014

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

Re: NorthPointe Health and Wellness Campus, Roscoe, Illinois  
Immediate Care Center Modernization  
CON Permit Application to Establish a  
Freestanding Emergency Care Category of Service

Dear Ms. Avery:

Our NorthPointe Immediate Care Center (ICC), Roscoe, Illinois, completed its first full year of operation in 2008. It operates as a satellite of the Beloit Memorial Hospital Emergency Department and adheres to Hospital policies, procedures, and staffing, although with limited hours.

Over the last few years, local emergency medical service providers, ambulance providers, and fire districts have encouraged the conversion of our NorthPointe ICC into a freestanding emergency center (FSEC) so ambulance transports can be accepted and thereby retain more timely ambulance access in the Roscoe, Rockton, South Beloit, Illinois areas given that, if any ambulance transport is necessary to a Rockford hospital, the respective emergency vehicle can be out of the area for an hour or more. An FSEC at NorthPointe would improve access by providing local facility-based emergency medical services, patient stabilization, and more routine transfer to a hospital, if and when required.

Given the existing ICC operates as a satellite of Beloit Memorial Hospital's Emergency

**At-Home Healthcare**  
1904 E. Huebbe Parkway  
Beloit, WI • (608) 363-5885

**Beloit Clinic**  
1905 E. Huebbe Parkway  
Beloit, WI • (608) 364-2200

**Clinton Clinic**  
307 Ogden Avenue  
Clinton, WI • (608) 676-2206

**Darien Clinic**  
300 N. Walworth Street  
Darien, WI • (262) 882-1151

**Janesville Clinic**  
1321 Creston Park  
Janesville, WI • (608) 757-1217

**NorthPointe Health &  
Wellness Campus**  
5605 E. Rockton Road  
Roscoe, IL • (815) 525-4000

**NorthPointe Terrace**  
5601 E. Rockton Road  
Roscoe, IL • (815) 525-4800

**Occupational Health Sports  
& Family Medicine Center**  
1650 Lee Lane  
Beloit, WI • (608) 362-0711

**Riverside Terrace**  
3055 S. Riverside Dr.  
Beloit, WI • (608) 365-7222

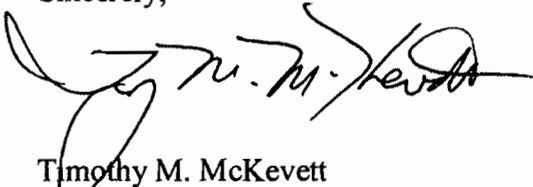
**West Side Clinic**  
1735 Madison Road  
Beloit, WI • (608) 363-7510

Department, it can be considered a de-facto FSEC, but requires a CON permit and ultimately a license to be officially viewed as such.

Enclosed is a check in the amount of \$2,500.00 as an initial processing fee. The clinical cost to modernize the existing ICC into an 8-station FSEC, as proposed, is approximately \$540,000. We believe such a minimal investment will greatly improve access to facility-based emergency medical services (emergency trained physicians, other emergency staff / care-givers, imaging services, laboratory services, and potential aero-transport services), as well as support for locally-based first responders.

We look forward to working with your staff on this important community project. I can be reached at 608-365-5685 or by e-mail at [tmckevett@beloitmemorialhospital.org](mailto:tmckevett@beloitmemorialhospital.org).

Sincerely,



Timothy M. McKeve  
President and Chief Executive Officer  
Beloit Health System, Inc.

CC: Mike Constantino, Supervisor, Project Review Section  
Ed Parkhurst, PRISM Healthcare Consulting

Enclosure: Check # 6028191



1969 West Hart Road  
 Beloit, WI 53511  
 Tax ID# 39-1028081  
 Tax Exempt  
 Certificate # ES 4950  
 (608) 364-5136

JP Morgan Chase Bank, N.A.  
 Milwaukee, WI

ACCOUNTS PAYABLE ACCOUNT  
 CHECK NO. **6028191**  
 VENDOR NO. 200808

12-1/750

Two Thousand Five Hundred Dollars And 00 Cents

DATE: Aug 15, 2014  
 AMOUNT: \$2,500.00

PAY TO THE ORDER OF

Illinois Dept of Public Health  
 HEALTH CARE FACILITIES  
 525 W JEFFERSON ST, FOURTH FLOOR  
 SPRINGFIELD, IL 62761-0001

⑈602819⑈ ⑆0750000⑆9⑆ 934904939⑈

Beloit Memorial Hospital	Payment Number	Check Date	Check Number			
200808 Illinois Dept of Public Health	0000055197	08/15/2014	6028191			
Voucher Number	Invoice Number	Invoice Date	Description	Net Paid Amt	Discount Taken	Net Check Amt
0000067851	FSEC/2014	08/15/2014		\$2,500.00	\$0.00	\$2,500.00

TOTALS: \$2,500.00 \$0.00 \$2,500.00

Beloit Memorial Hospital	Payment Number	Check Date	Check Number			
200808 Illinois Dept of Public Health	0000055197	08/15/2014	6028191			
Voucher Number	Invoice Number	Invoice Date	Description	Net Paid Amt	Discount Taken	Net Check Amt
0000067851	FSEC/2014	08/15/2014		\$2,500.00	\$0.00	\$2,500.00

TOTALS: \$2,500.00 \$0.00 \$2,500.00

Beloit Health System FSEC CON Permit Application  
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**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT**

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

**This Section must be completed for all projects.**

**Facility/Project Identification**

Facility Name: NorthPointe Health and Wellness Campus Free-Standing Emergency Center			
Street Address: 5605 East Rockton Road			
City and Zip Code: Roscoe 60173			
County: Winnebago	Health Service Area	1	Health Planning Area: B-01

**Applicant /Co-Applicant Identification**

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

Exact Legal Name: Beloit Health System, Inc.	
Address: 1969 W. Hart Road, Beloit, Wisconsin 53511	
Name of Registered Agent: Timothy M. McKeveitt	
Name of Chief Executive Officer: Timothy M. McKeveitt	
CEO Address: 1969 W. Hart Road, Beloit, Wisconsin 53511	
Telephone Number: 608-364-5104	

**Type of Ownership of Applicant/Co-Applicant**

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

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

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

**Primary Contact**

**[Person to receive ALL correspondence or inquiries)**

Name: Timothy M. McKeveitt
Title: President and Chief Executive Officer
Company Name: Beloit Health System, Inc. d/b/a Beloit Memorial Hospital
Address: 1969 West Hart Road, Beloit, Wisconsin 53511
Telephone Number: 608-365-5685
E-mail Address: <a href="mailto:tmckeveitt@beloitmemorialhospital.org">tmckeveitt@beloitmemorialhospital.org</a>
Fax Number: 608-364-5356

**Additional Contact**

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

Name: Jason W. Dotson, MBA, CMPE
Title: Vice President of Physician Clinics
Company Name: Beloit Health System.
Address: 1905 E. Huebbe Parkway, Beloit, Wisconsin 53511
Telephone Number: 608-364-1477
E-mail Address: <a href="mailto:jdotson@beloithealthsystem.org">jdotson@beloithealthsystem.org</a>
Fax Number: 608-363-7398

**Additional Contact**

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

Name: Edwin W. Parkhurst, Jr.
Title: Managing Principal
Company Name: PRISM Healthcare Consulting, Inc.
Address: 800 Roosevelt Road, Building E, Suite 110, Glen Ellyn, Illinois 60137
Telephone Number: 630-790-5089
E-mail Address: <a href="mailto:eparkhurst@consultprism.com">eparkhurst@consultprism.com</a>
Fax Number: 630-790-2696

**Post Permit Contact (Primary)**

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

Name: Timothy M. McKeveitt
Title: President and Chief Executive Officer
Company Name: Beloit Health Systems, Inc. d/b/a Beloit Memorial Hospital
Address: 1969 W. Hart Road Beloit, Wisconsin 53511
Telephone Number: 609-365-5685
E-mail Address: <a href="mailto:tmckeveitt@beloitmemorialhospital.org">tmckeveitt@beloitmemorialhospital.org</a>
Fax Number: 608-364-5356

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Beloit Health Systems, Inc. and Beloit Memorial Hospital (d/b/a)
Address of Site Owner: 1969 W. Hart Road Beloit, Wisconsin 53511
Street Address or Legal Description of Site: <b>Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.</b>
<b>APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>

**Operating Identity/Licensee**

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

Exact Legal Name: Beloit Health System, Inc. d/b/a Beloit Memorial Hospital
Address: 1969 W. Hart Road, Beloit, Wisconsin 53511
<input checked="" type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>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.</li> <li>o <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li> </ul>
<b>APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>

**Organizational Relationships**

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

<b>APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>
---

**Post Permit Contact (Secondary)**

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

Name: Jason W. Dotson, MBA, CMPE
Title: Vice President of Physician Clinics
Company Name: Beloit Health System.
Address: 1905 E. Huebbe Parkway, Beloit, Wisconsin 53511
Telephone Number: 608-364-1477
E-mail Address: <a href="mailto:jdotson@beloithealthsystem.org">jdotson@beloithealthsystem.org</a>
Fax Number: 608-363-7398

**Flood Plain Requirements**

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at [www.FEMA.gov](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://www.illinoisfloodmaps.org). **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**DESCRIPTION OF PROJECT**

**1. Project Classification**

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

Substantive

Non-substantive

## 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.

Beloit Health System, Beloit, Wisconsin proposes to convert or modernize its existing Immediate Care Center (ICC) at its NorthPointe Health and Wellness Campus at 5605 East Rockton Road, Roscoe, Illinois, to a Freestanding Emergency Center Medical Services Category of Service (FSEC) under Criterion 1110.3230. As required by underlying legislation, a letter of intent was submitted to the IHFSRB on December 5, 2013 (attached).

This existing Center operates as a satellite or division of Beloit Memorial Hospital's Emergency Department; as such, it is staffed by emergency room physicians, emergency department qualified staff, and operates under the same policies and procedures as the Hospital Emergency Department. Hence, it could be considered a de-facto FSEC.

The existing ICC currently has 12 stations which include 4 special-purpose rooms; triage / screening, orthopedic, OB/GYN and ENT. The proposed conversion to an FSEC will have eight each stations which will meet FSEC licensing criteria including an isolation room plus an existing triage room, sexual abuse exam room, and decontamination room. No new space is being developed. This is a modernization project. Clinical modernization costs approximate \$0.54 million with a total project cost approximating \$1.4 million. The project is highly supported by local existing first responders and was pursued at their request.

The Immediate Care Center averaged approximately 9,522 annual visits over the period 2011 to 2013. The patient's severity, as measured by Emergency Department severity levels, approximates the acuity distribution of a hospital based ED, excepting for trauma / ambulance transport cases.

This proposed modernization project will result in a new category of service which must be separately licensed in Illinois; hence, it is substantive by HFSRB criteria.



1969 West Hart Road • Beloit, Wisconsin 53511-2230 • (608) 364-5011  
www.BeloitHealthSystem.org

December 5, 2013

Ms. Courtney R. Avery, Administrator  
Illinois Health Facilities Planning Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Re: Letter of Intent for CON Permit to Establish a Freestanding Emergency Center (FEC) Category of Service and FECMS at NorthPointe, a Health & Wellness Campus, Roscoe, Illinois by Beloit Health System dba Beloit Memorial Hospital, Inc., Beloit, Wisconsin

Dear Ms. Avery:

We appreciate the assistance of Mr. George Roate on November 26, 2013 to clarify the need for this Letter of Intent (LOI) which must be submitted prior to January 1, 2014. The purpose of this LOI, in accordance with PA 097-1112, is to advise the Illinois Health Facilities and Services Review Board and IDPH (by CC) of Beloit Health System's intent to submit a certificate of need permit application to establish a freestanding emergency center (FEC) on Beloit Health System's NorthPointe Health & Wellness Campus in Roscoe, Illinois.

A. Names of the Applicants

The primary applicant for the pending application for permit to establish a free-standing emergency center facility (FEC) category of service and FECMS are Beloit Health System dba Beloit Memorial Hospital (license holder), Beloit, Wisconsin and its Roscoe, Illinois facility dba NorthPointe, a Health and Wellness Campus, Roscoe, Illinois. The proposed FEC name will potentially be named NorthPointe Emergency Center (subject to change).

B. The Site of the Proposed Project and the Name of the Existing Proposed Health Care Facility that Is Being Established, Constructed, or Modified

The proposed FEC will be located in the existing NorthPointe Health and Wellness Campus ambulatory care facility located at 5605 East Rockton Road, Roscoe, Illinois, 60173.

Beloit Health System currently operates an immediate care center in the building; the Immediate Care Center (ICC) is a department of Beloit and will become the FEC pending approval of our CON

**At-Home Healthcare**  
1904 E. Huebbe Parkway  
Beloit, WI • (608) 363-5885

**Beloit Clinic**  
1905 E. Huebbe Parkway  
Beloit, WI • (608) 364-2200

**Clinton Clinic**  
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Clinton, WI • (608) 676-2206

**Darien Clinic**  
300 N. Walworth Street  
Darien, WI • (262) 882-1151

**Janesville Clinic**  
1321 Creston Park  
Janesville, WI • (608) 757-1217

**NorthPointe Health & Wellness Campus**  
5605 E. Rockton Road  
Roscoe, IL • (815) 525-4000

**NorthPointe Terrace**  
5601 E. Rockton Road  
Roscoe, IL • (815) 525-4800

**Occupational Health Sports & Family Medicine Center**  
1650 Lee Lane  
Beloit, WI • (608) 362-0211

**Riverside Terrace**  
3055 S. Riverside Dr.  
Beloit, WI • (608) 365-7222

**West Side Clinic**  
1735 Madison Road  
Beloit, WI • (608) 363-7510

Permit Application. At the time an FEC permit is approved, necessary modernization is completed, and a license is subsequently issued, the existing ICC is proposed to be renamed the NorthPointe Emergency Center (subject to change).

C. A Brief Description of the Transaction, including the Number of Beds or Stations Involved, Categories of Service Involved, the Estimated Cost of the Project, the Approximate Square Footage Being Added or Modernized and the Date the Application will be Submitted.

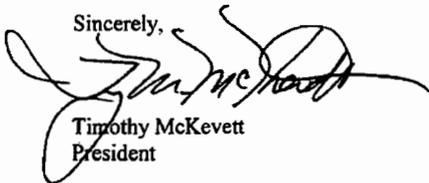
Beloit Health System dba Beloit Memorial Hospital, Inc. proposes to establish an FEC Category of Service at the NorthPointe Health and Wellness Campus; the FEC will be developed through modernizing the existing Immediate Care Center which currently has 10 exam/treatment stations on an annual utilization approximating 10,000 visits. The existing space will be allocated both immediate care services as well as FEC services; the proposed FEC program is expected to have approximately 5,000 bgsf; the project cost for modernization has not yet been determined. The application is expected to be filed in the first quarter of 2014.

D. If the Project is for the Discontinuation of the Facility or Category of Service, the Reason for the Discontinuation and the Proposed Discontinuation Date.

Not applicable; the associated permit application is not for the discontinuation of a facility or category of service. It is to establish an FEC by modernizing the existing, non-licensed, ICC.

We look forward to working with you and your staff if we require technical assistance on this project. If you have any questions about this Letter of Intent or other issues related to this filing, please contact Jason Dotson at Beloit Memorial Hospital at 608-364-1477 or [jdotson@beloithealthsystem.org](mailto:jdotson@beloithealthsystem.org).

Sincerely,

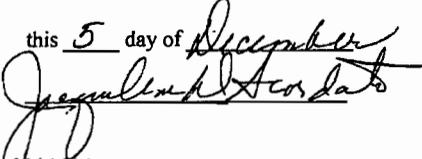


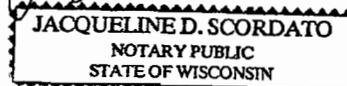
Timothy McKeve  
President

CC: David Carvalho, Deputy Director, IDPH  
Mike Constantino, Head, IHFSRB Review Section  
George Roate, IHFSRB Review Staff

Notarization:

Subscribed and sworn to before me

this 5 day of December  




ASTC Support Letters

List of Attached Letters

South Beloit Fire	(Placeholder)
Harlem-Roscoe Fire Protection District #1	Donald Shoevlin, Fire Chief
Rockton Fire Protection District	Kirk R. Wilson, Fire Chief
Roscoe Area Chamber of Commerce	Mickey Heinzeroth, Executive Director
Rockton Chamber of Commerce	Dennis McCorkle, President
Roscoe Methodist	Rev. Dr. Paul C. Meyers, Head Chaplain

South Beloit Fire Protection  
Support Letter Placeholder

HARLEM-ROSCOE  
FIRE PROTECTION DISTRICT #1

Donald Shoefflin  
Fire Chief

P.O. BOX 450 \* ROSCOE, ILLINOIS 61073-0450  
Administration # (815) 623-7867 Fax # (815) 623-8831

July 14, 2014

Tim McKevevtt  
Beloit Health Systems  
1969 W Hart Road  
Beloit WI 53511

Mr. McKevevtt,

On behalf of the fire protection district, I am writing to express my support of the development of a free-standing emergency center on the NothPointe campus located in Roscoe Illinois. This campus is located in our fire district.

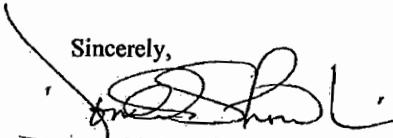
Timely access to healthcare, especially emergency medical services is vital to a community and its quality of life. Beloit Memorial Hospital, Inc. has continually demonstrated its commitment to providing high-quality emergency services to all regional residents. This has become more evident with the completion of this campus, as well as the state of the art facility they have put in service, then staffing it with dedicated and professional personnel.

Our fire protection district along with the region has seen substantial population growth. This growth has increased the demand for emergency services. As a direct result of growth, increased call volume and roadway traffic congestion has reduced first responder times. The possibility of a FEC will have a direct effect in reducing times by providing a facility closer which will keep our ACLS units in the district to benefit the resident's. Access to vital community based emergency services will be enhanced.

NorthPointe and Beloit Memorial Hospital already provide valuable health and wellness resources to the community and region. Adding a free-standing emergency center (FEC) will make our area a safer and healthier place to live.

I ask you to support this addition to the emergency care resources.

Sincerely,



Donald Shoefflin

*Protection of Life and Property is our Business*



## Rockton Fire Protection District



201 N. Blackhawk Blvd.  
Rockton, IL 61072

Kirk R. Wilson  
Fire Chief

Administration: 815-624-6010  
Fax: 815-624-7825

Date: July 15, 2014

To: Tim McKeveitt, System President  
NorthPointe Health & Wellness

From: Kirk Wilson, Chief

Re: Free Standing Emergency Center

Dear Mr. McKeveitt,

It has come to my attention that NorthPointe Health & Wellness is investigating the possibility of opening a Free Standing Emergency Center. It is my belief that the residents within the Rockton Fire Protection District who frequent Beloit Hospital would benefit from this facility. It is also our policy that we transport critically ill patients to the closest medical facility improving their chance of survival and quality of life.

First and foremost, the ambulance transport times to this emergency facility would be cut dramatically. This would be a tremendous benefit to our customers by providing a much closer emergency room facility and reducing lengthily ambulance transport times to other area health care facilities.

At this time, I would like to give my support to NorthPointe and hope that the reality of this project graces our community. If you should have any questions, please feel free to contact during business hours.

Respectfully Submitted,

Kirk Wilson, Chief  
Rockton Fire Protection District

*"Loyalty - Pride - Tradition"*



Timothy McKeveatt, President & CEO  
Beloit Health System  
1969 W. Hart Road  
Beloit, WI 53511

Dear Mr. McKeveatt,

I am pleased to provide a letter expressing my support for the proposed Free Standing Emergency Center project for the NorthPointe Health & Wellness Campus.

It is my hope that the State of Illinois' Health Facilities Planning Commission will approve this important project to allow the NorthPointe Campus the ability to include a 24 Hour Emergency Center.

This project supported by both local Fire Chiefs, Don Shoevlin (Roscoe) & Kirk Wilson (Rockton), will keep our local ambulances from traveling long distances to the closest hospitals (Rockford & Beloit), therefore offering a quicker response time.

A 24 Hour Emergency Center at the NorthPointe Campus would also provide local residents a closer option for emergency medical care. Currently, some have to travel at least 30 minutes to reach a hospital (myself included), this option would cut that travel time by 20 minutes. The center would also create new jobs in the community.

The new 24 Hour Emergency Center would be an asset to our community and will provide a valuable service locally and to surrounding areas. I look forward to learning of approval being granted for this project.

Sincerely,

A handwritten signature in cursive script that reads 'Mickey Heinzeroth'.

Mickey Heinzeroth,  
Executive Director  
Roscoe Area Chamber of Commerce

5310 Williams Dr • Roscoe • Illinois • 61073 • 815-623-9065 • Fax 815-623-1755 • [info@roscoechamber.com](mailto:info@roscoechamber.com)



**ROCKTON CHAMBER OF COMMERCE**

330 E. MAIN ST. #700 ROCKTON, IL 61072  
O: (815)624.7625 F: (815)624.7365  
ROCKTONCHAMBER.COM

8/1/14

Mr. Tim McKeveitt  
CEO & President  
Beloit Health System  
1969 W. Hart Road  
Beloit, WI 53511

Dear Mr. McKeveitt,

As President of the Rockton Chamber of Commerce, I have seen the positive impact NorthPointe is making in our resident's quality of life. NorthPointe/Beloit Health System is a strong community supporter; their presence here continues to be good for both local business and our customers. I believe that having NorthPointe's staff available twenty-four hours, seven days a week to care for people would benefit us locally.

I am in of support of NorthPointe Immediate Care becoming a free standing emergency center!

Sincerely,

Dennis McCorkle  
President  
Rockton Chamber of Commerce  
[www.rocktonchamber.com](http://www.rocktonchamber.com)

---

**DEVELOP. SUPPORT. SUSTAIN.**



August 1, 2014

Mr. Tim McKeveitt  
CEO & President  
Beloit Health System  
1969 W. Hart Road  
Beloit, WI 53511

Dear Mr. McKeveitt,

As Head Chaplain for the Harlem Roscoe Fire Protection District and Roscoe Police Department, I have been witness to the ever growing number of emergency response calls in our district and communities. Having been in the area for over four years now, I have also witnessed the positive impact NorthPointe is making in the community, in all aspects of health care; prevention through long term assisted living and care.

NorthPointe/Beloit Health System is a strong and positive influence in our community. To have the service of a 24/7 Free Standing Emergency Center in this close proximity to the emergent needs would be a great benefit to our community. The conversion of the NorthPointe/Beloit Health System Immediate Care into a 24/7 Free Standing Emergency Center is a very good idea.

I am in of support of NorthPointe Immediate Care becoming a 24/7 Free Standing Emergency Center.

Sincerely,

Rev. Dr. Paul C. Meyers  
Head Chaplain  
Harlem Roscoe Fire Department  
Roscoe Police Department

**Connect ♦ Grow ♦ Serve**  
10816 Main St. Box 738 Roscoe, Illinois 61073 Phone 815-623-2292 Fax 815-623-2888  
[www.roscoeumc.org](http://www.roscoeumc.org)

**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.

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Preplanning Costs	\$18,000	\$7,000	\$25,000
Site Survey and Soil Investigation	2,500	2,500	5,000
Site Preparation	--	2,100	2,100
Off Site Work	--	72,191	72,191
New Construction Contracts (Bldg. Only)	--	--	0
Modernization Contracts	219,657	649,404	869,061
Contingencies	21,966	64,940	86,906
Architectural/Engineering Fees	23,920	70,720	94,640
Consulting and Other Fees	40,000	17,500	57,500
Movable or Other Equipment (not in construction contracts)	205,000	--	205,000
Bond Issuance Expense (project related)	--	--	--
Net Interest Expense During Construction (project related)	--	--	--
Fair Market Value of Leased Space or Equipment	--	--	--
Other Costs To Be Capitalized	12,500	12,500	25,000
Acquisition of Building or Other Property (excluding land)	--	--	--
<b>TOTAL USES OF FUNDS</b>	<b>\$543,543</b>	<b>\$898,855</b>	<b>\$1,442,398</b>
<b>SOURCE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Cash and Securities	\$543,543	\$898,855	\$1,442,398
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$543,543</b>	<b>\$898,855</b>	<b>\$1,442,398</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

**Note: See Attachment 7, Project Costs and Services, Itemization / Allocation for detail.**

**Related Project Costs**

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

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$	_____	
Fair Market Value: \$	_____	

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

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

Estimated start-up costs and operating deficit cost is \$ 55,000. The project proposes to convert an existing service to a FSEC Category of Service. Hence, there are minimal start-up costs.

**Project Status and Completion Schedules**

**For facilities in which prior permits have been issued please provide the permit numbers.**

Indicate the stage of the project's architectural drawings:

<input type="checkbox"/> None or not applicable	<input type="checkbox"/> Preliminary
<input checked="" type="checkbox"/> Schematics	<input type="checkbox"/> Final Working

Anticipated project completion date (refer to Part 1130.140): December 15 2017 \*

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.
<input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
<input checked="" type="checkbox"/> Project obligation will occur after permit issuance.

**APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**State Agency Submittals (Not Applicable, Out of State Hospital)**

Are the following submittals up to date as applicable:

<input checked="" type="checkbox"/> Cancer Registry
<input type="checkbox"/> APORS (NA)
<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
<input checked="" type="checkbox"/> All reports regarding outstanding permits

**Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.**

\* The seemingly long completion schedule is due to phased construction in and around an existing department which must remain operational.

**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
<b>REVIEWABLE</b>							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
<b>NON REVIEWABLE</b>							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
<b>TOTAL</b>							

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

**Facility Bed Capacity and Utilization**

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

<b>FACILITY NAME:</b> Beloit Memorial Hospital		<b>CITY:</b> Beloit, Wisconsin			
<b>REPORTING PERIOD DATES:</b> <b>From:</b> 1/1/2013 <b>to:</b> 12/31/2013					
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days</b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
Medical/Surgical	256	3,104	12,544	0	256
Obstetrics	-	298	1,366		-
Pediatrics	-	94	165		-
Intensive Care	-	402	1,796		-
Comprehensive Physical Rehabilitation	-				-
Acute/Chronic Mental Illness	-				-
Neonatal Intensive Care	-				-
General Long Term Care	-				-
Specialized Long Term Care	-				-
Long Term Acute Care	-				-
Other ((identify))	-				-
<b>TOTALS:</b>	<b>256</b>	<b>3,898</b>	<b>15,871</b>	<b>0</b>	<b>256</b>

**Facility Bed Capacity and Utilization**

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

<b>FACILITY NAME:</b> Beloit Memorial Hospital		<b>CITY:</b> Beloit, Wisconsin			
<b>REPORTING PERIOD DATES:</b> From: 1/1/2012 to: 12/31/2012					
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days</b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
Medical/Surgical	256	2,647	12,886	0	256
Obstetrics	-	672	1,479	-	-
Pediatrics	-	124	223	-	-
Intensive Care	-	552	1,767	-	-
Comprehensive Physical Rehabilitation	-	-	-	-	-
Acute/Chronic Mental Illness	-	-	-	-	-
Neonatal Intensive Care	-	-	-	-	-
General Long Term Care	-	-	-	-	-
Specialized Long Term Care	-	-	-	-	-
Long Term Acute Care	-	-	-	-	-
Other ((identify))	-	-	-	-	-
<b>TOTALS:</b>	<b>256</b>	<b>3,995</b>	<b>16,355</b>	<b>0</b>	<b>256</b>

**CERTIFICATION**

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

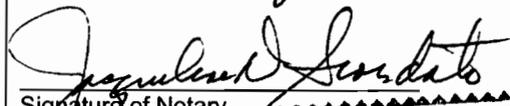
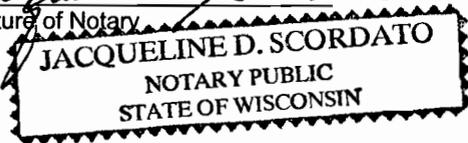
This Application for Permit is filed on the behalf of Beloit Health System, Inc. in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the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

  
SIGNATURE

Timothy M. McKeve  
PRINTED NAME

President and Chief Executive Officer  
Beloit Health System, Inc.  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 19 day of August

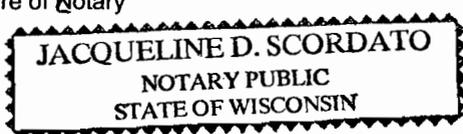
  
Signature of Notary  
Seal 

  
SIGNATURE

William Groeper  
PRINTED NAME

Vice President  
Beloit Health System, Inc.  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 19 day of August

  
Signature of Notary  
Seal 

\*Insert EXACT legal name of the applicant

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:

<b>INDEX OF ATTACHMENTS</b>		
<b>ATTACHMENT NO.</b>		<b>PAGES</b>
1	Applicant/Co-applicant Identification including Certificate of Good Standing	23 – 25
2	Site Ownership	26 – 30
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	31 – 34
4	Organizational Relationships (Organizational Chart)	35 – 36
5	Flood Plain Requirements	37 – 39
6	Historic Preservation Act Requirements	40 – 41
7	Project and Sources of Funds Itemization	42 – 43
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10	Discontinuation	NA
11	Background of the Applicant	47 – 55
12	Purpose of the Project	56 – 60
13	Alternatives to the Project	61 – 63
14	Size of the Project	64 – 67
15	Project Service Utilization	68
16	Unfinished or Shell Space	69
17	Assurances for Unfinished/Shell Space	70
18	Master Design Project	NA
19	Mergers, Consolidations and Acquisitions	NA
	<b>Service Specific:</b>	
20	Medical Surgical Pediatrics, Obstetrics, ICU	NA
21	Comprehensive Physical Rehabilitation	NA
22	Acute Mental Illness	NA
23	Neonatal Intensive Care	NA
24	Open Heart Surgery	NA
25	Cardiac Catheterization	NA
26	In-Center Hemodialysis	NA
27	Non-Hospital Based Ambulatory Surgery	NA
28	Selected Organ Transplantation	NA
29	Kidney Transplantation	NA
30	Subacute Care Hospital Model	NA
31	Children's Community-Based Health Care Center	NA
32	Community-Based Residential Rehabilitation Center	NA
33	Long Term Acute Care Hospital	NA
34	Clinical Service Areas Other than Categories of Service	NA
35	Freestanding Emergency Center Medical Services	71 – 105
	<b>Financial and Economic Feasibility:</b>	
36	Availability of Funds	106 – 112
37	Financial Waiver	113
38	Financial Viability	114
39	Economic Feasibility	115 – 116
40	Safety Net Impact Statement	117 – 120
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Appendix A	Audited Financials	123 – 188

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

**This Section must be completed for all projects.**

**Applicant /Co-Applicant Identification**

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

Exact Legal Name: Beloit Health System, Inc.
Address: 1969 W. Hart Road, Beloit, Wisconsin 53511
Name of Registered Agent Timothy M. McKeveitt
Name of Chief Executive Officer: Timothy M. McKeveitt
CEO Address:1969 W. Hart Road, Beloit, Wisconsin 53511
Telephone Number: 608-364-5104

Jim Doyle  
Governor

Karen E. Timberlake  
Secretary



State of Wisconsin  
Department of Health Services

DIVISION OF QUALITY ASSURANCE

1 WEST WILSON STREET  
P O BOX 2969  
MADISON WI 53701-2969

Telephone: 608-266-8481  
FAX: 608-267-0352  
TTY: 888-241-9432  
dhs.wisconsin.gov

December 10, 2010

Mr. Aaron Wiersema  
Beloit Health System  
1969 West Hart Road  
Beloit, Wisconsin 54511-2230

Dear Mr. Wiersema:

The enclosed Certificate of Approval (COA # 67) is hereby being issued under Chapter 50, Wisconsin Statutes, and Chapter HFS 124, Wisconsin Administrative Code, for your 256 bed hospital. This hospital is located in space addressed as 1969 West Hart Rd in Beloit, Wisconsin.

The revised COA has an effective date of 11/01/2010, the date in which you reported closure of the Rehabilitation Unit. Those beds have been returned to the general acute care census. It remains in effect unless suspended or revoked. This certificate should be framed and placed in a conspicuous place such as a lobby, admitting or business office.

If you have any questions regarding your licensure, please contact Tracy Ellingson at (608) 266-7297.

Sincerely,

A handwritten signature in cursive script that reads "Lora Quinn".

Lora Quinn, Chief  
Technology, Licensing and Education  
Division of Quality Assurance

Enclosure

cc: Centers for Medicare and Medicaid Services  
NGS

Wisconsin.gov



**To all to whom these Presents Shall Come, Greeting:**

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that*

BELOIT HEALTH SYSTEM, INC., INCORPORATED IN WISCONSIN AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON OCTOBER 30, 1991, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.



Authentication #: 1421701414

Authenticate at: <http://www.cyberdriveillinois.com>

***In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 5TH day of AUGUST A.D. 2014 .***

*Jesse White*

SECRETARY OF STATE

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Beloit Health System, Inc. successor to Beloit Memorial Hospital, Inc.
Address of Site Owner: 1969 W. Hart Road Beloit, Wisconsin 53511
Street Address or Legal Description of Site: <b>Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.</b>
<b>APPEND DOCUMENTATION AS <u>ATTACHMENT-2</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>

3875

(BRK) 04-21-200-003  
(BRK) 04-21-176-001  
(BRK) 04-21-126-005

11

Warranty Deed

04-21-200-001  
(Reserved for Recorder's Use Only)

3250,000  
RECEIVED DEC 1 2 2005  
SA - B.S.

THIS INDENTURE WITNESSES, that the GRANTOR, FRWC ROCKTON DEVELOPMENT, L.L.C., an Illinois limited liability company whose address is 4920 Forest Hills Road, Loves Park, Illinois, 61111, for and in consideration of the sum of One Dollar and other good and valuable considerations in hand paid, CONVEYS and WARRANTS to the GRANTEE, BELOIT MEMORIAL HOSPITAL, INC., the property which is LEGALLY DESCRIBED on the attached Exhibit A.

P.I.N. Numbers: 04-21-200-003 (Parcel I)  
04-21-126-005 and 04-21-176-001 (Parcel II)  
04-21-200-001 (Parcel III)

Subject to taxes for 2005 and subsequent years, covenants, restrictions, setbacks, and easements of record, hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of the State of Illinois.

Dated this 8<sup>th</sup> day of December, 2005.

Affix Transfer Tax Stamp  
or  
"Exempt Pursuant to Section 31-45-B of  
the Real Estate Transfer Tax Law.  
12/8/05 B. Jacobson  
Date Buyer, Seller or  
Representative

FRWC Rockton Development, LLC  
By: [Signature]  
V.P. General Counsel  
William Charles Investments, Inc.  
Member

0574543 12/12/05 09:18A 1 of 4 RHP  
Ken Staaf, Winnebago County Recorder

RocktonRoad-BeloitMemorial.DOC.12/7/05.CP



Exhibit A

04-21-200-001 } Pt NE 1/4 21-46-2  
04-21-200-003 }  
04-21-176-001 } Pt NW 1/4 21-46-2  
04-21-126-005 }

Part of the North Half (1/2) of Section Twenty-one (21), Township Forty-six (46) North, Range Two (2) East of the Third (3rd) Principal Meridian, bounded and described as follows, to-wit: Beginning at a point in the South line of the Northeast Quarter of said Section which bears South 88°-02'-52" West, 65.00 feet from the Southeast corner of the Northeast Quarter of said Section, said point being in the West Right-of-Way line of Willowbrook Road as said road is now located and laid out; thence South 88°-02'-52" West, along the South line of the Northeast Quarter of said Section, 2600.37 feet to the Southwest corner of the Northeast Quarter of said Section; thence South 88°-02'-52" West, along the South line of the Northwest Quarter of said Section, 1122.23 feet to a point which bears North 88°-02'-52" East, 1552.89 feet from the Southwest corner of the Northwest Quarter of said Section; thence North 01°-14'-31" West, parallel with the West line of said Section, 812.70 feet; thence North 44°-35'-17" East, 1300.00 feet; thence North 19°-24'-17" East, 282.01 feet; thence North 05°-36'-06" East, 634.14 feet to the South line of premises conveyed to the State of Illinois by Instrument recorded on Microfilm No. 6806-1585 in the Recorder's Office of Winnebago County, Illinois; thence North 88°-00'-21" East, along the South line of said last mentioned premises, 26.48 feet to the East line of the Northwest Quarter of said Section; thence North 00°-58'-54" West, along the East line of the Northwest Quarter of said Section and along the Southerly Right-of-Way line of Rockton Road, 10.00 feet; thence North 88°-06'-57" East, along said Southerly Right-of-Way line, 33.00 feet to the East line of the West 2 Rods of the Northwest Quarter of the Northeast Quarter of said Section; thence North 00°-58'-54" West, along the East line of the West 2 Rods of the Northwest Quarter of the Northeast Quarter of said Section, 40.01 feet to the North line of said Section; thence North 88°-06'-57" East, along the North line of said Section, 592.00 feet; thence South 00°-01'-32" West, 815.00 feet; thence South 55°-18'-23" East, 1911.47 feet; thence South 31°-21'-54" East, 430.00 feet; thence South 84°-44'-22" East, 220.00 feet to the West Right-of-Way line of Willowbrook Road as aforesaid; thence South 01°-04'-32" East, along said West Right-of-Way line, 289.82 feet to the point of beginning. Subject to the rights of the public and the State of Illinois in and to those portions thereof taken, used or dedicated for public road purposes. Situated in Winnebago County, Illinois.

0574543 12/12/05 09:18A 3 of 4  
Ken Staaf, Winnebago County Recorder



State of Illinois )  
County of Winnebago )

### AFFIDAVIT OF EXCEPTION TO THE PLAT ACT

0574543 12/12/05 09:18A 4 -765 ILCS 205  
Ken Staaf, Winnebago County Recorder of 4

Timothy H. Juscelski for FIVE Rocker Properties, LLC being duly sworn on oath, states that he/she  
resides at 4920 Forest Hills Road, Lakes Park Illinois 61111, and the attached deed represents:

#### Review and Initial the Exemption Which is Applicable to the Attached Deed:

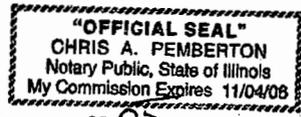
- The attached deed does not represent any type of division of an existing parcel of land.
- The division or subdivision of land into parcels or tracts of five (5) acres or more in size which does not involve any new streets or easements of access.
- The division of lots or blocks of less than one (1) acre in any recorded subdivision which does not involve any new streets or easements of access.
- The sale or exchange of parcels of land between owners of adjoining and contiguous land.
- The conveyance of parcels of land or interests therein for use as a right of way for railroads or other public utility facilities and other pipe lines, which does not involve any new streets or easements of access.
- The conveyance of land owned by a railroad or other public utility which does not involve any new streets or easements of access.
- The conveyance of land for highway or other public purpose or grants or conveyances relating to the dedication of land for public use or instruments relating to the vacation of land impressed with a public use.
- The conveyance is made to correct descriptions in prior conveyances.
- The sale or exchange of parcels or tracts of land following the division into no more than two (2) parts of a particular parcel or tract of land existing on July 17, 1959, and not involving any new streets or easements of access.
- The sale of a single lot of less than five (5) acres from a larger tract when a survey is made by an Illinois Registered Land Surveyor; provided, that this exemption shall not apply to the sale of any subsequent lots from the same larger tract of land, as determined by the dimensions and configuration of the larger tract on October 1, 1973, and provided also that this exemption does not invalidate any local requirements applicable to the subdivision of land.

Note: Winnebago County's zoning ordinance states that newly created agriculture parcels with less than six (6) acres or frontage of less than 250 ft. requires a Special Use Permit. See the Regional Planning & Economic Development Department, Zoning Division, Room 301, for details.

Section 765 ILCS 205/5 of the Illinois Compiled Statutes states that whoever knowingly submits a false affidavit is in violation and may be prosecuted. This non-compliance may also result in your revision not being processed.

Affiant further states that this affidavit is made and submitted for the purpose of inducing the Recorder of Winnebago County, Illinois to accept the attached deed for recording.

Timothy H. Juscelski for FIVE Rocker Properties, LLC  
Signature



Subscribed and Sworn to Before Me On This 8th Day of December, 2005.

Notary: Chris Pemberton Notary's Signature (Notary seal)

This affidavit only ensures the Recorder's Office compliance with the State Plat Act. If the property is located within a municipality or within 1 1/2 miles of a municipality, local ordinances may apply. For your protection, it is recommended that you have this land division reviewed and approved by the municipality.

Name of Municipality Where Property is Located: \_\_\_\_\_

Municipal Planning Official's Signature	Print Name	Date
Municipal Addressing Official's Signature (may be same as Planning Official)	Print Name	Date

Property Address(es) is (are) attached:  
 Yes  No

This form provided by:  
 Winnebago County Recorder's Office, Kenneth W. Staaf, Recorder  
 404 Elm Street, Room 405, Rockford, IL 61101; Phone: 815-987-3100; FAX: 815-961-3261  
 Form effective date: August 1, 2002.

**Operating Identity/Licensee**

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

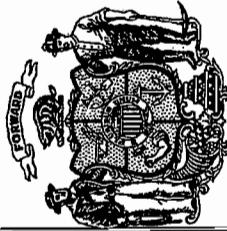
Exact Legal Name: Beloit Health System, Inc. d/b/a Beloit Memorial Hospital

Address: 1969 W. Hart Road, Beloit, Wisconsin 53511

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

- 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.
- o **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

**APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**



**The State of Wisconsin**  
**Department of Health Services**  
**Division of Quality Assurance**

**CERTIFICATE OF APPROVAL**

This is to certify that **BELOIT HEALTH SYSTEM, INC**  
 being business as **BELOIT MEMORIAL HOSPITAL**  
 at the location **1969 W HART RD**  
**BELOIT, WI 53511**

License Number: **67**  
 Effective Date: **11/01/2010**  
 Initial Date: **01/02/1966**

is licensed to operate a **GENERAL ACUTE HOSPITAL** in **ROCK COUNTY, WISCONSIN**

License Type: **REGULAR**

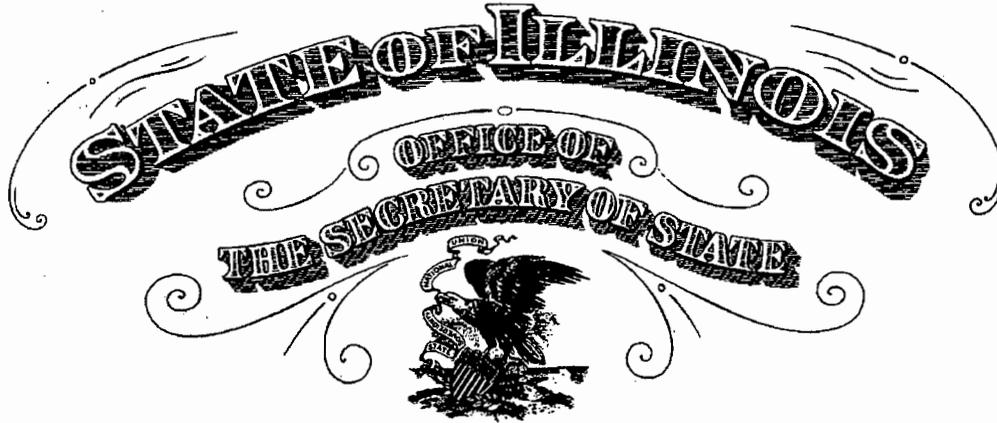
This license is granted for a maximum capacity of **256 total beds.**

General beds: **256** Alcohol beds: **0**  
 Psychiatric beds: **0** Rehab beds: **0**

The Facility Profile/Biennial Report is available at this facility for inspection upon request.  
 This license will remain in effect unless expired, suspended, revoked or voluntarily surrendered. Any and all exceptions,  
 stipulations, or conditions to this license shall be posted next to the license certificate.

*Karen E. Timberlake*  
 Karen E. Timberlake, Secretary DHS

This license is not transferrable or assignable



**To all to whom these Presents Shall Come, Greeting:**

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that*

BELOIT HEALTH SYSTEM, INC., INCORPORATED IN WISCONSIN AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON OCTOBER 30, 1991, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.



Authentication #: 1421701414

Authenticate at: <http://www.cyberdriveillinois.com>

**In Testimony Whereof,** I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 5TH day of AUGUST A.D. 2014 .

*Jesse White*

SECRETARY OF STATE

**Illinois Business Authorization**

**BELOIT MEMORIAL HOSPITAL INC**  
**DBA: NORTHPOINTE HEALTH & WELLNESS**  
**5605 E ROCKTON RD**  
**ROSCOE IL 61073-7601**

**Loc. Code: 101-0007-5-001**  
**Roscoe**  
**Winnebago County**

**Expiration Date:**  
**12/1/2017**

**Certificate of Registration**  
**Sales and use taxes and fees** (1262-2516)



  
Director  
DEPARTMENT OF REVENUE  
**Issued Date: 12/01/2012**

IDOR-50-A (N-01/07)  
 IL-492-4163

P-000124

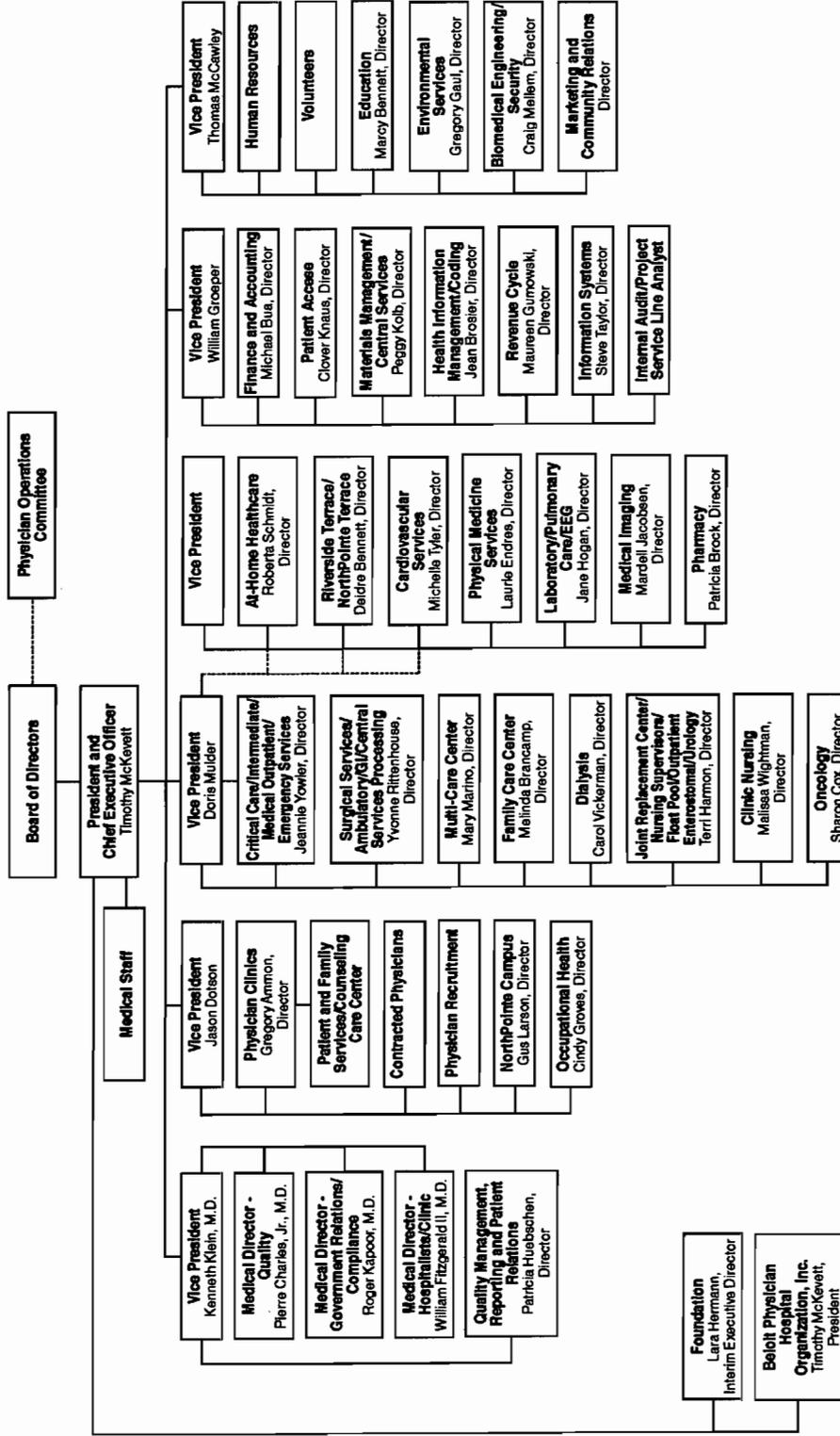
**Organizational Relationships**

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



**TABLE OF ORGANIZATION**



June 30, 2014

### **Flood Plain Requirements**

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at [www.FEMA.gov](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://www.illinoisfloodmaps.org). **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The proposed modernization project is within an existing building; thus, the flood plain requirements do not apply. However, the enclosures demonstrate the facility is outside the FIRM flood plain.



Operated by Beloit Memorial Hospital

1905 E. Huebbe Parkway • Beloit, Wisconsin 53511-1842 • (608) 364-2200  
www.BeloitHealthSystem.org

October 21, 2013

Ms. Courtney R. Avery  
Administrator  
Illinois Health Facilities and Services Review Board  
525 West Jefferson, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Re: NorthPointe Health and Wellness Campus: Expansion outside of the Flood Plain

Dear Ms. Avery:

The attached map, as prepared by our Civil Engineering/Land Surveying Firm, R.H. Batterman and Co., Inc., confirms the proposed ASTC addition to the NorthPointe Health and Wellness pavilion is outside of the FIRM flood plain.

Should you have any questions please contact my office.

Sincerely,

Jason Dotson, MS, MBA, CMPE  
Vice President of Physician Clinics

JD:lb  
Enclosure

Cc: Mike Constantino  
Supervisor, Project Review

**At-Home Healthcare**  
1904 E. Huebbe Parkway  
Beloit, WI • (608) 363-5885

**Beloit Clinic**  
1905 E. Huebbe Parkway  
Beloit, WI • (608) 364-2200

**Clinton Clinic**  
307 Ogden Avenue  
Clinton, WI • (608) 676-2206

**Darien Clinic**  
300 N. Walworth Street  
Darien, WI • (262) 882-1151

**Janesville Clinic**  
1321 Creston Park  
Janesville, WI • (608) 757-1217

**NorthPointe Health & Wellness Campus**  
5605 E. Rockton Road  
Roscoe, IL • (815) 525-4000

**NorthPointe Terrace**  
5601 E. Rockton Road  
Roscoe, IL • (815) 525-4800

**Occupational Health Sports & Family Medicine Center**  
1650 Lee Lane  
Beloit, WI • (608) 362-0211

**Riverside Terrace**  
3055 S. Riverside Dr.  
Beloit, WI • (608) 365-7222

**West Side Clinic**  
1735 Madison Road  
Beloit, WI • (608) 363-7510



## **Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

**APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**



**Illinois Historic  
Preservation Agency**

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • [www.illinois-history.gov](http://www.illinois-history.gov)

Winnebago County

Roscoe

CON - New Addition, NorthPointe Health and Wellness Campus  
5605 E. Rockton Road  
IHPA Log #013092713

October 10, 2013

Edwin Parkhurst, Jr.  
Prism Consulting Services Inc.  
Healthcare Consulting Division  
Building E, Suite 110  
800 Roosevelt Road  
Glen Ellyn, IL 60137

Dear Mr. Parkhurst:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker  
Deputy State Historic  
Preservation Officer

*A teletypewriter for the speech/hearing impaired is available at 217-524-7128. It is not a voice or fax line.*

**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.

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Preplanning Costs	\$18,000	\$7,000	\$25,000
Site Survey and Soil Investigation	2,500	2,500	5,000
Site Preparation	--	2,100	2,100
Off Site Work	--	72,191	72,191
New Construction Contracts (Bldg. Only)	--	--	0
Modernization Contracts	219,657	649,404	869,061
Contingencies	21,966	64,940	86,906
Architectural/Engineering Fees	23,920	70,720	94,640
Consulting and Other Fees	40,000	17,500	57,500
Movable or Other Equipment (not in construction contracts)	205,000	--	205,000
Bond Issuance Expense (project related)	--	--	--
Net Interest Expense During Construction (project related)	--	--	--
Fair Market Value of Leased Space or Equipment	--	--	--
Other Costs To Be Capitalized	12,500	12,500	25,000
Acquisition of Building or Other Property (excluding land)	--	--	--
<b>TOTAL USES OF FUNDS</b>	<b>\$543,543</b>	<b>\$898,855</b>	<b>\$1,442,398</b>
<b>SOURCE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Cash and Securities	\$543,543	\$898,855	\$1,442,398
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$543,543</b>	<b>\$898,855</b>	<b>\$1,442,398</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

**Note: See Attachment 7, Project Costs and Services, Itemization / Allocation for detail.**

See also Attachment 7, Exhibits 1 and 2 for construction cost related information.

Attachment 7  
Project Costs and Services  
Itemization / Allocation

<u>Preplanning</u>	Clinical	Non Clinical	Total
Code / Facility Review	\$ 5,000	\$ 5,000	\$ 10,000
Utilization Analysis	<u>15,000</u>	<u>--</u>	<u>15,000</u>
Total	\$ 20,000	\$ 5,000	\$ 25,000
 <u>Site Survey / Soils</u>	 \$ 2,500	 \$ 2,500	 \$ 5,000
 <u>Off-Site Work</u>			
Helistop	--	\$ 68,314	\$ 68,314
Ambulance Pad	--	2,096	2,096
Sidewalks	--	<u>1,781</u>	<u>1,781</u>
Total	--	\$ 72,191	\$ 72,191
 <u>Moveable Equipment</u>			
Omni Cell	\$100,000	--	\$100,000
Glidescope	25,000	--	25,000
EMS Radio	25,000	--	25,000
Peds Crash Cart	7,500	--	7,500
Airway Cart	7,500	--	7,500
Instruments	20,000	--	20,000
Call Light	<u>20,000</u>	<u>--</u>	<u>20,000</u>
Total	\$205,000	--	\$205,000
 <u>Other Costs to be Capitalized</u>			
Permit Development	\$ 10,500	\$ 10,500	\$ 21,000
CON Processing Fee (estimated)	<u>2,000</u>	<u>2,000</u>	<u>4,000</u>
Total	\$ 12,500	\$ 12,500	\$ 25,000

### Project Status and Completion Schedules

**For facilities in which prior permits have been issued please provide the permit numbers.**

Indicate the stage of the project's architectural drawings:

- None or not applicable                       Preliminary  
 Schematics     Final Working

Anticipated project completion date (refer to Part 1130.140): \_\_\_\_\_

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

- Purchase orders, leases or contracts pertaining to the project have been executed.  
 Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies  
 Project obligation will occur after permit issuance.

**APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

## 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
<b>REVIEWABLE</b>							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
<b>NON REVIEWABLE</b>							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
<b>TOTAL</b>							
APPEND DOCUMENTATION AS <u>ATTACHMENT-9</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							

See next page

NorthPointe ASTC

Project Cost / Space Requirements									
Department	Project Cost	Gross Square Feet			Amount of Proposed Total GSF That Is:			As Is	Vacated Space
		Existing	Proposed		New Construction	Remodeled			
<b>Clinical</b>									
FSEC Modernization	\$ 543,543	6,734	6,734		0	1,180	5,554	0	
	\$ -								
	\$ -								
<b>Total Clinical</b>	<b>\$ 543,543</b>	<b>6,734</b>	<b>6,734</b>		<b>0</b>	<b>1,180</b>	<b>5,554</b>	<b>0</b>	
<b>Nonclinical</b>									
Helistop	\$ 68,314								
Ambulance Pad	\$ 2,096								
Sidewalk Access	\$ 1,781								
Electrical System Upgrades	\$ 649,404								
<b>Subtotal</b>	<b>\$ 721,595</b>								
<b>Other (See Attachment 7 for details)</b>	<b>\$ 177,260</b>								
<b>Total Non-Clinical</b>	<b>\$ 898,855</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Project</b>	<b>\$ 1,442,398</b>	<b>6,734</b>	<b>6,734</b>		<b>0</b>	<b>1,180</b>	<b>5,554</b>	<b>0</b>	

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

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

**Criterion 1110.230 – Background, Purpose of the Project, and Alternatives**

READ THE REVIEW CRITERION and provide the following required information:

**BACKGROUND OF APPLICANT**

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

**APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.**

**BACKGROUND OF APPLICANT**

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

See Attachment 11, Exhibit 1 for copies of License and Accreditation.

<u>Facility Name</u>	<u>Location</u>	<u>License</u>	<u>Joint Commission Accreditation</u>
At-Home Healthcare	1905 E. Huebbe Parkway Beloit, Wisconsin 53511	C of A #67 Wisconsin	ID #7620
Beloit Memorial Hospital	1969 W. Hart Road Beloit, Wisconsin 53511		
Beloit Clinic	1950 E. Huebbe Parkway Beloit, Wisconsin 53511		
Beloit Health System UW* Cancer Center	1670 Lee Lane Beloit, Wisconsin 53511		
Clinton Clinic	307 Ogden Avenue Clinton, Wisconsin 53525		
Darrien Clinic	300 N. Walworth Darien, Wisconsin 53114		
Janesville Clinic	1321 Creston Park Drive Janesville, Wisconsin 53545		
NorthPointe Health and Wellness Campus	5605 E. Rockton Road Roscoe, Illinois 61073		
NorthPointe Terrace – Assisted Living	5605 E. Rockton Road Roscoe, Illinois 61073		
Occupational Health, Sports, and Family Medicine	1650 Lee Lane Beloit, Wisconsin 53511		
Riverside Terrace – Assisted Living	3055 S. Riverside Drive Beloit, Wisconsin 53511		
Sports Medicine Center	1950 Lee Lane Beloit, Wisconsin 53511		
West Side Clinic	1735 Madison Road Beloit, Wisconsin 53511		

\* Under construction

**JANESVILLE CLINIC**  
 1321 Creston Park Dr.,  
 Janesville, WI 53546-1126  
 (608) 757-1217

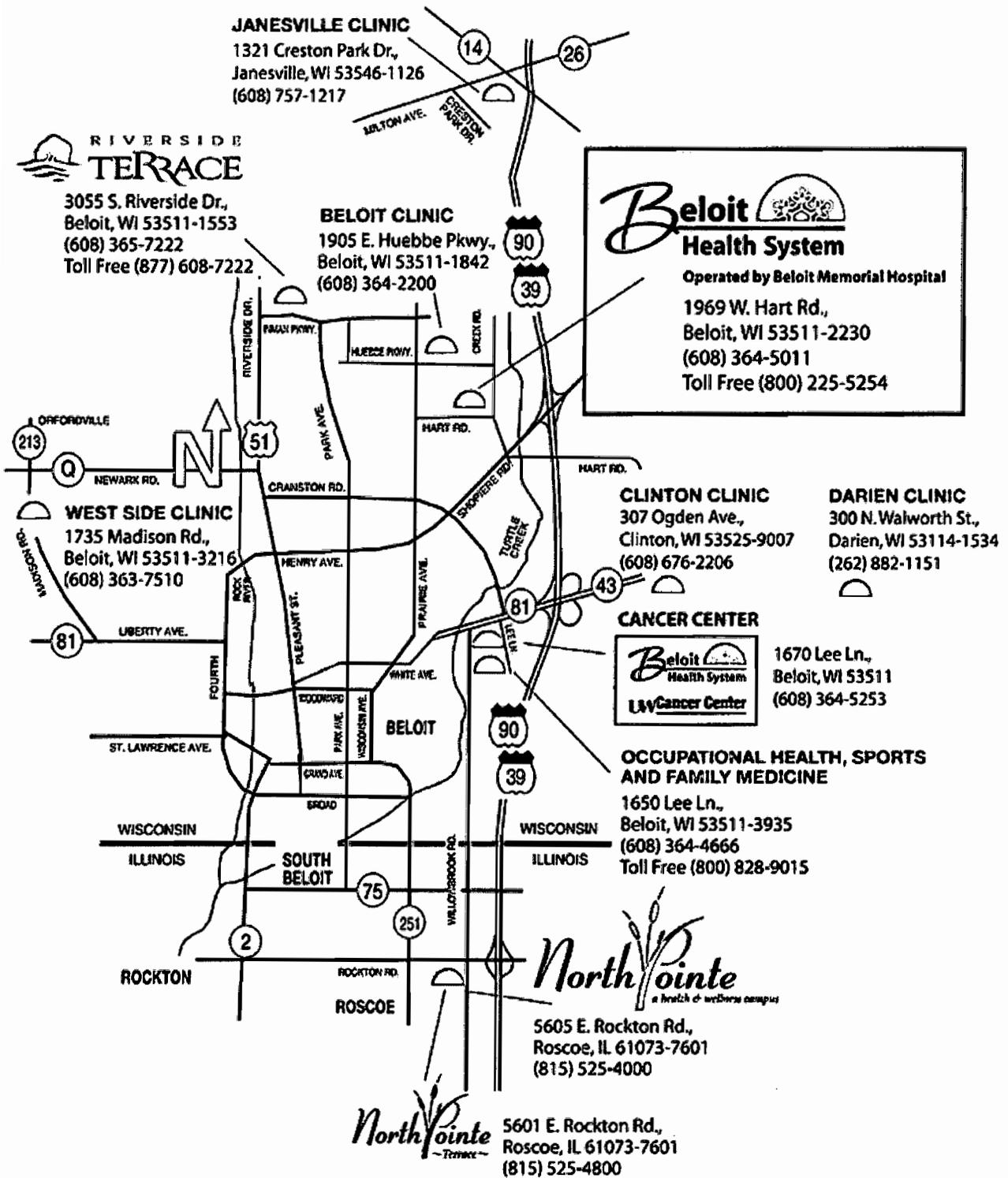


**RIVERSIDE TERRACE**  
 3055 S. Riverside Dr.,  
 Beloit, WI 53511-1553  
 (608) 365-7222  
 Toll Free (877) 608-7222

**BELOIT CLINIC**  
 1905 E. Huebbe Pkwy.,  
 Beloit, WI 53511-1842  
 (608) 364-2200



**Beloit Health System**  
 Operated by Beloit Memorial Hospital  
 1969 W. Hart Rd.,  
 Beloit, WI 53511-2230  
 (608) 364-5011  
 Toll Free (800) 225-5254



**WEST SIDE CLINIC**  
 1735 Madison Rd.,  
 Beloit, WI 53511-3216  
 (608) 363-7510

**CLINTON CLINIC**  
 307 Ogden Ave.,  
 Clinton, WI 53525-9007  
 (608) 676-2206

**DARIEN CLINIC**  
 300 N. Walworth St.,  
 Darien, WI 53114-1534  
 (262) 882-1151



**CANCER CENTER**  
 LW Cancer Center  
 1670 Lee Ln.,  
 Beloit, WI 53511  
 (608) 364-5253

**OCCUPATIONAL HEALTH, SPORTS AND FAMILY MEDICINE**  
 1650 Lee Ln.,  
 Beloit, WI 53511-3935  
 (608) 364-4666  
 Toll Free (800) 828-9015



**NorthPointe**  
 a health & wellness campus  
 5605 E. Rockton Rd.,  
 Roscoe, IL 61073-7601  
 (815) 525-4000



**NorthPointe - Transit**  
 5601 E. Rockton Rd.,  
 Roscoe, IL 61073-7601  
 (815) 525-4800

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

See Attachment 11, Exhibit 2

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

See Attachment 11, Exhibit 2



# The State of Wisconsin

Department of Health Services  
Division of Quality Assurance

## CERTIFICATE OF APPROVAL

This is to certify that **BELOIT HEALTH SYSTEM, INC**  
doing business as **BELOIT MEMORIAL HOSPITAL**  
at the location **1969 W HART RD**  
**BELOIT, WI 53511**

License Number: 67

Effective Date: 11/01/2010

Initial Date: 01/02/1966

is licensed to operate a **GENERAL ACUTE HOSPITAL** in **ROCK COUNTY, WISCONSIN**

License Type: **REGULAR**

This license is granted for a maximum capacity of **256 total beds.**

General beds: 256	Alcohol beds: 0
Psychiatric beds: 0	Rehab beds: 0

The Facility Profile/Biennial Report is available at this facility for inspection upon request.  
This license will remain in effect unless expired, suspended, revoked or voluntarily surrendered. Any and all exceptions, stipulations, or conditions to this license shall be posted next to the license certificate.

*Karen E. Timberlake*

Karen E. Timberlake, Secretary DHS

This license is not transferrable or assignable

~~Post in a conspicuous place on premises~~



March 8, 2013

Gregory K. Britton  
President/CEO  
Beloit Health System  
1969 West Hart Road  
Beloit, WI 53511

Joint Commission ID #: 7620  
Program: Hospital Accreditation  
Accreditation Activity: 60-day Evidence of  
Standards Compliance  
Accreditation Activity Completed: 03/07/2013

Dear Mr. Britton:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning October 20, 2012. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit [Quality Check®](#) on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

A handwritten signature in cursive script that reads 'Mark Pelletier'.

Mark G. Pelletier, RN, MS  
Chief Operating Officer  
Division of Accreditation and Certification Operations



March 8, 2013

Re: # 7620  
CCN: #520100  
Program: Hospital  
Accreditation Expiration Date: October 20, 2015

Gregory K. Britton  
President/CEO  
Beloit Health System  
1969 West Hart Road  
Beloit, Wisconsin 53511

Dear Mr. Britton:

This letter confirms that your October 16, 2012 - October 19, 2012 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on January 18, 2013 and March 06, 2013, the areas of deficiency listed below have been removed. The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of October 20, 2012. We congratulate you on your effective resolution of these deficiencies.

§482.23 Nursing Services  
§482.24 Medical Record Services  
§482.26 Radiologic Services  
§482.41 Physical Environment  
§482.42 Infection Control  
§482.51 Surgical Services

The Joint Commission is also recommending your organization for continued Medicare certification effective October 20, 2012. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following locations:

Beloit Clinic  
1905 Huebbe Parkway, Beloit, WI, 53511

Beloit Health System  
1969 West Hart Road, Beloit, WI, 53511

[www.jointcommission.org](http://www.jointcommission.org)

**Headquarters**  
One Renaissance Boulevard  
Oakbrook Terrace, IL 60181  
630 792 5000 Voice



Clinton Office  
307 Ogden Ave, Clinton, WI, 53525

Darien Medical Center  
300 North Walworth, Darien, WI, 53114

Janesville Occupational Health & Medical Center  
1321 Creston Park Drive, Janesville, WI, 53545

NorthPointe Health and Wellness Campus  
5605 East Rockton Road, Roscoe, IL, 61073

Occupational Health & Sports Medicine Center  
1650 Lee Lane, Beloit, WI, 53511

West Side Medical Center  
1735 Madison Road, Beloit, WI, 53511

We direct your attention to some important Joint Commission policies. First, your Medicare report is publicly accessible as required by the Joint Commission's agreement with the Centers for Medicare and Medicaid Services. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization, or health care services you provide.

Sincerely,

A handwritten signature in cursive script that reads "Mark Pelletier".

Mark G. Pelletier, RN, MS  
Chief Operating Officer  
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services  
CMS/Regional Office 5 /Survey and Certification Staff

[www.jointcommission.org](http://www.jointcommission.org)

**Headquarters**  
One Renaissance Boulevard  
Oakbrook Terrace, IL 60181  
630 792 5000 Voice

August 19, 2014

Kathryn J. Olson, Chair  
Administrator  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Dear Ms. Olson:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedures, 735 ILCS 5/1-109 that no adverse action has been taken against any facility owned or operated by the Beloit Health System, Inc. during the three years prior to filing this CON permit application.

Neither Beloit Health System, Inc. nor any of its corporate officers or directors:

- have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of (1) any felony or misdemeanor or violation of the law, except for minor parking violations or (2) the subject of any juvenile delinquency or youthful offender proceeding; or
- has been charged with fraudulent conduct or any act involving moral turpitude; or
- has any unsatisfied judgments against him or her; or
- is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order, or directive of any court or governmental agency.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.1540(b)(3)(J), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this Freestanding Emergency Medical Services application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this permit application.

Sincerely,

Timothy M. McKeve  
President and Chief Executive Officer

Notarization:

Subscribed and sworn to before me

this 19 day of August

Signature of Notary

Seal

JACQUELINE D. SCORDATO  
NOTARY PUBLIC  
STATE OF WISCONSIN

**At-Home Healthcare**  
1904 E. Huebbe Parkway  
Beloit, WI • (608) 363-5885

**Beloit Clinic**  
1905 E. Huebbe Parkway  
Beloit, WI • (608) 364-2200

**Clinton Clinic**  
307 Ogden Avenue  
Clinton, WI • (608) 676-2206

**Darien Clinic**  
300 N. Walworth Street  
Darien, WI • (262) 882-1151

**Janesville Clinic**  
1321 Creston Park  
Janesville, WI • (608) 757-1217

**NorthPointe Health & Wellness Campus**  
5605 E. Rockton Road  
Roscoe, IL • (815) 525-4000

**NorthPointe Terrace**  
5601 E. Rockton Road  
Roscoe, IL • (815) 525-4800

**Occupational Health Sports & Family Medicine Center**  
1650 Lee Lane  
Beloit, WI • (608) 362-0211

**Riverside Terrace**  
3055 S. Riverside Dr.  
Beloit, WI • (608) 365-7222

**West Side Clinic**  
1735 Madison Road  
Beloit, WI • (608) 363-7510

August 19, 2014

Kathryn J. Olson, Chair  
Administrator  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Dear Ms. Olson:

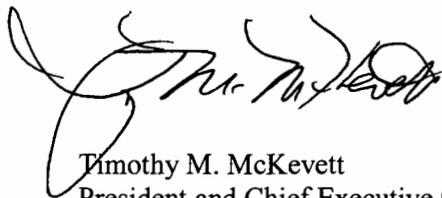
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Neither Beloit Health System, Inc. nor any of its corporate officers or directors:

- have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of (1) any felony or misdemeanor or violation of the law, except for minor parking violations or (2) the subject of any juvenile delinquency or youthful offender proceeding; or
- has been charged with fraudulent conduct or any act involving moral turpitude; or
- has any unsatisfied judgments against him or her; or
- is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order, or directive of any court or governmental agency.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.1540(b)(3)(J), I hereby authorize the Health Facilities and Services Review Board (“HFSRB”) and the Illinois Department of Public Health (“IDPH”) access to any documents necessary to verify information submitted as part of this Freestanding Emergency Medical Services application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this permit application.

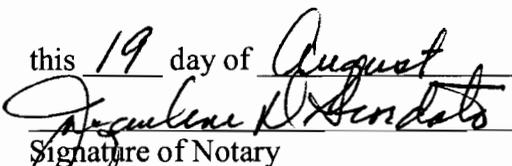
Sincerely,



Timothy M. McKeveatt  
President and Chief Executive Officer

Notarization:

Subscribed and sworn to before me

this 19 day of August  
  
Signature of Notary

Seal

JACQUELINE D. SCORDATO  
NOTARY PUBLIC  
STATE OF WISCONSIN

**At-Home Healthcare**  
1904 E. Huebbe Parkway  
Beloit, WI • (608) 363-5885

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5601 E. Rockton Road  
Roscoe, IL • (815) 525-4800

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Roscoe, IL • (815) 525-4000

**Occupational Health Sports & Family Medicine Center**  
1650 Lee Lane  
Beloit, WI • (608) 362-0211

**West Side Clinic**  
1735 Madison Road  
Beloit, WI • (608) 363-7510

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

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

**Criterion 1110.230 – Background, Purpose of the Project, and Alternatives**

READ THE REVIEW CRITERION and provide the following required information:

**PURPOSE OF PROJECT**

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

**NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Report.**

**APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.**

Criterion 1110.230  
Attachment 12  
Purpose

1. Healthcare Improvement

NorthPointe Health and Wellness Campus opened the Immediate Care Center in 2008 as a satellite of the Beloit Memorial Hospital Emergency Department. The Center has limited operational hours from 9:00 AM to 9:00 PM daily. The services provided are consistent with those available in a hospital setting and are triaged and categorized as such

For several years, two local fire protection districts have encouraged Beloit Health System to develop a free-standing emergency center (FSEC) in order to improve local healthcare services by reducing ambulance transport time to Rockford-based hospitals which can range from 17 to 23 minutes, and thereby keep immediate response teams more available in their

respective districts. The support letters herein (see Narrative section) document their perspectives. In addition, to be licensed as an FSEC, emergency services must be provided on a 24-hour, 7-day a week basis (24/7). Thus, an FSEC extends the hours patients can seek care, thereby improving local access to hospital quality emergency services and first responder support.

The purpose of this permit application is to convert the existing ICC at NorthPointe to a separately licensed provider consistent with Illinois laws and regulations. The proposed FSEC will continue to operate as a division of Beloit Memorial Hospital's Emergency Department.

Documented benefits of such Center's include:

- A. By regulation, they provide the same level of access, including ambulance transport, as a hospital-based Emergency Department (ED).
- B. Wait time for care is considerably less than in a hospital-based ED.
- C. Local access to emergency medical care is enhanced because travel times are considerably reduced.
- D. Quality of care is maintained and enhanced in that these separately licensed centers are closely regulated, fully equipped, and are staffed with ED trained and qualified physicians and requisite care delivery professionals.

2. Planning Area / Market Area

Because the ICC has been in operation since 2008, the overall planning or market area, or geographic service area (GSA), for the proposed FSEC has been defined by current patient origin data as profiled in Attachment 35. The primary Illinois service area is profiled below.:

NorthPointe ICC Primary Service Area					
<u>Municipality</u>	<u>Zip Code</u>	<u>2013 Population</u>	<u>Est. ED Visits @ 361.93 / 1,000</u>	<u>2013 ICC Visits</u>	<u>Est. Market Share</u>
Roscoe	61073	10,680	3,865	1,921	49.7%
Rockton	61072	7,613	2,755	1,784	64.8%
South Beloit	61080	7,773	2,813	2,028	72.1%
Total / Average		26,066	9,433	5,733 *	60.8%

\* Note: These 3 Illinois zip codes accounted for 63.2% of the 9,076 ICC visits in 2013

The primary continuous service area in Illinois is South Beloit, Roscoe, and Rockton, which accounted for approximately 63.2% of ICC visits in 2013. Beloit accounted for another 20.9%. Hence, these municipalities account for 84,1% of the ICC 9,076 visits in 2013. This patient origin has been consistent since 2010 and defines the service area and patient origina as shown in Attachment 35.

3. Existing Problems / Issues

There are several existing problems and/or issues which will be addressed if the NorthPointe Immediate Care Center (ICC) is modernized / converted into a separately licensed Free Standing Emergency Center (FSEC). These are:

- A. Although the ICC operates as a satellite of Beloit Memorial Hospital’s emergency department, it has limited hours. Conversion to an FSEC will require 24/7 operations thereby improving local access to emergency medical services and support to first responders.
- B. As a licensed FSEC, the converted ICC can accept ambulance transports from the local emergency service providers, in particular, Harlem-Roscoe Fire Protection District and Rockton Fire Protection District, again improving timely and local access to facility-based emergency medical services.
- C. An FSEC which has the ability to accept ambulance transports and aero-medical (helicopter) services will shorten transport time dramatically from Roscoe, Rockton, and South Beloit. Using MapQuest data as a surrogate (see Attachment 35), the shortened travel / transport times from NorthPointe are:

<u>Provider</u>	<u>Travel Time</u>
Rockford Memorial Hospital (Resource Hospital / Trauma Center)	22 minutes
OSF St. Anthony’s (Trauma Center)	17 minutes
Swedish American Hospital (Rockford)	23 minutes

Decreasing ambulance travel times from the respective patient acquisition site will improve timely access to those emergency services which cannot be provided in a field situation; e.g. laboratory, imaging, and emergency surgical procedures performed in an ED setting; all of these services exist at NorthPointe.

D. The current ICC design does not meet FSEC licensing criteria pertaining to;

- 1) Trauma room size
- 2) Decontamination access for select ambulance transports
- 3) Select in-department support services
- 4) Ambulance bay / entrance
- 5) Helistop

Thus, the modernization costs are associated with converting the existing ICC to meet Illinois FSEC licensing criteria. The NorthPointe Health and Wellness Campus already provides the required laboratory, imaging, and pharmacy services necessary for FSEC operational requirements.

#### 4. Information Sources

##### A. EMTALA

42CFR489

##### B. Quality / Benefits

American College of Emergency Physicians

##### C. Travel Time (See Attachment 35)

MapQuest Data

##### D. Population

US Census Bureau

##### E. FSEC Licensing (Illinois)

Title 77: Public Health

Chapter I: IDPH

Subchapter F: Emergency Services and Highway Safety

Part 518: Free Standing Emergency Center Code

##### F. FSEC Permitting (Illinois)

PA 097-1112

#### 5. Quality Improvement

Foremost, and as a summary to the foregoing points, the populations' health status and well being will be enhanced by:

- A. Local access to facility-based emergency medical services provided on a 24/7 basis.

- B. Reduced ambulance travel times to facility-based emergency medicine related services.
- C. Reduced patient travel times by ambulance to local emergency medical services, patient stabilization, and secondary transport, as may be necessary, to hospital-based services.

6. Goals are to:

- A. Provide local facility-based emergency medical services on a 24/7 basis. Currently, ICC services are provided on a 12 hour daily basis. The goal is to improve access to care on a daily basis as it will be measured by arrival and discharge times.
- B. Provide availability to accept ambulance transports at NorthPointe consistent with Illinois FSEC Licensing Criteria. This goal will be measured by ambulance transports which will improve local access to facility-based emergency services.
- C. Decrease ambulance transport times to current hospital-based ED services. This goal will be measured by the local ambulance services in conjunction with the Beloit Health System and its NorthPointe operations. Decreased ambulance travel times have documented improved patient outcomes and enhanced quality.

7. Modernization

Criterion 1110.230, Purpose, .3 outlines the key ICC areas needing modernization to convert / modernize the existing ICC to meet Illinois FSEC licensing criteria. The facility was opened in 2008 and has no regulatory citations. No equipment is being replaced.

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

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

**Criterion 1110.230 – Background, Purpose of the Project, and Alternatives**

READ THE REVIEW CRITERION and provide the following required information:

<p><b>ALTERNATIVES</b></p> <p>1) Identify <b><u>ALL</u></b> of the alternatives to the proposed project:</p> <p>Alternative options <b><u>must</u></b> include:</p> <ul style="list-style-type: none"><li>A) Proposing a project of greater or lesser scope and cost;</li><li>B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;</li><li>C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and</li><li>D) Provide the reasons why the chosen alternative was selected.</li></ul> <p>2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. <b>FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.</b></p> <p>3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.</p>
<p><b>APPEND DOCUMENTATION AS <u>ATTACHMENT-13</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b></p>

Criterion 1110.230  
Alternatives  
Attachment 13

Background

The NorthPointe Immediate Care Center (Roscoe, IL) has operated as a satellite of the Beloit Memorial Hospital (Beloit, Wisconsin) Emergency Department since 2008. Although having limited hours, it's operational policies and procedures are the same as an emergency department, but, given it is not a separately licensed free-standing emergency center (FSEC) under Illinois law and regulation, it cannot hold itself out as providing emergency care nor accept ambulance transports. However, the patients which self-select to use the Immediate Care Center (ICC) have similar acuity as those seeking emergency medical services. Thus, the ICC is viewed by the public as, and operates as, a de-facto FSEC without having the ability to accept ambulance transports.

NorthPointe is approximately 10 to 15 miles and up to 23 minutes from Rockford based hospital emergency departments necessitating an average 21 minute transport time (MapQuest data Attachment 35) from the NorthPointe ICC or the PSA (Roscoe, Rockton, and South Beloit, as defined herein). Thus, when an ambulance transport is necessary to a hospital, it results in an ambulance being outside the PSA for at least an estimated 60 minutes considering round trip travel time and a 20-minute period to transfer a patient. This reduces access to emergency services within the PSA.

An FSEC available at NorthPointe would reduce this critical time from pick-up to drop-off to approximately 8 to 10 minutes thereby improving local both access to quality facility-based emergency services as well as the retention of ambulance based services within the primary service area.

The local fire protection districts have requested the Beloit Health System consider converting the NorthPointe ICC into an FSEC in order to provide ambulance transport access to locally-based emergency medical services. Beloit is responding to the community with this proposed modernization project.

### Alternatives

In response to community inquiries, Beloit Health System considered area need to access timely facility-based emergency medical services and decided to modernize or update the NorthPointe ICC to meet Illinois FSEC licensing requirements in order to provide expanded hourly access by patients and timely emergency medical service access via ambulance transport. Hence, a key criterion in evaluating the defined alternatives is based on whether or not ambulance transports could be accepted at NorthPointe under Illinois law and regulations.

The alternatives considered were:

#### Alternative 1 – Joint Venture / Other Resources

- Patient Access – Unknown except for existing hospital based ED's.
- Quality – Unknown
- Financial Benefits – Unknown
- Project Cost – Unknown
- Decision / Rationale – No other FSEC's exist in the PSA as defined by current patient origin visits to the ICC.

Alternative 2 – Expand ICC hours from a daily 12 to a 24/7 365 day operation

- Patient Access – Improved for non-ambulance transports based on extended hours for personal transport
- Quality – Improved for a larger population base due to expanded hours. As a de-facto FSEC, the quality remains the same.
- Financial Benefits – Same as current, no change
- Project Cost – No capital costs; the ICC is an existing option
- Rejected ... does not provide for ambulance transport in that it remains an ICC not FSEC. The current facility does not meet FSEC licensing criteria.

Alternative 3 – Develop new 8 station FSEC (do not modernize the existing ICC)

- Patient Access – Provides for ambulance transport ... improving timely access to emergency medical services
- Quality – Provides for greater access to quality medical services due to ambulance transport access
- Financial Benefits – Higher costs due to new facility
- Project Cost – \$4.1 million estimated project costs ... duplicates existing facility.
- Rejected ... high cost; duplicates existing resource which can be modernized.

Alternative 4 – Modernize the existing ICC

- Patient Access – Improved due to ambulance transport and expanded hours
- Quality – Provides for greater access to quality facility-based emergency medical services due to ambulance transport access
- Financial Benefits – Lower ambulance transport costs / time out of district
- Project Cost – Approximately \$1.4 million total... Approximately \$0.54 million clinical
- Preferred alternative – lowest cost, improved access due to ability to accept ambulance transport and extended hours.

Quality Care

Please see Attachment 12 for improved / enhanced quality parameters.

**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:

**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.**

Criterion 1110.234  
Project Size  
Attachment 14

1. Narrative

The existing immediate care center (ICC) is 6,734 dgsf in size. Approximately 1,180 dgsf requires modernization to meet Illinois FSEC regulations. No new / expanded facility space is proposed. Projections outline in Attachment 35 indicate a NorthPointe FSEC can justify establishing an 8-station FSEC. Based on current ICC space, this provides approximately 842 dgsf / the proposed 8-station FSEC.

(See Attachment 14, Exhibits 1 and 2, existing ICC, proposed FSEC)

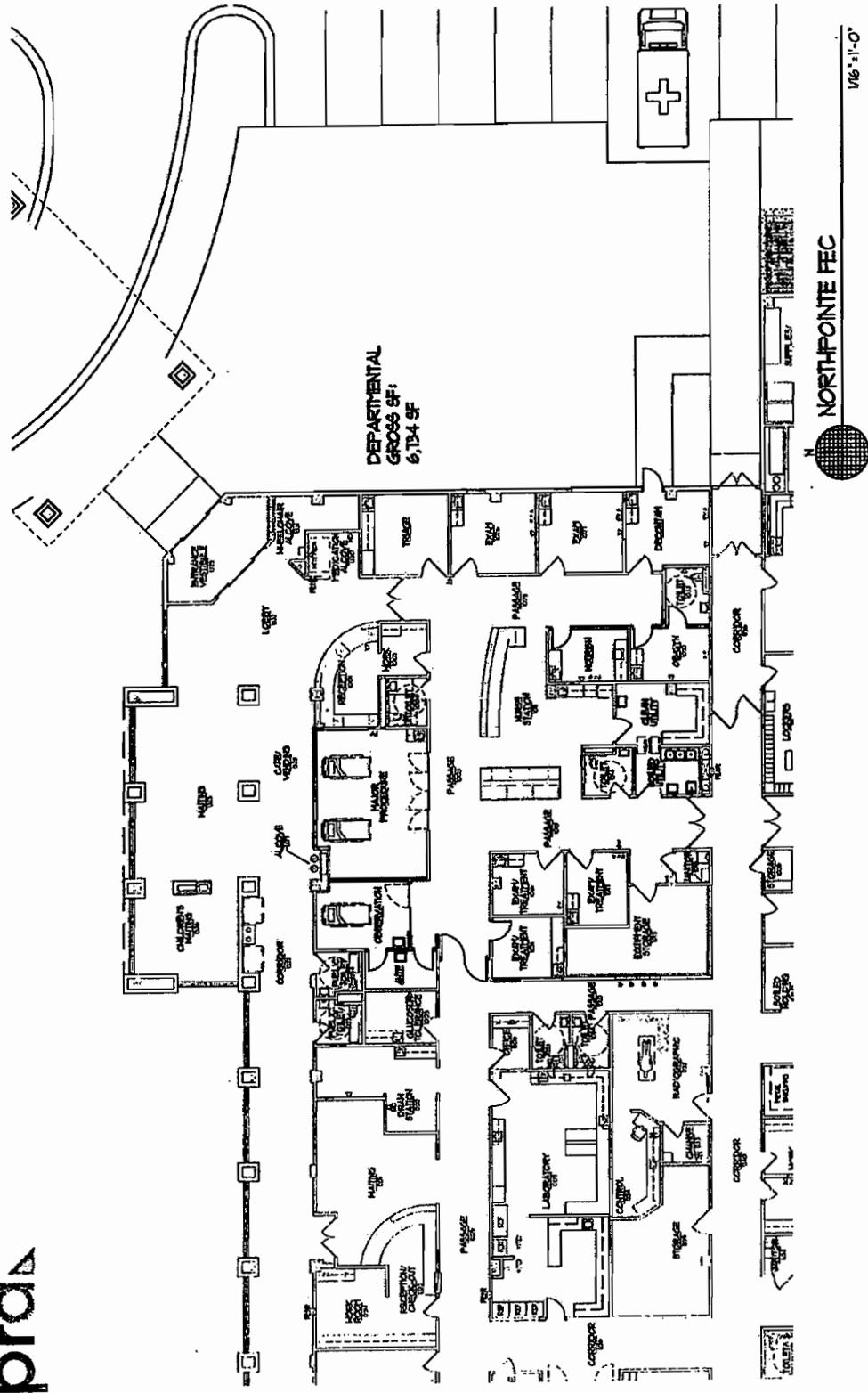
2. Gross Square Footage

The gross area per station does not exceed the State Standard.

Size of Project				
<u>Department / Service</u>	<u>Proposed dgsf</u>	<u>State Standard</u>	<u>Difference</u>	<u>Met Standard?</u>
FSEC (8 stations)	6,734	5,376 to 7,488 (672 – 936 dgsf / station)	1.369 to (754)	Yes



prad



**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

**PROJECT SERVICES UTILIZATION:**

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

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

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

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

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

Size of Project and Utilization (Section 1110.234(c))

Utilization						
Year	Dept./Service	General Stations*	Utilization		State Standard	Met Standard
			Historical	Projected		
<u>Actual</u>						
2011	Immediate Care Center	7	9,856	--	NA	NA
2012	Immediate Care Center	7	9,634	--	NA	NA
2013	Immediate Care Center	7	<u>9,076</u>	--	NA	NA
	Total (Years)		28,566			
<u>Projected</u>						
2014	Immediate Care Center	7	--	9,529	NA	NA
2015	Immediate Care Center	7	--	10,006	NA	NA
2016	FSEC	8	--	13,194	16,000	No
2017	FSEC	8	--	14,531	16,000	Yes

\* Excludes special purpose rooms

**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

**UNFINISHED OR SHELL SPACE:**

Provide the following information:

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.**

The project proposes to modernize existing space; no new space is being developed; hence, there is no shelled space.

## **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

#### **ASSURANCES:**

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

No assurances letters are required for this criterion. There is no shell space.

## SECTION VII - SERVICE SPECIFIC REVIEW CRITERIA

This Section is applicable to all projects proposing establishment, expansion or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria and provide the required information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

### **P Freestanding Emergency Center Medical Services**

#### **Criterion 1110.3230 – ESTABLISHMENT OF FREESTANDING EMERGENCY CENTER (MEDICAL SERVICES)**

Read the criterion and provide the following information:

1. Utilization – Provide the projected number of patient visits per day for each treatment station in the FEC based upon 24-hour availability, including an explanation of how the projection was determined.
2. The identification of the municipality of the FEC and FECMS and the municipality's population as reported by the most recently available U.S. Census Bureau data.
3. The identification of the hospital that owns or controls the FEC and the distance of the proposed FEC from that hospital, including an explanation of how that distance was calculated.
4. The identification of the Resource Hospital affiliated with the FEC, the distance of the proposed FEC from that Resource Hospital, (including an explanation of how that distance was calculated), and identification of that Resource Hospital's EMS system, including certification of the hospital's Resource Hospital status.
5. Certification signed by two authorized representative(s) of the applicant entity(s) that they have reviewed, understand and plan to comply with both of the following requirements:
  - A) The requirements of becoming a Medicare provider of freestanding emergency services; and
  - B) The requirements of becoming licensed under the Emergency Medical Services Systems Act [210 ILCS 50/32.5].
6. Area Need; Service to Area Residents - Document the proposed service area and projected patient volume for the proposed FEC:
  - A) Provide a map of the proposed service area, indicating the boundaries of the service area, and the total minutes travel time from the proposed site, indicating how the travel time was calculated.
  - B) Provide a list of the projected patient volume for the proposed FEC, categorized by zip code. Indicate what percentage of this volume represents residents from the proposed FEC's service area.
  - C) Provide either of the following:
    - a) Provide letters from authorized representatives of hospitals, or other FEC facilities, that are part of the Emergency Medical Services System (EMSS) for the defined service area, that contain patient origin information by zip code, (each letter shall contain a certification by the authorized representative that the representations contained in the letter are true and correct. A complete set of the letters with original notarized signatures shall accompany the application for permit), or
    - b) Patient origin information by zip code from independent data sources  
(e.g., Illinois Hospital Association CompData or IDPH hospital discharge data), based upon the patient's legal residence, for patients receiving services in the existing service area's facilities' emergency departments (EDs), verifying that at least 50% of the ED patients

**Freestanding Emergency Center Medical Services  
(continued)**

served during the last 12-month period were residents of the service area.

7. Area Need; Service Demand – Historical Utilization
  - A) Provide the annual number of ED patients that have received care at facilities that are located in the FEC's service area for the latest two-year period prior to submission of the application
  - B) Provide the estimated number of patients anticipated to receive services at the proposed FEC, including an explanation of how the projection was determined.
  
8. Area Need; Service Accessibility - Document the following (using supporting documentation as specified in accordance with the requirements of 77 IAC 1110.3230(b)(4)(B) Supporting Documentation):
  - i) The absence of the proposed ED service within the service area;
  - ii) The area population and existing care system exhibit indicators of medical care problems,
  - iii) All existing emergency services within the 30-minute normal travel time meet or exceed the utilization standard specified in 77 IAC 1100.
  
9. Unnecessary Duplication - Document that the project will not result in an unnecessary duplication by providing the following information:
  - A) A list of all zip code areas (in total or in part) that are located within 30 minutes normal travel time of the project's site;
  - B) The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois population); and
  - C) The names and locations of all existing or approved health care facilities located within 30 minutes normal travel time from the project site that provide emergency medical services.
  
10. Unnecessary Maldistribution - Document that the project will not result in maldistribution of services by documenting the following:
  - A) Historical utilization (for the latest 12-month period prior to submission of the application) for existing ED departments within 30 minutes travel time of the applicant's site that is below the utilization standard established pursuant to 77 IAC 1100.800; or
  - B) Insufficient population to provide the volume or caseload necessary to utilize the ED services proposed by the project at or above utilization standards.
  
11. Unnecessary Duplication/Maldistribution – Document that, within 24 months after project completion, the proposed project will not lower the utilization of other service area providers below, or further below, the utilization standards specified in 77 Ill. Adm. Code 1100 (using supporting documentation in accordance with the requirements of 77 IAC 1110.3230(c)(4)).
  
12. Staffing Availability - Document that a sufficient supply of personnel will be available to staff the service (in accordance with the requirements of 1110.3230(e)).

**B. Criterion 1110.3230 – EXPANSION OF EXISTING FREESTANDING EMERGENCY CENTER MEDICAL SERVICES**

Read the criterion and provide the following information:

1. The identification of the municipality of the FEC and FECMS and the municipality's population as reported by the most recently available U.S. Census Bureau data.

**Freestanding Emergency Center Medical Services  
(continued)**

2. The identification of the hospital that owns or controls the FEC and the distance of the proposed FEC from that hospital, including an explanation of how that distance was calculated.
3. The identification of the Resource Hospital affiliated with the FEC, the distance of the proposed FEC from that Resource Hospital, (including an explanation of how that distance was calculated), and identification of that Resource Hospital's EMS system, including certification of the hospital's Resource Hospital status.
4. Provide copies of Medicare and EMS licensure, in addition to certification signed by two authorized representative(s) of the applicant entity(s), indicating that the existing FEC complies with both of the following requirements:
  - A) The requirements of being a Medicare provider of freestanding emergency services; and
  - B) The requirements of being licensed under the Emergency Medical Services Systems Act [210 ILCS 50/32.5].
5. Area Need; Service to Area Residents - Document the proposed service area and projected patient volume for the expanded FEC:
  - A) Provide a map of the proposed service area, indicating the boundaries of the service area, and the total minutes travel time from the expanded FEC, indicating how the travel time was calculated.
  - B) Provide a list of the historical (latest 12-month period) patient volume for the existing FEC, categorized by zip code, based on the patient's legal residence. Indicate what percentage of this volume represents residents from the existing FEC's service area, based on patient's legal residence.
6. Staffing Availability - Document that a sufficient supply of personnel will be available to staff the service (in accordance with the requirements of 1110.3230(e)).

**C. Criterion 1110.3230 – MODERNIZATION OF EXISTING FREESTANDING EMERGENCY CENTER MEDICAL SERVICES) CATEGORY OF SERVICE**

Read the criterion and provide the following information:

1. The historical number of visits (based on the latest 12-month period) for the existing FEC.
2. The identification of the municipality of the FEC and FECMS and the municipality's population as reported by the most recently available U.S. Census Bureau data.
3. The identification of the hospital that owns or controls the FEC and the distance of the proposed FEC from that hospital, including an explanation of how that distance was calculated.
4. The identification of the Resource Hospital affiliated with the FEC, the distance of the proposed FEC from that Resource Hospital, (including an explanation of how that distance was calculated), and identification of that Resource Hospital's EMS system, including certification of the hospital's Resource Hospital status.
5. Provide copies of Medicare and EMS licensure, in addition to certification signed by two authorized representative(s) of the applicant entity(s), indicating that the existing FEC complies with both of the following requirements:
  - A) The requirements of being a Medicare provider of freestanding emergency services; and
  - B) The requirements of being licensed under the Emergency Medical Services Systems Act [210 ILCS 50/32.5].

**Freestanding Emergency Center Medical Services  
(continued)**

6. Category of Service Modernization - Document that the existing treatment areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized, due to such factors as, but not limited to; high cost of maintenance, non-compliance with licensing or life safety codes, changes in standards of care, or additional space for diagnostic or therapeutic purposes. Documentation shall include the most recent IDPH Centers for Medicare and Medicaid Services (CMMS) Inspection reports, and Joint Commission on Accreditation of Healthcare Organizations reports. Other documentation shall include the following, as applicable to the factors cited in the application; copies of maintenance reports, copies of citations for life safety code violations, and other pertinent reports and data.

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

Criterion 1110.3230  
Establishment

1. Utilization (Historical and Projected)

The NorthPointe Immediate Care Center (ICC) has been in operation since 2008 as a satellite of Beloit Memorial Hospital’s Emergency Department operation. Hence, by operational policies and procedures it is in essence a de-facto FSEC, although not licensed as such in Illinois. The ICC operates 12 hours / day (9:00AM – 9:00PM), 365 days / year.

This Permit Application proposes to conform the existing ICC facilities to Illinois FSEC licensing standards through a modernization / remodeling project. Although one could consider the project as meeting Review Board modernization criteria, by IHFSRB rules, the establishment criteria apply in that an FSEC requires separate Illinois licensure and subsequent designation as a “Freestanding Emergency Center Medical Service”.

Historical ICC utilization by patient origin is summarized below: (Also see Attachment 35, Exhibit1 for attestation and patient origin data)

<u>Zip</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>	
Roscoe	61073	1,911		1,973		1,899		1,921	
Rockton	61072	1,753		1,945		1,908		1,784	
Beloit	53511	1,805		2,012		1,899		1,901	
South Beloit	61080	<u>1,700</u>		<u>1,907</u>		<u>1,927</u>		<u>2,028</u>	
Subtotal		7,169	(81.8%)	7,837	(82.2%)	7,633	(82.8%)	7,634	(84.1%)
All other zip codes		<u>1,595</u>	<u>(18.2%)</u>	<u>1,696</u>	<u>(17.8%)</u>	<u>1,586</u>	<u>(17.2%)</u>	<u>1,442</u>	<u>(15.9%)</u>
Total		<u>8,764</u>	<u>(100%)</u>	<u>9,533</u>	<u>(100%)</u>	<u>9,219</u>	<u>(100%)</u>	<u>9,076</u>	<u>(100%)</u>

Projected Utilization

The NorthPointe ICC operates 12 hours / day, 7 days per week from 9:00 AM to 9:00 PM. If modernized / converted into a licensed FSEC, the operational hours would, by licensing criteria, expand to 24 hours per day, 7 days per week. In addition, as a licensed FSEC, it could accept ambulance as well as other public vehicle (police, etc.) patient transports. Another important characteristic of an FSEC, as compared to an ICC, would allow the new service designation to hold itself out as providing facility-based emergency medical services thereby enhancing its public perception and potential to expand utilization.

Therefore, future incremental and projected total utilization can be based on several factors given the State Board does not have a projection methodology.

1. Enhanced / extended hours (8,760 hours versus 4,380 hours; an increase of 4,380 annual operational hours).
2. Ambulance transports / increased utilization and access
3. National FSEC Utilization Experience
4. Enhanced Emergency Medical Service Access Based on Community Perception ... The provision of “Emergency Medical Services” versus “Immediate Care Services”.

Several methodologies were considered in developing projected FSEC utilization based on the above factors.

1. Expanded hours ... 24/7 operations

Research indicates the following patient utilization or daily frequency distribution based on and FSEC-based facility registrations:

<u>Time of Day</u>	<u>Frequency Distribution of Patient Registrations</u>
9:00 AM to 9:00 PM (Business hours)	68 to 72 %
9:00 PM to 9:00 AM (Overnight hours)	28 to 32%

Source: National Ambulatory Care Survey, NCHS, ED Utilization and Maryland Health Commission

Assuming a current 4-year (2010 – 2013) historical average annual ICC utilization of 9,148 visits and 12 hour daily operations, expanded hours could provide a total estimated volume in the range of 12,705 to 13,452 visits or an incremental volume of between 3,557 to 4,304 additional annual visits, excluding ambulance transports which are not included in the baseline historical ICC visit data.

2. Ambulance Transports (incremental volume)

National data from the Center for Health Statistics (CDC) indicates, on the average, 16% of ED patient visits are from ambulance or other public transport sources such as police and fire / immediate responders. Assuming a conservative 10% ambulance transport volume for projection purposes (in that an FSEC will be bypassed for major trauma cases), the potential incremental volume could conservatively range from 1,412 ambulance transports (3.8 / day) to 1,495 ambulance transports (4.1 / day). Local authorities estimate an average 6 ambulance transports to a NorthPointe FSEC so the actual data provides a more conservative estimate of potential incremental volume.

3. National Experience

National Experience, as documented by the American Hospital Association benchmark resource center for FSEC's, indicates an average of 35 to 40 visits / day to an FSEC. Thus, based on this methodology, NorthPointe could expect 12,775 to 14,600 annual visits, on the average. This suggests a potential incremental volume of between 3,627 to 5,452 annual visits over and above the 2010 to 2013 four-year average utilization of 9,148 cases (an actual average 25 / visits / day).

4. Enhanced Emergency Medical Services Access / Community Perception

A patient severity model was utilized to evaluate the estimated incremental volume if the NorthPointe ICC could hold itself out as an FSEC and promote the access to facility-based emergency medical services considering a licensed FSEC operational model at NorthPointe.

This methodology considered the expected severity distribution of emergency cases (see Attachment 35, Exhibit A) to NorthPointe's percent distribution (see Attachment 35, Exhibit B) in order to evaluate potential incremental visit volume if the ICC could present itself publicly as providing facility-based emergency medical services as a licensed FSEC. This methodology resulted in an incremental volume of approximately 2,813 additional cases based on a normative severity profile plus an additional 993 to 1,455 visits due to ambulance transports for an incremental total of 3,806 to 4,268 visits to the proposed NorthPointe FSEC.

Attachment 35

Exhibit A

Normalized Expected Distribution

<u>ESI Level</u>	<u>CPT Code</u>	<u>Acuity *</u>	<u>Percent Distribution</u>
1	99281	Non-emergent	0.6
2	99282	Simple Trauma	19.6
3	99283	Minor Trauma	49.9
4	99284	Trauma	27.5
5	99285 / 99291	Acute Trauma	<u>2.3</u>
			<u>99.9</u>

N = 193,952

ESI = Emergency Severity Index (V4) (ESI)

Source: Society for Academic Emergency Medicine, 2011; 18:1161-1166; ISSN 1069-6563

\* American College of Emergency Physicians (Primary source)

## Attachment 35

## Exhibit B

ESI Level	Visits 4-year Average 2009 – 2012	Actual Percent Distribution	Expected		Variance
			Percent Distribution	Visits	
1	1,929	21.6	0.6	54	1,875
2	2,698	30.2	19.6	1,752	946
3	3,506	39.2	49.9	4,462	(956)
4	689	7.7	27.5	2,459	(1,770)
5	<u>119</u>	<u>1.3</u>	<u>2.3</u>	<u>206</u>	<u>(87)</u>
	<u>8,941</u>	<u>100.0</u>	<u>99.9</u>	<u>8,933</u>	<u>8</u> *

Source: ICC Records; ESI V.4; Society for Academic Emergency Medicine

\* Errors due to rounding

**Observation:** Although the NorthPointe ICC operates as a satellite of Beloit Memorial Hospital's Emergency Department, or as a de-facto FSEC with limited hours (12 per day), its patient severity is less than what might be expected because it cannot, by Illinois law (IDPH) hold itself out as providing emergency services nor accept ambulance transport. If it operate as an FSEC, approximately 2,813 additional cases (ESI levels 3, 4, and 5) could be expected and an additional 993 to 1,455 due to ambulance transports at 10-14% of total volume.

Note: Severity data was available for 2009 to 2012, or 8,941 visits, on the average. The average utilization data for 2010 to 2013 was 9,148 visits. This 2.3 percent incremental average increase in visits does not materially affect the projection methodology

Summary of Estimated Incremental Volume

Projection Methodology

1) Additional <u>Hours</u>	2) Ambulance <u>Transport</u>	3) National * <u>Experience</u>	4) FSEC Level * <u>Services</u>
3,557	1,412	3,627	3,806
to	to	to	to
4,304	1,495	5,456	4,286

\* Includes ambulance transports

Thus, the total baseline volume projections are:

Methodology 1 and 2. Additional Hours plus Ambulance Visits

4-year average visits	9,148
Additional Hours	<u>3,557</u> to <u>4,304</u>
Ambulance Transports	<u>1,412</u> to <u>1,495</u>
Total Projected Visits	<u>14,117</u> to <u>14,947</u> (14,531 average visits)

The estimated FSEC station need is then 8 stations @ 2,000 visits / station / year

Methodology 3. National Experience

The current 4-year average of 9,148 annual visits plus incremental volume based on national experience results in a total projected annual utilization of between 12,775 to 14,600 visits to an FSEC, or requiring from 7 to 8 FSEC stations @ 2,000 visits / station / year.

Methodology 4. FSEC Level Services

The current 4-year average of 9,148 visits (2010 through 2013), plus the incremental volume based on the severity index analysis, indicates a total projected annual utilization of between 12,954 to 13,434 visits to an FSEC or a 7 station FSEC at 2,000 visits / station.

Conclusion

An 8 station FSEC can be justified based on current and projected utilization considering ambulance transports, additional hours, and consideration for the public accessing locally facility-based emergency medical services as provided by in an FSEC. The range of visits based on historical and incremental volume, blending the above, is between 13,194 and 14,531 annual visits in 2016 and 2017, respectively.

## 2. Municipality

The NorthPointe Health and Wellness Campus is in Roscoe, Illinois. Its 2013 population was estimated at 10,680 (US Census Bureau, Quick Facts). Based on the historical ICC utilization, the proposed Primary Service Area for Illinois residents is:

<u>Municipality</u>	<u>Zip Code</u>	<u>2013 * ICC Utilization</u>	<u>Percent * ICC Utilization</u>	<u>2013 ** Population</u>
Roscoe	61073	1,921	21.2	10,680
Rockton	61072	1,784	19.7	7,613
South Beloit	61080	<u>2,028</u>	22.3	<u>7,773</u>
Subtotal/Average		5,733	63.2	26,066
All other zip codes		<u>3,343</u>	36.8	--
Total ICC Utilization		<u>9,076</u>	100%	--

\* Beloit Health System Records

\*\* Source: US Census Bureau; Quick Facts

Note: This data suggest an ICC utilization rate of 219.9 visits per 1,000 population; Hospital Planning Area B-01 has an average 361.93 ED visits / 1,000 population compared to an Illinois state rate of 403.3  
Source: IDPH

## 3. Hospital Which owns NorthPointe FSEC

Beloit Health System, Beloit, Wisconsin, operates Beloit Memorial Hospital. It is 9.57 miles or 13 minutes from the proposed NorthPointe FSEC (MapQuest data, Attachment 35, Exhibit 2).

## 4. Resource Hospital for NorthPointe FSEC

The resource hospital for EMS Region 1 is Rockford Memorial Hospital, Rockford, Illinois. This Hospital is in Hospital Planning Area B-01. Rockford Memorial is 14.45 miles or 22 minutes from the proposed NorthPointe FSEC (MapQuest data, Attachment 35, Exhibit 3). Rockford Memorial, Rockford Health System – Rock River Regional EMS System, is also the Associate Hospital for NorthPointe (See Attachment 35, Exhibit 4 Agreement)

5. Certification

The subject attestation letter is provided as Attachment 35, Exhibit 5.

6. Area Need

6.A. Service Area

The service area has been determined by historical utilization of the existing NorthPointe ICC which is proposed to be physically modified to meet Illinois FSEC licensing criteria. The current ICC operates as a satellite of Beloit Memorial Hospital's Emergency Department, but with limited hours. It is in fact, a de-facto FSEC, based on underlying operational criteria. This project will allow for FSEC licensing and 24/7 operations and acceptance of ambulance transports.

The Illinois service area (PSA) is defined as: (See Attachment 35, Exhibit1)

<u>Illinois Municipality</u>	<u>Zip Code</u>	<u>2013 * ICC Utilization</u>	<u>Percent * ICC Utilization</u>	<u>2013 ** Population</u>
Roscoe	61073	1,921	21.2	10,680
Rockton	61072	1,784	19.7	7,613
South Beloit	61080	<u>2,028</u>	22.3	<u>7,773</u>
Subtotal/Average PSA		5,733	63.2	26,066
All other zip codes		<u>3,343</u>	36.8	--
Total ICC Utilization		<u>9,076</u>	100%	--

\* Beloit Health System Records

\*\* Source: US Census Bureau; Quick Facts

Note: This data suggest an ICC utilization rate of 219.9 visits per 1,000 population; Hospital Planning Area B-01 has an average 361.93 ED visits / 1,000 population compared to an Illinois state rate of 403.3  
Source: IDPH

A map identifying the geographic (30 minute drive time) GSA per IHFSRB rules includes the primary service area as defined above. (Attachment 35, Exhibit 6) The travel times to the furthest points in the defined primary service area approximates 5 to 10 minutes, based on extrapolating MapQuest and MapPoint data.

6. B. Existing ICC Patient Volume

<u>City</u>	<u>Zip Code</u>	<u>2013 Population</u>	<u>2013 Visits</u>	<u>Service Area Percent</u>	<u>2017 Projected Visits</u>
Roscoe	61073	10,680	1,921	18.0	3,472
Rockton	61072	7,613	1,784	23.4	2,510
South Beloit	61080	<u>7,773</u>	<u>2,028</u>	26.1	<u>2,766</u>
Illinois / Average		26,066	5,733	22.0	8,748
Beloit (city)	5351X	36,888	<u>1,901</u>	5.2	<u>2,900</u>
Subtotal			7,634	--	11,648
All Others			<u>1,442</u>	--	<u>2,883</u>
Total			<u>9,076</u>	--	<u>14,531</u>

6.C.b)Patient Origin Information (See Attachment 35, Exhibit 1)

The existing NorthPointe ICC operates as a de-facto FSEC without requiring a specific license from the State of Illinois. It operates under Beloit Memorial Hospital's auspices as a satellite of its ED and is staffed and operated consistent with Emergency Department compliance requirements; thus, it can be considered a de-facto FSEC.

The applicant attests to the fact that 22.0% of the 2013 Illinois primary service area visits were from residents in Illinois assuming one annual visit (see Criterion 1110.3230 points 2 and 6A above). Data is not available to the Beloit Health System to verify if 50% of the ED patients to other providers were from the defined service area nor were letters available from other hospital providers or FSEC facilities or Emergency Medical Services Systems. The applicant does attest to their actual experience.

7. Utilization

7. A. Historical Utilization

Based on a 30-minute drive time from NorthPointe, (See Map, Attachment 35, Exhibit 6). The following is the requested utilization..

<u>Provider</u>	<u>Type</u>	<u>Visits</u>	
		<u>2011</u>	<u>2012</u>
NorthPointe	ICC	9,533	9,076
Rockford Memorial	Comprehensive / Trauma	50,024	51,205
OSF Saint Anthony	Comprehensive / Trauma	39,354	38,839
Swedish American			
• Rockford	Comprehensive	59,627	63,014
• Belvidere	Stand-by	12,457	13,829

Source: IDPH AHQ published data; Beloit Health System records

7.B.Projected Utilization

See Attachment 35, A.1, Historical and Projected Utilization

8. Area Need / Service Accessibility

Attachment 35, Exhibit 5 attests to the fact the requirements of 1110.3230 (B)(4)(A&B) will be met.

- i) There are no FSEC's in the defined NorthPointe FSEC primary Illinois service area. In fact there are no hospitals within this geographic service area.
- ii) The area is served by ambulance and hospital-based emergency departments, but access to hospital-based emergency services via self-transport or ambulance is constrained by travel times which can average 21 minutes (MapQuest data)

iii) Existing Emergency Services

<u>Hospital</u>	<u>2012 Volume</u>	<u>Stations</u>	<u>Justified *</u>	<u>Variance</u>
Rockford Memorial	51,205	29	26	+3
Saint Anthony Medical Center	38,839	24	20	+4
Swedish American				
• Rockford	63,014	42	32	+10
• Belvidere	<u>13,829</u>	<u>4</u>	<u>7</u>	<u>(3)</u>
Total / Average	<u>166,887</u>	99	84	+14 – 15

9. Duplication (Illinois Providers)

A. Zip Codes (See Attachment 35, Exhibit 7)

B. Population Estimate (See Attachment 35, Exhibit 8)

C. Existing Providers

<u>Hospital</u>	<u>2012 Volume</u>	<u>Stations</u>	<u>Justified *</u>	<u>Variance</u>
Rockford Memorial	51,205	29	26	+3
Saint Anthony Medical Center	38,839	24	20	+4
Swedish American				
• Rockford	63,014	42	32	+10
• Belvidere	<u>13,829</u>	<u>4</u>	<u>7</u>	<u>(3)</u>
Total / Average	<u>166,887</u>	99	84	+14 – 15

10. Maldistribution

A. See Criterion 1110.3230, Points 8 and 9 above

B. Using Winnebago County population as a surrogate for needed ED stations, the 2012 population of 295,264 (US Census Bureau) could support 54 ED stations; using the Illinois ED visit rate of 403.3 / 1,000 population, 60 stations could be justified. This macro analysis does not take into account in and out migration from the area.

In 2012, there were 84 justified stations based on 2,000 ED visits / station or an excess of approximately 15 stations. Given that the surrogate population justified 54 to 60 stations, and the actual utilization justifies 84, in-migration can be assumed.

That said, the Illinois providers within 30-minutes of NorthPointe have a calculated service population of approximately 461,100 based on Hospital Planning Area B-01 calculated ED use rates of 361.93 visits / 1,000 population.

The applicant recognizes there is market capacity, but to the greatest degree, patients seek out / self-select points of care for emergency medical services and the Rockford hospitals are 14 to 16 miles and 17 to 23 minutes away (MapQuest data), thereby constraining local access with respect to NorthPointe based services which is minutes

away for both those who drive or are drivers for emergency medical services or utilize ambulance providers.

In that the ICC is currently in operation, neither duplication nor maldistribution are considered factors in converting this existing service to an FSEC.

11. Duplication / Maldistribution

The applicant does not believe maldistribution is applicable in that the ICC is an existing service.

12. Staffing

Given the ICC is an existing service, and Beloit Memorial Hospital does not have a recruitment issue, project staffing is not considered relevant, in this case. The Hospital turnover ratio is under 14 percent, which is considered to be very good.

The existing 11-room ICC proposes to reduce it's capacity to 8 FSEC qualified stations. No new space will be added or vacated. The space exists and will be modernized / remodeled to meet Illinois FSEC licensing criteria.

Although one can consider the existing ICC is a surrogate FSEC by virtue of the fact it operates under the auspices of, and as a satellite of, Beloit Memorial Hospital's Emergency Department, the "establishment" criterion were utilized in developing this permit application in that FSEC's are separately licensed in Illinois.

August 19, 2014

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

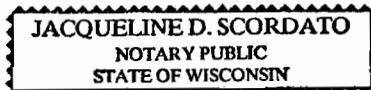
Re: Criterion 1110.3230  
Utilization (6.C)

Dear Ms. Avery,

This document attests to the fact that the attached profile is a true and accurate compilation of NorthPointe's 2013 Immediate Care visits by zip code.

Timothy M. McKeve  
President and Chief Executive Officer  
Beloit Health System, Inc.

Notarization:  
Subscribed and sworn to before me  
This 19 day of August

  
Signature of Notary  
Seal

**At-Home Healthcare**  
1904 E. Huebbe Parkway  
Beloit, WI • (608) 363-5885

**Beloit Clinic**  
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**Clinton Clinic**  
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3055 S. Riverside Dr.  
Beloit, WI • (608) 365-7222

**West Side Clinic**  
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Beloit, WI • (608) 363-7510

2013 NorthPointe Immediate Care Visits

<u>Zipcode</u>	<u>Visits</u>	<u>Percent</u>
61080 South Beloit	2,028	22.3%
61073 Roscoe	1,921	21.2%
5351X Beloit	1,901	20.9%
61072 Rockton	1,784	19.7%
611xx Rockford	248	2.7%
61115 Machesney Park	176	1.9%
53525 Clinton	131	1.4%
5354X Janesville	129	1.4%
Iboxx Other IL	108	1.2%
XXXXX Other	101	1.1%
61111 Loves Park	89	1.0%
61065 Poplar Grove	69	0.8%
61011 Caledonia	57	0.6%
61024 Durand	57	0.6%
61008 Belvidere	42	0.5%
Wioxx Other WI	33	0.4%
61079 Shirland	29	0.3%
53114 Darien	20	0.2%
53576 Orfordville	14	0.2%
61019 Davis	14	0.2%
53563 Milton	12	0.1%
61032 Freeport	9	0.1%
53536 Evansville	8	0.1%
61012 Capron	8	0.1%
61063 Pecatonica	8	0.1%
54241 Two Rivers	7	0.1%
537xx Madison	6	0.1%
53115 Delevan	5	0.1%
53505 Avalon	5	0.1%
53585 Sharon	5	0.1%
53501 Afion	4	0.0%
53537 Footville	4	0.0%
53590 Sun Prairie	4	0.0%
61016 Cherry Valley	4	0.0%
61088 Winnebago	4	0.0%
53121 Elkhorn	3	0.0%
53520 Broadhead	3	0.0%
53534 Edgerton	3	0.0%
54701 EauClaire	3	0.0%
61021 Dixon	3	0.0%
61061 Oregon	3	0.0%
53065 Oakfield	2	0.0%
53147 Lake Geneva	2	0.0%
53184 Walworth	2	0.0%
53185 Waterford	2	0.0%
53190 Whitewater	2	0.0%
61068 Rochelle	2	0.0%
61084 Stillman Valley	2	0.0%
Total	9,076	100.0%

August 19, 2014

Ms. Courtney R. Avery  
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Illinois Health Facilities and Services Review Board  
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61068 Rochelle	2	0.0%
61084 Stillman Valley	2	0.0%
Total	9,076	100.0%



Trip to:  
**1969 W Hart Rd**  
 Beloit, WI 53511-2230  
 9.57 miles / 13 minutes

Notes

NorthPointe to Beloit Memorial Hospital

**A** **E Rockton Rd, Roscoe, IL 6107342.453923, -89.005779**  
 (Address is approximate)

Download  
Free App

- 1. Start out going east on **E Rockton Rd / County Hwy-9** toward **Willowbrook Rd**. Continue to follow **E Rockton Rd**. [Map](#)

**0.6 Mi**  
*0.6 Mi Total*
- 2. Merge onto **I-90 W / I-39 N** via the ramp on the left toward **Janesville** (Crossing into **Wisconsin**). [Map](#)  
*If you reach Love Rd you've gone about 0.1 miles too far*

**5.2 Mi**  
*5.9 Mi Total*
- 3. Merge onto **WI-81 W** via **EXIT 185A** toward **Beloit**. [Map](#)

**0.9 Mi**  
*6.8 Mi Total*
- 4. Turn right onto **Cranston Rd**. [Map](#)  
*Cranston Rd is 0.1 miles past Branigan Rd*  
*Wells Fargo ATM is on the right*  
*If you are on Milwaukee Rd and reach Sutler Ave you've gone about 0.1 miles too far*

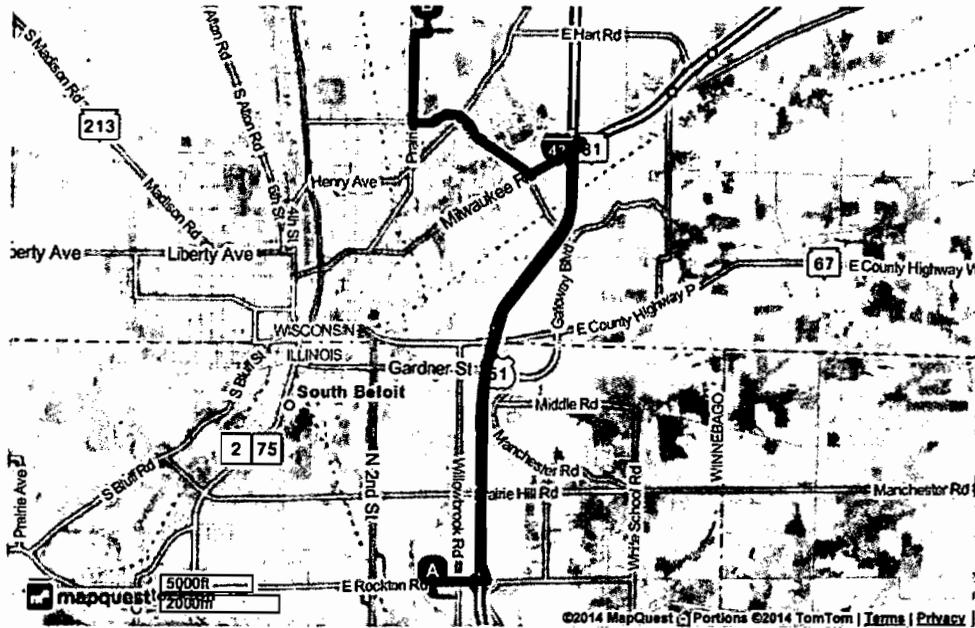
**1.6 Mi**  
*8.4 Mi Total*
- 5. Turn right onto **Prairie Ave / County Hwy-G**. [Map](#)  
*Prairie Ave is 0.4 miles past Parkmeadow*  
*Mobil is on the corner*  
*If you reach Lovell Ave you've gone about 0.1 miles too far*

**1.0 Mi**  
*9.4 Mi Total*
- 6. Turn right onto **W Hart Rd**. [Map](#)  
*W Hart Rd is 0.1 miles past E Post Rd*  
*Pizza Hut is on the right*  
*If you reach E Huebbe Pkwy you've gone about 0.1 miles too far*

**0.2 Mi**  
*9.6 Mi Total*
- 7. **1969 W HART RD** is on the left. [Map](#)  
*If you reach S Hart Ct you've gone about 0.1 miles too far*

**B** **1969 W Hart Rd, Beloit, WI 53511-2230**

Total Travel Estimate: 9.57 miles - about 13 minutes



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Trip to:  
**2400 N Rockton Ave**  
Rockford, IL 61103-3658  
14.45 miles / 22 minutes

Notes

NorthPointe to Rockford Memorial Hospital

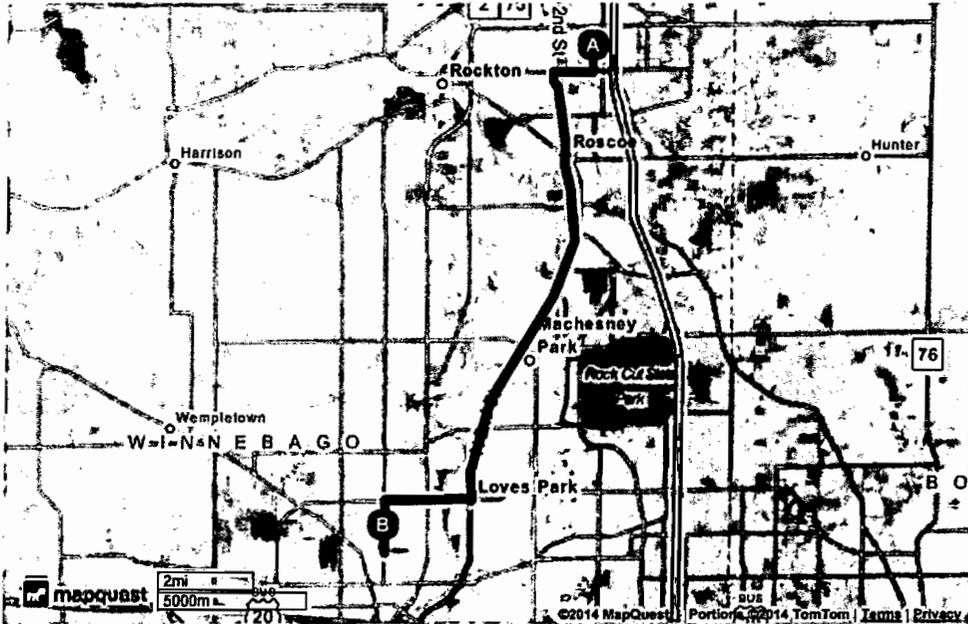
**A** **E Rockton Rd, Roscoe, IL 6107342.456450,**  
**-89.003749**  
(Address is approximate)

Download  
Free App

-  **1. Start out going west on E Rockton Rd / County Hwy-9 toward Metric Rd. [Map](#)** **0.9 Mi**  
0.9 Mi Total
-  **2. Merge onto IL-251 S via the ramp on the left toward Roscoe. [Map](#)** **10.3 Mi**  
If you reach Quail Trl you've gone about 0.2 miles too far  
11.3 Mi Total
-  **3. Turn right onto E Riverside Blvd. [Map](#)** **2.0 Mi**  
E Riverside Blvd is just past Grand Blvd  
Nunzio's Restaurant is on the right  
If you reach Sheridan Dr you've gone a little too far  
13.3 Mi Total
-  **4. Turn left onto N Rockton Ave. [Map](#)** **1.2 MI**  
N Rockton Ave is 0.1 miles past Eagle Dr  
If you reach Elva Ln you've gone a little too far  
14.5 Mi Total
-  **5. 2400 N ROCKTON AVE is on the right. [Map](#)**  
Your destination is just past Sharon Ave  
If you reach Bell Ave you've gone a little too far

**B** **2400 N Rockton Ave, Rockford, IL 61103-3658**

Total Travel Estimate: 14.45 miles - about 22 minutes

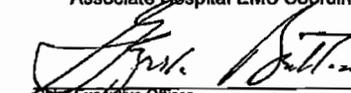


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## Associate Hospital Agreement

In accordance with the Illinois Emergency Medical Services (EMS) Act, section 515.330, we, Beloit Memorial Hospital, agree to participate as an Associate Hospital in the Rockford Health System – Rock River Region EMS System. In doing so, we agree to meet the requirements as indicated below:

- 1) Signed statements by the hospital's Chief Executive Officer, Chief of the Medical Staff and Director of the Nursing Service describing their commitments to the standards and procedures of the System;
- 2) A description of how the hospital will relate to the EMS System Resource Hospital, its involvement in the ongoing planning and development of the program, and its use of the education and continuing education aspects of the program;
- 3) Only at an Associate Hospital, a commitment to meet the System's educational standards for ECRNs;
- 4) An agreement to provide exchange of all drugs and equipment with all pre-hospital providers participating in the System or other EMS system whose ambulances transport to them;
- 5) An agreement to use the standard treatment orders as established by the Resource Hospital;
- 6) An agreement to follow the operational policies and protocols of the System;
- 7) A description of the level of participation in the training and continuing education of pre-hospital personnel;
- 8) An agreement to collect and provide relevant data as determined by the Resource Hospital;
- 9) A description of the hospital's data collection and reporting methods and the personnel responsible for maintaining all data;
- 10) An agreement to allow the Department access to all records, equipment and vehicles relating to the System during any Department inspection, investigation or site survey;
- 11) If the hospital is a participant in another System, a description of how it will interact within both Systems and how it will ensure that communications interference as a result of this dual participation will be minimized; and
- 12) The names and resumes of the Associate Hospital EMS Medical Director and Associate Hospital EMS Coordinator

 _____ Chief Executive Officer	8/14/08 _____ Date
 _____ Chief of the Medical Staff	8/14/08 _____ Date
 _____ Director of Nursing Services	8/14/08 _____ Date

## **Elements of Associate Hospital Agreement**

In compliance with the Associate Hospital Agreement between **Beloit Memorial Hospital and Rockford Health System – Rock River Region EMS System** the undersigned agree to the following elements of agreement as follows:

- 1) The undersigned are committed to follow the standards and procedures of the System as they relate to all interactions between Illinois EMS agencies, the Rockford Health System – Rock River Region EMS System and Beloit Memorial Hospital.
- 2) Beloit Memorial Hospital will continue to relate to the EMS System Resource Hospital through participation in the Region 1 Combined EMS meetings. In addition the Hospital EMS Coordinator and EMS Medical Director will be available upon request to participate in any planning and development of the program. The Hospital will participate in continuing education aspects of the program as time and availability permits when requested.
- 3) Beloit Memorial Hospital will meet the Systems educational standards for ECRNs by holding ECRN training courses for those nurses who will handle incoming BMS calls from Illinois services. The training will be offered on a regular basis.
- 4) We currently have agreements with all EMS services that transport to this hospital, that they may restock with drugs and equipment as needed before departing from the Hospital.
- 5) The Hospital has agreed to use the standard treatment orders as established by the Resource Hospital. Copies of the Region 1 Emergency Medical Services Standing Medical Orders are available to the on-line Medical Control physicians.
- 6) Beloit Memorial Hospital agrees to follow the operational policies and protocols when working with pre-hospital providers from the Illinois Region 1 System.
- 7) Beloit Memorial Hospital participates in the training and continuing education by providing clinical time in the emergency department to students from the System when requested. We have also participated in continuing education for pre-hospital providers when requested.
- 8) When requested, Beloit Memorial Hospital will collect and provide relevant data as determined by the Resource Hospital.
- 9) The Hospital maintains a computer in the Emergency Department with the Illinois computer program used by the pre-hospital providers in Region 1 for the purpose of report generation. Providers leave a copy of their reports on the patient chart. A copy of patient reports is usually also left for the EMS Coordinator who reviews these on a regular basis and reports concerns to the Resource hospital. The pre-hospital providers are responsible for sending IDPH reports to the resource hospital EMS Coordinator for IDPH purposes.
- 10) Beloit Memorial Hospital agrees to allow the Department access to all records, equipment and vehicles relating to the System during any Department inspection, investigation or site survey.
- 11) Beloit Memorial Hospital also participates with OSF Saint Anthony Medical Center as an Associate Hospital. Communication with both hospitals will be facilitated through the respective EMS Coordinators and attendance at Region 1 combined meetings when possible. The Hospital will work to minimize any communications interference that could result from this dual participation.

12) Attached are the resumes of the Associate Hospital Medical Director, Richard Barney, MD and the Associate Hospital EMS Coordinator, Barbara Kuska RN, BSN.

*R. K. Barney*  
Chief Executive Officer  
*Larry M. W...*  
Chief of the Medical Staff  
*Dois Mulder*  
Director of Nursing Service

*8, 04, 08*  
Date  
*8, 4, 08*  
Date  
*8, 4, 08*  
Date

August 19, 2014

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

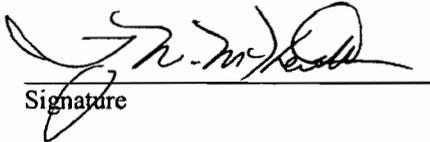
Re: Criterion 1110.3230  
Certification (5A and B)

Dear Ms. Avery,

This is to attest to the fact Beloit Health System, Inc. will comply with:

- A. The compliance requirements related to becoming a Medicare provider of freestanding emergency services (Hospital Conditions of Participation 42 CFR 413.65); and
- B. Illinois Licensing Requirements under the Emergency Medical Services System Act (210 ILCS 50/32.5).

We also attest that we are authorized representatives of Beloit Health System, Inc.



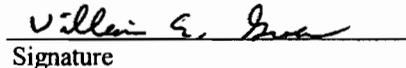
Signature

Timothy M. McKeveatt

Name

President and Chief Executive Officer  
Beloit Health System, Inc.

Title



Signature

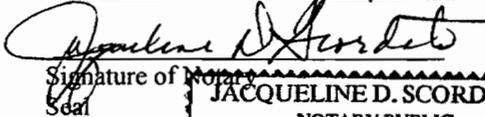
William Groeper

Name

Vice President  
Beloit Health System, Inc.

Title

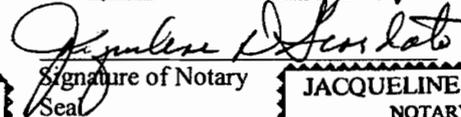
Notarization:  
Subscribed and sworn to before me  
This 19 day of August



Signature of Notary  
Seal

**JACQUELINE D. SCORDATO**  
NOTARY PUBLIC  
STATE OF WISCONSIN

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August 19, 2014

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Re: Criterion 1110.3230  
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Dear Ms. Avery,

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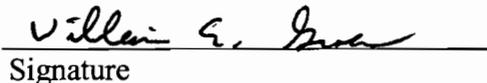
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Name

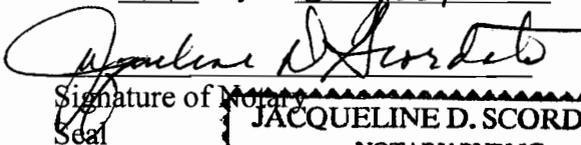
President and Chief Executive Officer  
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Title

  
Signature

William Groeper  
Name

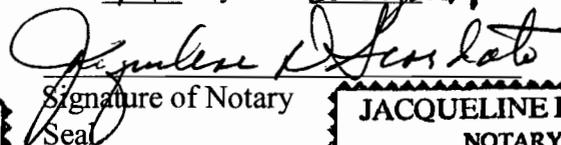
Vice President  
Beloit Health System, Inc.  
Title

Notarization:  
Subscribed and sworn to before me  
This 19 day of August

  
Signature of Notary  
Seal

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STATE OF WISCONSIN

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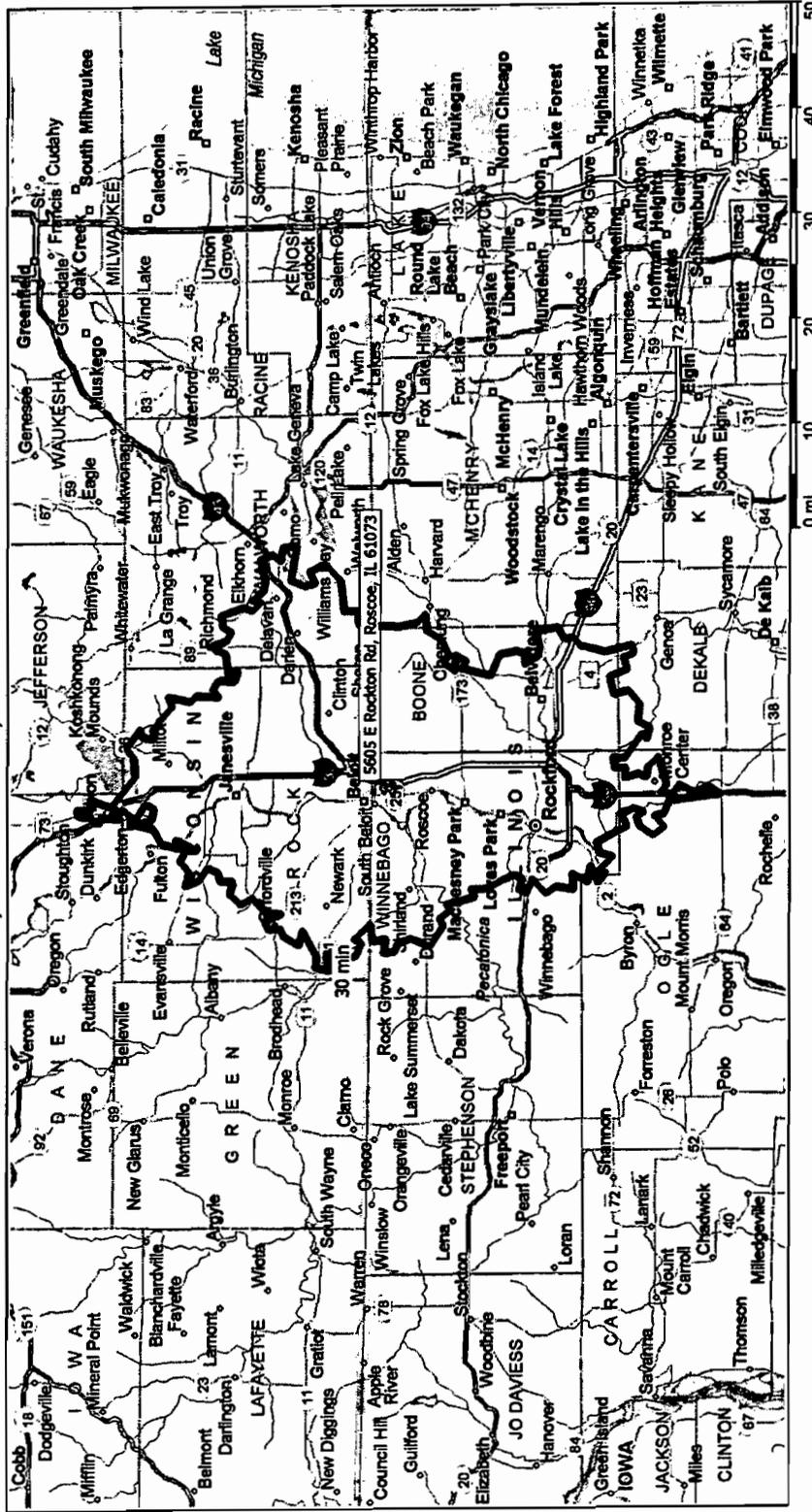
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30 Minute Drive Time from NorthPoint

Illinois, United States, North America



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Criterion 1110.3230  
A.6.B.  
Illinois Zip Codes (all or partial)  
with 30 minutes drive time from NorthPointe ICC

Winnebago County

61024  
61072  
61080 (Also Boone)  
61073 (Also Boone)  
61063  
61101 (Also Boone)  
61107 (Also Boone)  
61088  
61102  
61109  
61108  
61106

Boone County

61011 (also Winnebago)  
61008  
61012  
61038  
60033  
60152  
60146  
60111  
60145  
60135

Criterion 1110.3230  
 Illinois Zip Codes (all or partial)  
 with 30 minutes drive time from NorthPointe ICC  
 Population Estimates

<u>Winnebago County</u>	<u>Population</u>	<u>Boone County</u>	<u>Population</u>
61024	2,620	61011 (also Winnebago)	2,945
61072	11,797	61008	34,311
61080 (Also Boone)	10,599	61012	2,175
61073 (Also Boone)	20,052	61038	1,354
61063	4,132	60333	13,922
61101 (Also Boone)	21,593	60152	12,533
61107 (Also Boone)	20,439	60146	2,713
61088	6,020	60111	2,593
61102	20,538	60145	2,627
61109	28,333	60135	<u>7,248</u>
61108	28,550		
61106	<u>None Identified</u>		
Total Winnebago	<u>184,673</u>	Total Boone	<u>80,086</u>
Grand Total	<u>264,759</u>		

Source: US Census Bureau, Fact Finder; 2010 Census Data

MapQuest Data

OSF Saint Anthony Hospital  
Swedish American Hospital, Rockford



Trip to:  
**5666 E State St**  
Rockford, IL 61108-2425  
15.99 miles / 17 minutes

Notes

NorthPointe to OSF St Anthony Hospital

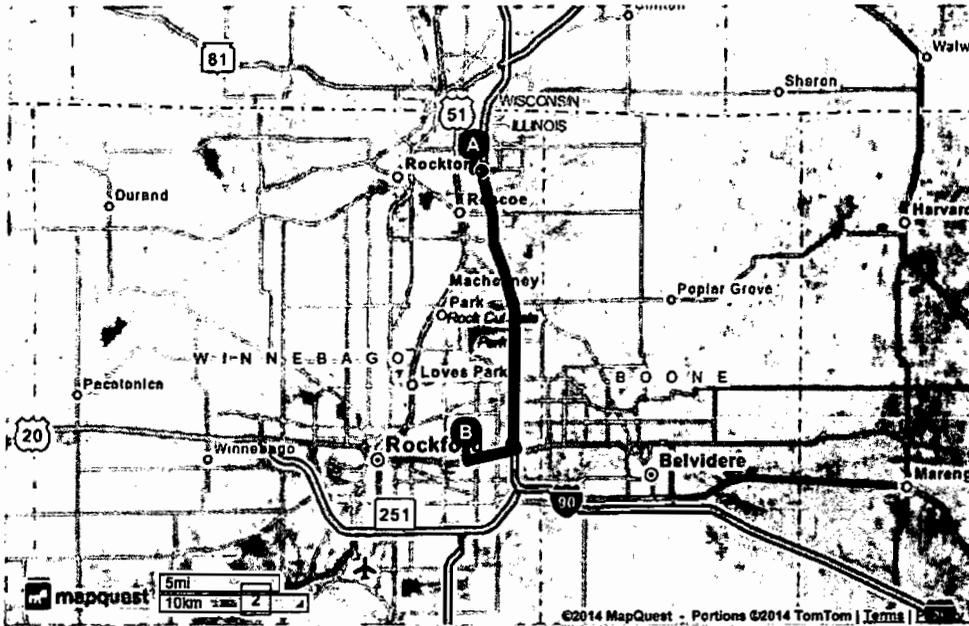
**A** **E Rockton Rd, Roscoe, IL 6107342.454931, -89.003749**  
(Address is approximate)

Download  
Free App

-  1. Start out going **east** on **E Rockton Rd / County Hwy-9** toward **Willowbrook Rd.** [Map](#) **0.3 Mi**  
0.3 Mi Total
-   2. Merge onto **I-90 E / I-39 S / US-51 S / Jane Addams Memorial Tollway S** toward **Chicago** (Portions toll). [Map](#) **12.5 Mi**  
12.8 Mi Total
-  **EXIT** 3. Take the **US-20 Bus / State St** exit. [Map](#) **0.8 Mi**  
13.6 Mi Total
-   4. Merge onto **US-20 Bus W / E State St** toward **Rockford.** [Map](#) **2.4 Mi**  
16.0 Mi Total
-  5. **5666 E STATE ST** is on the **right**. [Map](#)  
*Your destination is 0.1 miles past N Phelps Ave  
If you reach Roxbury Rd you've gone a little too far*

**B** **5666 E State St, Rockford, IL 61108-2425**

Total Travel Estimate: 15.99 miles - about 17 minutes



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<http://www.mapquest.com/print?a=app.core.cd822fd1a79b1e2c3de89fea>

8/13/2014



Trip to:  
**1401 E State St**  
Rockford, IL 61104-2315  
15.48 miles / 23 minutes

Notes

NorthPointe to Swedish American Hospital

**A** **E Rockton Rd, Roscoe, IL 6107342.453917, -89.005808**

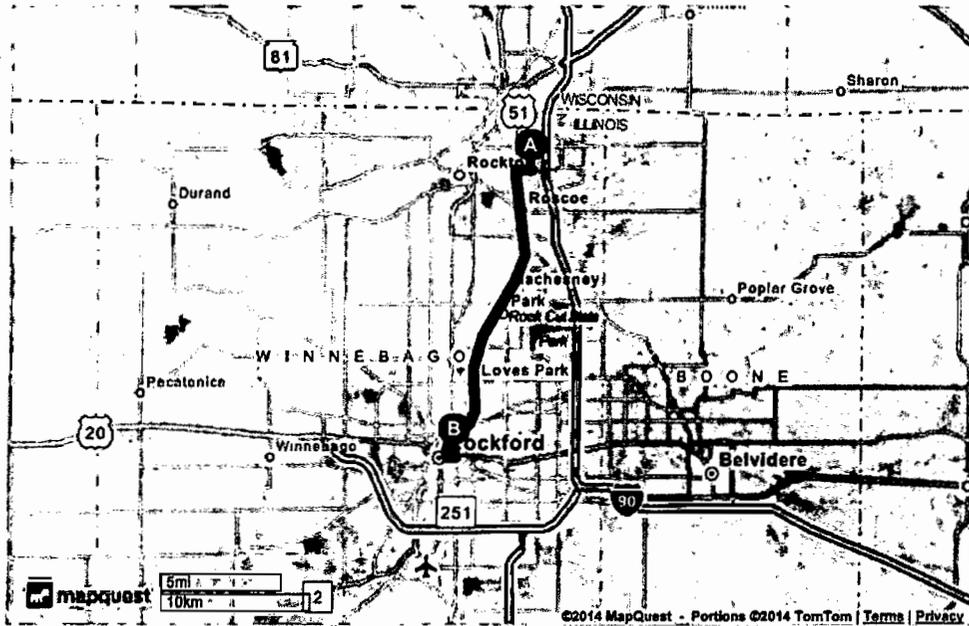
Download  
Free App

(Address is approximate)

-  1. Start out going west on E Rockton Rd / County Hwy-9 toward Metric Rd. [Map](#) **0.8 MI**  
0.8 Mi Total
-  **251** 2. Merge onto IL-251 S via the ramp on the left toward Roscoe. [Map](#) **13.6 MI**  
If you reach Quail Trl you've gone about 0.2 miles too far 14.4 Mi Total
-  3. Stay straight to go onto N 2nd St. [Map](#) **0.06 MI**  
14.5 Mi Total
-  4. Turn slight left onto ramp. [Map](#) **0.2 MI**  
14.7 Mi Total
-  5. Merge onto N 6th St. [Map](#) **0.3 MI**  
15.1 Mi Total
-  6. Turn left onto E State St. [Map](#) **0.4 MI**  
E State St is just past US-20 Bus W  
Uncle Nick's is on the corner  
If you are on S 6th St and reach Charles St you've gone a little too far 15.5 Mi Total
-  7. **1401 E STATE ST** is on the right. [Map](#)  
Your destination is 0.1 miles past 9th St  
If you reach Summit St you've gone a little too far

**B** **1401 E State St, Rockford, IL 61104-2315**

Total Travel Estimate: 15.48 miles - about 23 minutes



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

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

**VIII. - 1120.120 - Availability of Funds Not Applicable; Beloit Health System is A-Rated.**

**See Attachment 36, Exhibit 1**

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

<p style="text-align: center;"><u>\$1,442,398</u></p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> <li>1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and</li> <li>2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;</li> </ol> <p>b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.</p> <p>c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;</p> <p>d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:</p> <ol style="list-style-type: none"> <li>1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;</li> <li>2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;</li> <li>3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;</li> <li>4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;</li> <li>5) For any option to lease, a copy of the option, including all terms and conditions.</li> </ol> <p>e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;</p> <p>f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;</p> <p>g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.</p>
<p><b>\$1,442,398</b></p>	<p><b>TOTAL FUNDS AVAILABLE (See Attachment 7)</b></p>

**APPEND DOCUMENTATION AS ATTACHMENT-36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

# FitchRatings

70 West Madison  
Chicago, IL 60602

T 312 368 3100 / 800 48 FITCH  
www.fitchratings.com

Mr. Bill Groeper  
Beloit Health System  
1969 West Hart Road  
Beloit, WI 53511

August 19, 2014

Dear Mr. Groeper,

**Re: Rating Verification for Beloit Health System's series 2010B bonds**

This letter is provided in response to a request that Fitch (see definition below) verify the rating of the Wisconsin Health and Educational Facilities Authority's series 2010B bonds issued on behalf of Beloit Health System. As of today's date, and subject to any material changes that may arise during Fitch's periodic surveillance review process, Fitch verifies that the long term rating for Beloit Health System's series 2010B bonds is 'A-' and the Rating Outlook is Stable. This rating is listed and updated on Fitch's public website. Fitch has a conference call scheduled with Beloit Health System on August 21, 2014 and expects to update the rating by September 18, 2014.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently

# FitchRatings

forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given rating.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan, security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

This verification of the rating described above by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings nor its ratings verifications in any offering document in any instance in which US, UK or any other relevant securities laws requires such consent. Fitch does not consent to the inclusion of this letter communicating our rating action in any offering document. You understand that Fitch has not consented to, and will not consent to, being named as an "expert" in connection with any registration statement or other filings under US, UK or any other relevant securities laws, including but not limited to Section 7 of the U.S. Securities Act of 1933. Fitch is not an "underwriter" or "seller" as those terms are defined under applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation Sections 11 and 12(a)(2) of the U.S. Securities Act of 1933, nor has Fitch performed the roles or tasks associated with an "underwriter" or "seller" under this engagement.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between Fitch and any user of the rating.

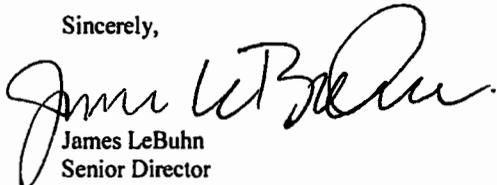
# FitchRatings

Fitch relies on the issuer and other parties to promptly provide Fitch with all information that may be material to the rating so that our rating continues to be appropriate. Ratings may be raised, lowered, withdrawn or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

In this letter, "Fitch" means Fitch Ratings, Inc. and any successor in interest.

If we can be of further assistance, please contact me at (312) 368-2059.

Sincerely,



James LeBuhn  
Senior Director  
Fitch Ratings

# FitchRatings

## **FITCH AFFIRMS BELOIT HEALTH SYSTEM (WI) REVS AT 'A-'; OUTLOOK STABLE**

Fitch Ratings-Chicago-18 September 2012: Fitch Ratings has affirmed the 'A-' rating on the following bonds issued by the Wisconsin Health & Educational Facilities Authority on behalf of Beloit Health System (BHS):

--\$32.5 million series 2010B revenue refunding bonds.

The Rating Outlook is Stable.

### **SECURITY**

Bond payments are secured by a pledge of the pledged revenues of the obligated group, a mortgage lien and a debt service reserve fund.

### **KEY RATING DRIVERS**

**STRONG OPERATING PROFITABILITY:** Operating profitability has been strong and consistent with operating EBITDA margin averaging 10.7% since fiscal 2006 and equal to 10.6% in fiscal 2011 (Dec. 31 year end).

**LEADING MARKET SHARE:** BHS holds a leading market share of 62.4% in its primary service area (PSA) with no competitor holding greater than 16% market share. Market share should continue to remain strong due to its highly aligned structure with the acquisition of the Beloit Clinic (65 multispecialty physician group) in January 2010.

**MANAGEABLE DEBT BURDEN:** BHS has a moderate debt burden with maximum annual debt service (MADS) equal to 2.6% of revenue in fiscal 2011 which, when combined with BHS's strong cash flow, produced solid MADS coverage of 4.4 times (x) EBITDA in fiscal 2011. This should allow BHS to absorb an additional \$11 million debt issuance expected in January 2013 at its current rating level.

**IMPROVED BUT STILL LIGHT LIQUIDITY METRICS:** Liquidity rebounded from the hit it took after the Beloit Clinic acquisition in 2010, but remains light for the 'A' rating category with 134.3 days cash on hand (DCOH) and 93.8% cash to debt at June 30, 2012.

### **CREDIT PROFILE**

The affirmation of the 'A-' rating reflects BHS's consistently strong operating performance, manageable debt burden, leading market share and improved liquidity metrics.

Operating profitability has been strong and consistent. Operating EBITDA margin averaged 10.7% since fiscal 2006 and equaled 10.6% in fiscal 2011, exceeding Fitch's 'A' category median of 9.8%. Strong operations continued through the six month interim period ending June 30, 2012, with an operating EBITDA margin of 10.3%. BHS maintained strong profitability levels for the rating category despite the purchase of Beloit Clinic in January 2010 which had a history of operating losses.

The lack of post-acquisition dilution reflects the successful consolidation of operations with Beloit Clinic. Consolidation efforts decreased the expense structure by \$3.5 million per year and include the elimination of redundant services including lab, pharmacy, purchasing and radiology services. Additionally, management decreased staffing by 30 FTEs through attrition without a reduction in force.

BHS's strong profitability and moderate debt burden allow for solid coverage of debt service. MADS coverage was solid at 4.4x EBITDA and 4.2x operating EBITDA relative to Fitch's 'A' category medians of 4.1x and 3.3x, respectively. Additionally, MADS accounted for a modest 2.6% of revenues in fiscal 2011.

Credit stability is bolstered by BHS's strong leading market share of 62.4% in its PSA. Mercy-Janesville is BHS's primary competitor in the PSA with 16% market share while UW Health holds 10.6% market share. No other hospital holds greater than 2% market share in the PSA. BHS's market position and operations are bolstered by its strong physician alignment which was further strengthened by the merger with the clinic.

Unrestricted liquidity metrics significantly improved since the clinic acquisition in 2010, but remain light for the rating category. Immediately following the acquisition, liquidity levels were stressed due to the increased debt burden and expense base with 87.9 DCOH and 56.5% cash to debt. Unrestricted cash and investments increased 64% since June 30, 2010 to \$64.2 million at June 30, 2012 equating to 134.3 DCOH and 93.8% cash to debt. While improved, liquidity remains light relative to the 'A' category medians of 191 days and 116.4%.

Near term capital plans include expansion of Beloit's cancer services including the purchase of a new linear accelerator. The expansion is expected to cost approximately \$11 million and BHS plans to fund the project with new debt in January 2013. Fitch believes that BHS has capacity at the current rating to absorb \$11 million of additional debt. Total projected capital spending is \$18 million in fiscal 2012, \$12 million in fiscal 2013, and \$25 million in fiscal 2014.

Credit concerns include BHS's high exposure to government payors and small revenue base. Medicare and Medicaid accounted for 45.6% and 16.1% of gross revenues, respectively. The high exposure makes BHS vulnerable to federal and state budget cuts and reliant on supplemental funding. Medicaid supplemental funding totaled \$11.8 million in fiscal 2011 and is expected to total \$12.5 million in fiscal 2012. BHS's small revenue base makes it vulnerable to physician turnover and changes in reimbursement levels. However, concerns due to the revenue base are mitigated by BHS's strong physician alignment and leading market share.

The Stable Outlook is based on Fitch's expectation that current profitability levels will be maintained and that robust cash flow generation should allow BHS to absorb the expected debt issuance at the current rating level. Further strengthening of liquidity metrics to a level consistent with Fitch's 'A' category medians and continued strong operations could result in positive rating action.

Beloit Health System (BHS) operates a 256 licensed bed community hospital and a multi-specialty physician group in Beloit, Wisconsin, located approximately 75 miles northwest of Chicago. BHS also owns and operates a home care service, independent and assisted living units, urgent care, and related ancillary services. Total operating revenues equaled \$196.4 million in fiscal 2011. BHS covenants to provide annual audited disclosure within 150 days of fiscal year end and quarterly disclosure within 60 days of the first three quarters end and within 90 days of the end of the fourth quarter. Disclosure is provided through the Municipal Securities Rulemaking Board's EMMA system.

Contact:

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Director  
+1-312-368-3180  
Fitch, Inc.  
70 West Madison Street  
Chicago, IL 60602

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

**Applicable Criteria and Related Research:**

--'Revenue-Supported Rating Criteria', dated June 12, 2012;

--'Nonprofit Hospitals and Health Systems Rating Criteria', dated July 23, 2012.

**Applicable Criteria and Related Research:**

Revenue-Supported Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=681015](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=681015)

Nonprofit Hospitals and Health Systems Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=683418](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=683418)

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IX. **1120.130 - Financial Viability**

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

**Financial Viability Waiver**

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

Not Applicable; Beloit Health System is A-rated. See Attachment 36, Exhibit 1

**IX. 1120.130 - Financial Viability**

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

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

<b>Provide Data for Projects Classified as:</b>	<b>Category A or Category B (last three years)</b>			<b>Category B (Projected)</b>
<b>Enter Historical and/or Projected Years:</b>				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

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

**2. Variance**

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

**APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

Not Applicable; Beloit Health System is A-rated. See Attachment 36, Exhibit1

**X. 1120.140 - Economic Feasibility**

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

**A. Reasonableness of Financing Arrangements Not Applicable; BHS is A-rated**

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 Not Applicable; BHS is A-rated**

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 See Attached Exhibit 1**

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).
- 2.

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)	
FSEC	--	186.15	--	--	1,180	--	--		\$219,657
Contingency		18.62	--	--	1,180	--	--		<u>21,966</u>
TOTALS		204.77	--	--	1,180	--	--		<u>\$241,623</u>

\* Include the percentage (%) of space for circulation

**D. Projected Operating Costs**

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

**E. Total Effect of the Project on Capital Costs**

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

**D. Projected Operating Costs**

<u>Operating Costs</u>	<u>Year 1</u>	<u>Year 2</u>
Salaries / Benefits	\$973,856	\$992,434
Supplies	40,201	53,003
Physician Services	<u>648,321</u>	<u>664,529</u>
Total	<u>\$1,662,378</u>	<u>\$1,709,966</u>

**E. Capital Costs**

<u>Capital Costs</u>	<u>Year 1</u>	<u>Year 2</u>
Depreciation	\$48,080	\$48,080
Visits	13,194	14,531
Capital / Visit	\$3.65	\$3.31

**XI. Safety Net Impact Statement**

**SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:**

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

**Safety Net Impact Statements shall also include all of the following:**

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

**A table in the following format must be provided as part of Attachment 43.**

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

**APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

## Safety Net Impact Statement

Beloit Health System / Beloit Memorial Hospital is a safety net provider in the Southern Wisconsin, Northern Illinois state line region. The proposed project, to the degree it enhances market access by converting the NorthPointe ICC into an FSEC, will increase the System's capacity to provide essential safety net services within the region, in particular, facility-based emergency services.

No significant impact on the other in-market emergency service providers is anticipated in that the projects scope is predicated on retaining existing ICC visits and converting the existing program to an FSEC on its NorthPointe Campus. Hence, no cross-substitution of safety net services is expected.

Discontinuation is not applicable to the proposed project.

Safety Net Impact Statement

<b>Beloit Memorial Hospital</b>				
<b>Safety Net Information per PA 96-0031</b>				
<b>CHARITY CARE</b>				
<b>Charity (# of patients)</b>	<b>Year 2010</b>	<b>Year 2011</b>	<b>Year 2012</b>	<b>Year 2013</b>
Inpatient	118	94	91	102
Outpatient	1,510	1,269	945	1,296
<b>Total</b>	<b>1,628</b>	<b>1,363</b>	<b>1,036</b>	<b>1,398</b>
<b>Charity (cost In dollars)</b>				
Inpatient	1,546,000	1,430,000	1,541,000	1,173,000
Outpatient	3,513,000	3,342,000	3,922,000	3,174,000
<b>Total</b>	<b>5,059,000</b>	<b>4,772,000</b>	<b>5,463,000</b>	<b>4,347,000</b>
<b>MEDICAID</b>				
<b>Medicaid (# of patients)</b>	<b>Year 2010</b>	<b>Year 2011</b>	<b>Year 2012</b>	<b>Year 2013</b>
Inpatient	1,160	1,223	1,097	981
Outpatient	83,679	85,735	81,158	82,376
<b>Total</b>	<b>84,839</b>	<b>86,958</b>	<b>82,255</b>	<b>83,357</b>
<b>Medicaid (revenue)</b>				
Inpatient	16,440,000	20,113,000	17,648,000	19,873,000
Outpatient	49,469,000	57,850,000	61,799,000	63,505,000
<b>Total</b>	<b>65,909,000</b>	<b>77,963,000</b>	<b>79,447,000</b>	<b>83,378,000</b>

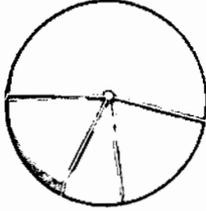
# Financials

*Our health system financials are consistently strong as confirmed by our most recent A bond rating by Fitch. Bill Groeper, Vice President*

Beloit Health System's management is responsible for the integrity and objectivity of all financial information included in this Annual Report. The health system's financial statements have been prepared in accordance with generally accepted accounting principles, and include amounts that are based on the best estimates and judgments of management. Wipfl has audited the health system's financial statements and has expressed its unqualified opinion. Beloit Health System does not use Wipfl for consulting projects, only for auditing the financial information.

*Gregory K. Britton*  
**GREGORY K. BRITTON**  
 PRESIDENT AND CEO

*William E. Groeper*  
**WILLIAM E. GROEPER**  
 VICE PRESIDENT



- \$185.1 MEDICARE LOSSES
- \$0.5 FREE COMMUNITY SERVICES
- \$59.1 OTHER CONTRACTUAL ADJUSTMENTS
- \$27.3 CHARITY CARE/BAD DEBT
- \$61.5 MEDICAID LOSSES

**\$333.5 MILLION TOTAL**

2012 uncompensated care and other community benefits provided by Beloit Health System (in millions of dollars).

**REVENUE**

Patient	\$515,317,111
Other	\$8,642,133
<b>TOTAL</b>	<b>\$523,959,244</b>
Less: Amounts Not Reimbursed	\$332,982,923
<b>Net Revenue Received</b>	<b>\$190,976,321</b>

**PAYOR SOURCE**

Insurance	33%
Medicare	47%
Medical Assistance	15%
Other Sources	5%

**TOTAL** (Net Revenue Received) **\$190,976,321**

**EXPENSES**

Salaries & Fringe Benefits	\$116,500,129
Supplies	\$25,794,005
Purchased Services	\$26,838,960
Building Costs (Depreciation, Interest & Utilities)	\$15,056,742
Insurance	\$1,517,614
Total	\$185,707,450
Income From Operations	\$5,268,871

**Fund Balance** **\$9,818,032**

**STATISTICS**

Number of Beds	103
Inpatient Admissions	3,995
Patient Days	16,355
Average Length of Stay in Days	4.09
Outpatient Procedures - Hospital	755,606
Outpatient Procedures - NorthPointe	76,505
Emergency Room Visits	39,853
Laboratory Tests	659,391
Surgical Procedures	4,447
Ambulatory Care Procedures	3,620
Total Clinic Encounters	217,295
Occupational Health Visits	38,170
Patient Meals Served	61,656
Volunteer Hours	39,035

**UNCOMPENSATED SERVICES**

Medicare Losses	\$185,043,450
Medicaid Losses	\$61,531,219
Charity Care/Bad Debt	\$27,336,153
Other Adjustments	\$59,070,101
Free Services	\$465,000
<b>Total Uncompensated Services</b>	<b>\$333,445,923</b>

**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.

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

APPEND DOCUMENTATION AS **ATTACHMENT-41**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

<b>Beloit Memorial Hospital</b>				
<b>CHARITY CARE</b>				
	<b>Year 2010</b>	<b>Year 2011</b>	<b>Year 2012</b>	<b>Year 2013</b>
<b>Net Patient Revenue</b>	<b>173,906,566</b>	<b>179,208,011</b>	<b>182,334,188</b>	<b>184,990,372</b>
Amount of Charity Care (charges)	12,599,000	13,071,000	15,092,000	13,100,000
Cost of Charity Care	5,059,000	4,772,000	5,463,000	4,347,000

Beloit Health System, Inc.  
Audited Financials 2012 - 2013

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# **Beloit Health System, Inc. and Affiliate**

Beloit, Wisconsin

## **Combined Financial Statements and Supplementary Information**

Years Ended December 31, 2013 and 2012

**Beloit Health System, Inc.  
and Affiliate**

Beloit, Wisconsin

**Combined Financial Statements and Supplementary  
Information**

Years Ended December 31, 2013 and 2012

# Beloit Health System, Inc. and Affiliate

## Combined Financial Statements and Supplementary Information

Years Ended December 31, 2013 and 2012

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## Independent Auditor's Report

Board of Trustees  
Beloit Health System, Inc.  
Beloit, Wisconsin

We have audited the accompanying combined financial statements of Beloit Health System, Inc. and Affiliate which comprise the combined balance sheets as of December 31, 2013 and 2012, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Beloit Health System, Inc. and Affiliate as of December 31, 2013 and 2012, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

*Wipfli LLP*

Wipfli LLP

April 4, 2014

Milwaukee, Wisconsin

# Beloit Health System, Inc. and Affiliate

## Combined Balance Sheets

December 31, 2013 and 2012

<i>Assets</i>	2013	2012
Current assets:		
Cash and cash equivalents	\$ 19,767,399	\$ 25,572,846
Patient accounts receivable - Net	31,034,864	20,257,270
Other accounts receivable	747,751	692,563
Inventory	3,147,664	2,608,606
Amounts receivable from third-party reimbursement programs	1,873,500	1,828,200
Prepaid expenses	741,511	1,019,587
<b>Total current assets</b>	<b>57,312,689</b>	<b>51,979,072</b>
<b>Investments</b>	<b>48,730,090</b>	<b>46,038,372</b>
<b>Assets limited as to use</b>	<b>15,174,531</b>	<b>13,498,792</b>
<b>Property and equipment - Net</b>	<b>114,827,401</b>	<b>103,870,060</b>
Other assets:		
Deferred financing costs	771,712	698,312
Goodwill	3,300,000	3,300,000
Other intangible assets	70,000	140,000
<b>Total other assets</b>	<b>4,141,712</b>	<b>4,138,312</b>
<b>TOTAL ASSETS</b>	<b>\$ 240,186,423</b>	<b>\$ 219,524,608</b>

<i>Liabilities and Net Assets</i>	2013	2012
Current liabilities:		
Current maturities of long-term debt	\$ 5,400,774	\$ 1,847,141
Accounts payable	7,121,564	8,511,591
Accrued liabilities	17,965,341	15,773,173
Total current liabilities	30,487,679	26,131,905
Long-term liabilities:		
Long-term debt, less current maturities	73,407,183	68,331,467
Pension liability	203,120	11,257,336
Deferred compensation	4,334,603	4,674,644
Interest rate swap agreements	6,948,388	11,347,323
Total long-term liabilities	84,893,294	95,610,770
Total liabilities	115,380,973	121,742,675
Net assets:		
Unrestricted	117,159,833	91,889,489
Temporarily restricted	6,102,128	4,393,509
Permanently restricted	1,543,489	1,498,935
Total net assets	124,805,450	97,781,933
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 240,186,423</b>	<b>\$ 219,524,608</b>

See accompanying notes to combined financial statements.

# Beloit Health System, Inc. and Affiliate

## Combined Statements of Operations

Years Ended December 31, 2013 and 2012

	2013	2012
Revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 199,970,647	\$ 188,866,500
Provision for bad debts	(14,980,275)	(6,532,312)
Net patient revenue, less provision for bad debts	184,990,372	182,334,188
Other operating revenue	11,362,839	8,642,133
Total revenue	196,353,211	190,976,321
Expenses:		
Salaries and wages	84,103,330	82,265,386
Employee benefits	34,985,678	34,397,554
Professional fees and purchased services	25,844,707	22,016,459
Supplies	24,929,761	25,810,148
Utilities	2,314,573	2,494,730
Insurance	1,268,304	1,526,998
Hospital assessment	5,102,720	4,940,579
Depreciation and amortization	9,093,292	9,124,467
Interest	3,407,045	3,437,545
Total expenses	191,049,410	186,013,866
Income from operations	5,303,801	4,962,455
Nonoperating income - Net	1,837,186	2,772,417
Revenue in excess of expenses (Note 1)	7,140,987	7,734,872

# Beloit Health System, Inc. and Affiliate

## Combined Statements of Operations (Continued)

Years Ended December 31, 2013 and 2012

	2013	2012
Other changes in unrestricted net assets:		
Change in net unrealized gains and losses on investments other than trading securities	\$ 2,140,421	\$ 1,595,656
Change in fair value of effective portion of interest rate swap agreements designated as cash flow hedges	4,123,245	360,879
Net assets released from restrictions and contributions for capital improvements	241,753	508,587
Change in pension obligation other than expense	11,623,938	4,996,838
Change in unrestricted net assets	\$ 25,270,344	\$ 15,196,832

# Beloit Health System, Inc. and Affiliate

## Combined Statements of Changes in Net Assets

Years Ended December 31, 2013 and 2012

	2013	2012
Unrestricted net assets:		
Revenue in excess of expenses	\$ 7,140,987	\$ 7,734,872
Change in net unrealized gains and losses on investments other than trading securities	2,140,421	1,595,656
Change in fair value of effective portion of interest rate swap agreements designated as cash flow hedges	4,123,245	360,879
Net assets released from restrictions and contributions for capital improvements	241,753	508,587
Change in pension obligation other than expense	11,623,938	4,996,838
<b>Increase in unrestricted net assets</b>	<b>25,270,344</b>	<b>15,196,832</b>
Temporarily restricted net assets:		
Contributions	1,703,580	184,230
Investment income	71,018	113,341
Change in net unrealized gains and losses on investments other than trading securities	357,030	186,401
Net assets released from restrictions for capital improvements	(241,753)	(508,587)
Net assets released from restrictions for operations	(181,256)	(41,870)
<b>Increase (decrease) in temporarily restricted net assets</b>	<b>1,708,619</b>	<b>(66,485)</b>
<b>Increase in permanently restricted net assets - Contributions</b>	<b>44,554</b>	<b>30,807</b>
Change in net assets	27,023,517	15,161,154
Net assets at beginning	97,781,933	82,620,779
<b>Net assets at end</b>	<b>\$ 124,805,450</b>	<b>\$ 97,781,933</b>

See accompanying notes to combined financial statements.

# Beloit Health System, Inc. and Affiliate

## Combined Statements of Cash Flows

Years Ended December 31, 2013 and 2012

	2013	2012
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 27,023,517	\$ 15,161,154
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,093,292	9,124,467
Provision for bad debts	14,980,275	6,532,312
Gain from disposal of property and equipment	-	(32,492)
Change in net unrealized gains and losses on investments other than trading securities	(2,497,451)	(1,782,057)
Change in fair value of interest rate swap agreements	(4,398,935)	(384,170)
Change in pension obligation other than pension expense	(11,623,938)	(4,996,838)
Restricted contributions and grants	(1,247,073)	(498,991)
Changes in operating assets and liabilities:		
Patient accounts receivable	(25,757,869)	(2,386,275)
Other accounts receivable	(55,188)	(304,257)
Inventory	(539,058)	(388,968)
Amounts receivable from third-party reimbursement programs	(45,300)	(994,184)
Prepaid expenses	278,076	260,546
Accounts payable	(1,390,027)	1,824,986
Accrued and other liabilities	2,761,890	(697,882)
Deferred compensation	(340,041)	779,013
Net cash provided by operating activities	6,242,170	21,216,364

# Beloit Health System, Inc. and Affiliate

## Combined Statements of Cash Flows (Continued)

Years Ended December 31, 2013 and 2012

	2013	2012
Cash flows from investing activities:		
Purchases of investments and assets limited as to use	(10,906,805)	(12,295,726)
Proceeds from sales of investments and assets limited as to use	9,036,799	5,757,724
Capital expenditures	(19,940,131)	(12,805,350)
<b>Net cash used in investing activities</b>	<b>(21,810,137)</b>	<b>(19,343,352)</b>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	10,465,982	-
Principal payments on long-term debt	(1,847,100)	(1,777,273)
Principal payments on obligations under capital leases	-	(72,112)
Payments of deferred financing costs	(103,435)	-
Restricted contributions and grants	1,247,073	498,991
<b>Net cash provided by (used in) financing activities</b>	<b>9,762,520</b>	<b>(1,350,394)</b>
Net increase (decrease) in cash and cash equivalents	(5,805,447)	522,618
Cash and cash equivalents at beginning	25,572,846	25,050,228
<b>Cash and cash equivalents at end</b>	<b>\$ 19,767,399</b>	<b>\$ 25,572,846</b>

### Supplemental cash flow information:

Cash paid during the year for interest, net of amounts capitalized	\$ 3,423,811	\$ 3,471,317
Reclassification of assets	\$ -	\$ 1,694,490

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 1      **Summary of Significant Accounting Policies**

#### **The Entity**

Beloit Health System, Inc. (the "System") is a nonstock, not-for-profit corporation. The System operates an acute care hospital with 256 licensed beds and a multi-specialty physician practice, and provides inpatient, outpatient, emergency, and home health care services in Beloit, Wisconsin, and the surrounding communities, including north central Illinois. The System owns and operates a 45-unit independent living senior residence located in Beloit, Wisconsin. The System also owns and operates a health and wellness center in northern Illinois, d/b/a/ NorthPointe, consisting of physician clinic space, an urgent care facility, related ancillary services, a fitness center, and a separate 24-unit assisted living facility.

The affiliate of the System is Beloit Health System Foundation, Inc. (the "Foundation"), a separate not-for-profit corporation. The specific purpose of the Foundation is to raise funds to promote educational, scientific, and charitable activities of the System. The System is the sole corporate member of the Foundation.

#### **Principles of Combination**

The combined financial statements include the accounts of the System and the Foundation (collectively the "Corporation"). All significant intercompany accounts and transactions have been eliminated in combination.

#### **Financial Statement Presentation**

The Corporation follows accounting standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) for nongovernmental entities.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

---

### Note 1      **Summary of Significant Accounting Policies** (Continued)

#### **Use of Estimates in Preparation of Financial Statements**

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

The Corporation considers critical accounting estimates to be those that require more significant judgments and include the valuation of accounts receivable, including contractual allowances and provision for doubtful accounts, estimated third-party settlements, and reserves for losses and expenses related to self-insurance for employee health care.

#### **Cash Equivalents**

The Corporation considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited or restricted.

#### **Patient Accounts Receivable and Credit Policy**

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The Corporation bills third-party payors on the patient's behalf, or if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patients' responsibility. Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement.

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

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 1      **Summary of Significant Accounting Policies** (Continued)

#### **Patient Accounts Receivables and Credit Policy** (Continued)

Patient accounts receivable are recorded in the accompanying combined balance sheets net of contractual adjustments and an allowance for doubtful accounts which reflects management's best estimate of the amounts that won't be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient accounts receivable. In evaluating the collectibility of patient accounts receivable, the System analyzes historical loss experience on patient revenue, applying the loss experience to current year patient revenue as a basis for the allowance for doubtful accounts, and receivables aged over 360 days. Based on these factors, the System estimates the appropriate allowance for doubtful accounts and provision for bad debts. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

#### **Inventory**

Inventory of supplies are valued at the lower of cost, determined on the first-in, first out method, or market.

#### **Investments and Investment Income**

Certificates of deposit are stated at the principal contributed plus any accrued interest earned. Land held for investment is stated at acquisition cost and assessed for impairment annually. All other investments are measured at fair value in the accompanying combined balance sheets.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Investments and Investment Income (Continued)

Investment income or loss (including realized gains and losses on investments, interest, and dividends) on funds held by a trustee for principal and interest payments on borrowings is reported as other operating revenue in the accompanying combined statements of operations. All other investment income (including realized gains and losses, interest, and dividends) is reported as nonoperating income in the accompanying combined statements of operations unless the income is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenue in excess of expenses unless the investments are trading securities. Realized gains or losses are determined by the specific-identification method.

The Corporation monitors the difference between the cost and fair value of its investments. A decline in market value of an individual investment security below cost that is deemed to be other-than-temporary results in an impairment and the Corporation reduces the investment's carrying value to fair value. A new cost basis is established for the investment and any impairment loss is recorded as a realized loss in investment income.

#### Assets Limited as to Use

Assets limited as to use include assets designated by the System's Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes; assets held in trust under terms of a bond trust indenture agreement; assets held in trust under deferred compensation arrangements; assets set aside by the Foundation's Board of Directors for designated purposes; and assets designated to fund temporarily and permanently restricted net assets.

#### Split-Interest Agreements

The Corporation's split-interest agreements with donors consist of irrevocable charitable remainder trusts for which the Foundation is the remainder beneficiary. The assets are held in trust by an external trustee. Split-interest agreements are recorded at fair value and classified with assets limited as to use in the accompanying combined balance sheets.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 1      **Summary of Significant Accounting Policies** (Continued)

#### **Property, Equipment, and Depreciation**

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Property and equipment under capital lease is amortized on the straight-line method over the shorter period of the lease term or the estimated economic life. Estimated useful lives range from 3 to 40 years for land improvements, buildings, and fixed equipment and from 3 to 20 years for major movable equipment.

Interest cost incurred on borrowed funds during the period of construction of capital assets, offset by interest earnings on certain trustee funds, is capitalized as a component of the cost of acquiring those assets.

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

#### **Deferred Financing Costs**

Costs related to issuance of long-term debt are amortized over the life of the related debt using the straight-line method.

#### **Goodwill and Other Intangible Assets**

Goodwill is the excess of the total cost of the acquisition over the fair value of the net assets acquired. Intangible assets consist of separately identifiable intangibles such as patient relationships. Intangible assets that are not deemed to have an indefinite life are amortized over their estimated remaining economic useful life.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 1      **Summary of Significant Accounting Policies** (Continued)

#### **Goodwill and Other Intangible Assets** (Continued)

Goodwill and intangible assets deemed to have indefinite lives are not amortized. Goodwill is subject to annual tests for impairment. For purposes of assessing the impairment of goodwill, the System evaluates goodwill at each reporting unit level. Under the provisions of ASC Topic 350-20, *Goodwill*, the System assesses the totality of qualitative factors (such as relevant events and circumstances) to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If the System determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the System estimates the fair value of the reporting unit, and the fair value is then compared with the carrying value of the applicable reporting unit. If the carrying amount of the reporting unit exceeds its calculated fair value, a second step of the goodwill impairment test would be performed to measure the amount of impairment loss, in any. No impairment charge was recorded in 2013 and 2012.

#### **Interest Rate Swap Agreements**

The Corporation uses interest rate swaps to manage its risk related to interest rate movements. The Corporation's risk management strategy is to stabilize cash flow variability on its variable rate debt with interest rate swaps. At the inception of an interest rate swap agreement, the Corporation documents its risk management strategy and assesses the interest rate swaps' effectiveness at producing offsetting cash flows. Interest rate swap agreements are reported at fair value on the accompanying combined balance sheets with the change in the fair value of the effective portion of the hedge included in other changes in unrestricted net assets in the combined statements of operations and changes in net assets. Any ineffective portion is recorded in nonoperating income (loss) in the accompanying combined statements of operations. If the ineffectiveness of the hedge exceeds certain prescribed levels, the derivative would no longer be eligible for hedge accounting, and all future changes in fair value of the derivative would be reported in other income or expense in the combined statements of operations and change in net assets, and the change that was recorded through net assets from the beginning of the interest rate swap would be amortized into earnings over the remaining life of the swap. In the event the interest rate swap is terminated, the total amount that was recorded in net assets from the beginning of the interest rate swap would be reclassified into earnings.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 1      **Summary of Significant Accounting Policies** (Continued)

#### **Net Assets**

Unrestricted net assets consists of investments and otherwise unrestricted amounts that are not subject to donor-imposed stipulations. Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity. Earnings on permanently restricted endowment funds are recorded as temporarily restricted net assets until appropriated by the Foundation's Board.

#### **Asset Retirement Obligations**

ASC Topic 410-20, *Accounting for Conditional Asset Retirement Obligations*, clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation. The Corporation has considered ASC Topic 410-20, specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its existing properties. The Corporation believes there is an indeterminate settlement date for the asset retirement obligations because the range of time over which the Corporation may settle the obligation is unknown and cannot be estimated. As a result, the Corporation cannot reasonably estimate the liability related to these asset retirement activities as of December 31, 2013 and 2012.

#### **Revenue in Excess of Expenses**

The accompanying combined statements of operations include the classification of revenue in excess of expenses, which is considered the operating indicator. Changes in unrestricted net assets, which are excluded from the operating indicator, include unrealized gains and losses on investments other than trading securities, the effective portion of changes in fair values of interest rate swap agreements designated as cash flow hedges, net assets released from restrictions and contributions for capital improvements, and changes in pension obligations and deferred compensation other than expense.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 1      **Summary of Significant Accounting Policies (Continued)**

#### **Patient Service Revenue**

The System recognizes patient service revenue on the accrual basis at the System's established rates. The provision for contractual adjustments (that is, the differences between established rates and expected third-party payor payments) and the discounts (that is, the difference between established rates and the amount billable) are recognized on the accrual basis. These amounts are deducted from gross patient service revenue to determine patient service revenue (net of contractual allowances and discounts). The provision for bad debts is based on historical loss experience and is deducted from patient service revenue (net of contractual allowances and discounts) to determine net patient service revenue, less provision for bad debts. The System also accrues retroactive adjustments under reimbursement agreements with third-party payors on an estimated basis in the period the related services are provided. Estimates are adjusted in future periods as final settlements are determined.

#### **Charity Care**

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenue.

The estimated cost of providing care to patients under the System's charity care policy is calculated by multiplying the ratio of cost to gross charges for the System times the gross uncompensated charges associated with providing charity care.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 1      **Summary of Significant Accounting Policies** (Continued)

#### **Donor-Restricted Gifts**

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is deemed unconditional. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying combined statements of changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying combined financial statements.

#### **Unemployment Compensation**

The Corporation is self-insured for unemployment compensation benefits. The Corporation has obtained a letter of credit, which expires on December 31, 2017, to meet state funding requirements.

#### **Income Taxes**

Both the System and the Foundation are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The System and Foundation are also exempt from state income taxes on related income.

In order to account for any uncertain tax positions, the Corporation determines whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Corporation recorded no assets or liabilities related to uncertain tax positions in 2013 and 2012. Tax returns for the years ended 2010 and beyond remain subject to examination by the applicable taxing authorities.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Fair Value Measurements

The Corporation measures the fair value of financial instruments, including interest rate swap agreements and assets within the defined benefit noncontributory retirement plan, using a three-tier hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for the identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in inactive markets;
- Inputs, other than quoted prices, that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. See Note 9 for further disclosures regarding fair value measurements of financial instruments.

#### Subsequent Events

Subsequent events have been evaluated through April 4, 2014, which is the date the financial statements were issued.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 2 Reimbursement Arrangements With Third-Party Payors

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

*Medicare* - Inpatient services are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are paid primarily on prospectively determined rates, also based on a patient classification system, or fixed fee schedules.

*Medicaid* - Inpatient services are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors similar to the Medicare system. Outpatient services are paid on a prospectively determined rate per occasion of service.

*Physician Clinics* - Reimbursement for clinic services rendered is based on charges, discounted charges, or in the case of government programs, prospectively determined reimbursement rates.

*Home Health Care* - A significant portion of home health care revenue is derived under federal and state reimbursement programs. Reimbursement under the home health Medicare program is based on a predetermined rate per episode of care depending on the patients' level of care and types of services provided. Services provided to Medicaid program beneficiaries are reimbursed on prospectively determined rates.

*Others* - The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 2 Reimbursement Arrangements With Third-Party Payors (Continued)

#### Accounting for Contractual Arrangements

The System is reimbursed for certain cost reimbursable items at tentative rates with final settlements determined after audit of the related annual cost reports by the respective Medicare fiscal intermediaries. Estimated provisions to approximate the final expected settlements after review by the intermediary are included in the accompanying combined financial statements. The Medicare cost reports have been audited through December 31, 2008 by the Medicare fiscal intermediary. Medicaid rate-setting practice relies on audited Medicare cost reports; therefore, Medicaid no longer provides an independent audit of Medicaid cost reports.

#### Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified electronic health record (EHR) technology. These provisions of ARRA, collectively referred to as the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), are intended to promote the adoption and meaningful use of health information technology and qualified EHR technology.

The System recognizes revenue for EHR incentive payments when there is reasonable assurance that the conditions of the program will be met, primarily demonstrating meaningful use of certified EHR technology for the applicable period. The demonstration of meaningful use is based on meeting a series of objectives. Meeting the series of objectives in order to demonstrate meaningful use becomes progressively more stringent as its implementation is phased in through stages as outlined by the Centers for Medicare & Medicaid Services (CMS). Amounts recognized under the Medicare and Medicaid EHR incentive programs are based on management's best estimates which are based in part on cost report data that is subject to audit by fiscal intermediaries; accordingly, amounts recognized are subject to change. In addition, the System's compliance with the meaningful use criteria is subject to audit by the federal government or its designee.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 2 Reimbursement Arrangements With Third-Party Payors (Continued)

#### Electronic Health Record Incentive Payments (Continued)

The System recorded approximately \$2,375,000 and \$360,000 in EHR incentive revenue from the Medicare program in 2013 and 2012, respectively, which is recorded in other operating revenue in the accompanying combined statements of operations. In addition, the System recorded approximately \$564,000 and \$571,000 in EHR incentive revenue from the Medicaid program in 2013 and 2012, respectively, which is also included in other operating revenue in the accompanying combined statements of operations.

#### Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Violation of these laws and regulations could result in the imposition of fines and penalties, as well as repayments of previously billed and collected revenue from patient services. Management believes that the System is in substantial compliance with current laws and regulations.

CMS uses Recovery Audit Contractors (RACs) as part of its efforts to ensure accurate payments under the Medicare program. RACs search for potentially inaccurate Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The provider will then have the opportunity to appeal the adjustment before final settlement of the claim is made. As of December 31, 2013, the System has received notice from the RAC of certain claims identified by the RAC as underpaid; reimbursement adjustments related to these claims are not estimated to be significant.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

### Note 3 Patient Accounts Receivable and Allowance for Doubtful Accounts

Patient accounts receivable consisted of the following at December 31:

	2013	2012
Patient accounts receivable	\$126,126,364	\$ 72,871,378
Less:		
Contractual adjustments	75,210,500	40,963,298
Allowance for doubtful accounts	19,881,000	11,650,810
Patient accounts receivable - Net	<u>\$ 31,034,864</u>	<u>\$ 20,257,270</u>

The System's gross patient revenue increased approximately \$64,900,000 in 2013 compared to 2012. Also, there was an increase in past due accounts in 2013 compared to 2012.

These factors caused the allowance for doubtful accounts to increase approximately \$8,230,000 at December 31, 2013 as compared to December 31, 2012. The System did not change its charity care or uninsured discount policies during 2013 or 2012.

### Note 4 Investments and Assets Limited as to Use

#### Investments

Investments consisted of the following at December 31:

	2013	2012
Mutual funds:		
U.S. equities	\$ 12,926,828	\$ 8,936,116
Fixed income	29,275,697	29,493,770
International	4,888,797	4,518,375
Alternative	1,638,768	1,390,111
Land held for investment	-	1,700,000
Total investments	<u>\$ 48,730,090</u>	<u>\$ 46,038,372</u>

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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

#### Assets Limited as to Use

Assets limited as to use consisted of the following at December 31:

	2013	2012
Held by trustees under bond indenture agreements:		
Cash equivalents	\$ -	\$ 2,778,650
Certificates of deposit	2,778,880	-
<u>Total held by trustees under bond indenture agreements</u>	<u>2,778,880</u>	<u>2,778,650</u>
Temporarily restricted by donors:		
Cash equivalents	826,138	566,305
Certificates of deposit	709,523	707,137
Mutual funds (U.S. equities)	963,212	588,693
Pledges receivable	1,889,551	1,388,490
<u>Total temporarily restricted by donors</u>	<u>4,388,424</u>	<u>3,250,625</u>
Permanently restricted by donors:		
Cash equivalents	27,906	54,001
Mutual funds (U.S. equities)	1,077,596	1,050,146
Cash surrender value of life insurance	437,987	394,788
<u>Total permanently restricted by donors</u>	<u>1,543,489</u>	<u>1,498,935</u>

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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

#### Assets Limited as to Use (Continued)

	2013	2012
Held by trustees under deferred compensation agreements:		
Mutual funds:		
U.S. equities	1,408,452	-
Fixed income	1,374,736	2,609,675
International	677,656	-
Alternative	228,952	-
Cash equivalents	404,393	1,604,744
<hr/>		
Total held by trustees under deferred compensation agreements	4,094,189	4,214,419
<hr/>		
Board-designated:		
Mutual funds (U.S. equities)	1,864,376	1,756,163
U.S. equities	505,173	-
<hr/>		
Total board-designated	2,369,549	1,756,163
<hr/>		
Total assets limited as to use	\$ 15,174,531	\$ 13,498,792

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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

#### Investment Income

Investment income including, interest, dividends, and realized gains and losses on cash equivalents, investments, and assets limited as to use, consisted of the following:

	2013	2012
Interest and dividend income	\$ 710,435	\$ 1,665,709
Realized gains and losses	347,753	761,346
<u>Total investment income</u>	<u>\$ 1,058,188</u>	<u>\$ 2,427,055</u>
Change in net unrealized gains and losses on investments other than trading securities	<u>\$ 2,497,451</u>	<u>\$ 1,782,057</u>

Management assesses individual investment securities as to whether declines in the market value are other-than-temporary and result in an impairment. For equity securities, including mutual funds, the Corporation considers whether it has the ability and intent to hold the investment until a market price recovery. Evidence considered in this includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, the issuer's financial condition, and the general market condition in the geographic area or industry the investee operates in. For debt securities, if the Corporation has made a decision to sell the security, or if it's more likely than not the Corporation will sell the security before the recovery of the security's cost basis, an other-than-temporary impairment is considered to have occurred. If the Corporation has not made a decision or does not have an intent to sell the debt security, but the debt security is not expected to recover its value due to a credit loss, an other-than temporary impairment is considered to have occurred. No realized losses for other than temporary declines were recorded in 2013 and 2012.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

### Note 5 Pledges Receivable and Related-Party Transactions

The Foundation has development campaigns, which individual donors (including various System and Foundation board members and employees) have pledged amounts to the Foundation primarily for expansion and renovation of the System's facilities. The Foundation has been named as owner and beneficiary on life insurance policies with death benefits of \$1,617,000 as of December 31, 2013 and 2012. Any death benefit in excess of the cash surrender value will be recorded as a contribution when received. The Foundation has also been named as beneficiary of two remainder trusts with present values of \$730,898 and \$688,180 at December 31, 2013 and 2012, respectively.

Pledges receivable, including the split-interest agreements, are classified as assets limited as to use and are expected to be collected as follows as of December 31:

	2013	2012
Less than one year	\$ 286,003	\$ 274,320
One to five years	1,025,438	450,533
Greater than five years	1,000	52,000
Split-interest agreements	730,898	688,180
Gross pledges receivable	2,043,339	1,465,033
Less:		
Unamortized discount	48,788	14,043
Allowance for uncollectible pledges	105,000	62,500
Pledges receivable - Net	\$ 1,889,551	\$ 1,388,490

Unconditional promises to give that are expected to be collected in future years are measured at fair value at the date promised; then adjusted on a recurring basis using historical trends of collection and market interest rate assumptions (1.64% and 0.95% at December 31, 2013 and 2012, respectively). The interest element resulting from amortization of the discount is reported as contribution revenue.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 5 Pledges Receivable and Related-Party Transactions (Continued)

Contributions received by the Corporation include donations from various members of the Boards of Directors of the System and the Foundation. The Corporation recognized contributions from board members of approximately \$39,000 and \$22,000 in 2013 and 2012, respectively. Contributions are also received by the Corporation from Beloit Memorial Hospital Auxiliary, Inc., a/k/a Beloit Memorial Hospital, Inc. Volunteers in Partnership (the "Auxiliary"), whose sole purpose is to promote and advance the welfare of the System. The Corporation recognized contributions from the Auxiliary of approximately \$75,000 and \$70,000 in 2013 and 2012, respectively.

### Note 6 Property and Equipment

Property and equipment consisted of the following at December 31:

	2013	2012
Land	\$ 8,100,877	\$ 6,395,847
Land improvements	5,953,103	5,953,103
Buildings	107,891,273	106,507,714
Fixed equipment	32,691,129	20,000,098
Major movable equipment	53,837,816	51,256,311
Total property and equipment	208,474,198	190,113,073
Less - Accumulated depreciation and amortization	102,823,550	93,840,773
Net depreciated value	105,650,648	96,272,300
Construction in progress	9,176,753	7,597,760
Property and equipment - Net	\$ 114,827,401	\$ 103,870,060

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

### Note 7 Long-Term Debt

Long-term debt consisted of the following at December 31:

	2013	2012
Mortgage note with bank; due in monthly installments of \$10,880, including interest at 4.45% through January 2019, at which time there is a payment of \$688,926 due; secured by certain real property	\$ 1,134,953	\$ 1,213,039
Illinois Finance Authority ("IFA") Revenue Bonds, Series 2010A, dated October 21, 2010; payable in monthly installments including principal and interest through April 2036; variable interest rate set monthly (1.24% at December 31, 2013)	37,000,000	37,305,000
Wisconsin Health and Educational Facilities Authority ("WHEFA") Revenue Bonds, Series 2010B, dated October 21, 2010; interest payable semi-annually at varying rates (4.00% to 5.125%) principal due in annual installments through April 2036	30,050,000	31,285,000
WHEFA Revenue Bonds, Series 2013, dated February 26, 2013; payable in monthly installments including principal and interest beginning February 2014 through January 2029; variable interest rate set monthly (1.36% at December 31, 2013)	7,465,982	-
\$12,000,000 line of credit; borrowings at LIBOR plus 1.25% (effective rate of 1.24% at December 31, 2013); due April 2014	3,000,000	-
Equipment notes, due in varying installments through 2015, interest rates from 6.70% to 7.76%	389,914	618,928
<b>Total</b>	<b>79,040,849</b>	<b>70,421,967</b>
Less:		
Unamortized bond discounts	232,892	243,359
Current maturities	5,400,774	1,847,141
<b>Long-term portion</b>	<b>\$ 73,407,183</b>	<b>\$ 68,331,467</b>

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 7 Long-Term Debt (Continued)

The System and the Foundation together form an Obligated Group for Revenue Bonds. The Revenue Bonds are secured by a security interest in the pledged revenue of the Obligated Group.

In February 2013, the Corporation issued its Series 2013 Revenue Bonds with a total available principal value of \$10,864,000. The Series 2013 Bonds were issued pursuant to a Bond Indenture and Loan Agreement by, and between, WHEFA, the Corporation, and First National Bank and Trust Company. The Bond Indenture and Loan Agreement permits the Corporation to make advances up to the available principal value through January 2014, at which point, monthly principal payments begin. The Corporation had borrowed \$7,465,982 as of December 31, 2013. The 2013 Revenue Bonds were also issued pursuant to a Master Trust indenture between the Corporation and U.S. Bank, N.A. as Master Trustee. The 2013 Revenue Bonds were purchased by First National Bank and Trust Company.

In October 2010, the Corporation issued its Series 2010A Revenue Bonds with a total principal value of \$37,895,000. The Series 2010A Bonds were issued pursuant to a Bond Trust Indenture by and between the IFA and The Bank of New York Mellon Trust Company, N.A., as bond trustee, with proceeds loaned to the Corporation pursuant to a Loan Agreement by and between the Corporation and IFA. The Series 2010A Bonds were also issued pursuant to a Master Trust Indenture between the Corporation and U.S. Bank N.A. as Master Trustee, as noted above. The Corporation is liable for all obligations under the Loan Agreement. The 2010A Bonds were purchased by a financial institution upon issuance, based on a Purchase Agreement, and will remain with the financial institution until October 2015, at which point the bonds may be reoffered if certain conditions have been satisfied pursuant to the Purchase Agreement.

In October 2010, the Corporation issued its Series 2010B Revenue Bonds with a total principal value of \$32,470,000, and a net discount of \$266,910. The Series 2010B Bonds were issued pursuant to a Bond Trust Indenture by and between WHEFA and The Bank of New York Mellon Trust Company, N.A., as bond trustee, with proceeds loaned to the Corporation pursuant to a Loan Agreement by and between the Corporation and WHEFA. The Series 2010B Bonds were also issued pursuant to the Master Trust Indenture between the Corporation and U.S. Bank N.A. as Master Trustee noted above. The Corporation is liable for all obligations under the Loan Agreement.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 7 Long-Term Debt (Continued)

The 2010B bond indenture requires the establishment of certain funds to be held by the trustee, which are unavailable for general corporate purposes. Required funds have been established and are shown as assets limited as to use in the accompanying combined financial statements.

The Master Trust indenture and the Purchase Agreement for the Series 2010A Bonds provide for various restrictive covenants, including maintenance of various financial ratios and limitations on additional borrowing. At December 31, 2013, management believes the Corporation was in compliance with these covenants.

The carrying value of revenue bonds and notes payable approximates the fair value of these liabilities.

Scheduled principal payments on long-term debt at December 31, 2013, including current maturities and borrowings on the line of credit, are summarized as follows:

2014	\$ 5,400,774
2015	2,421,474
2016	2,366,977
2017	2,456,030
2018	2,555,268
Thereafter	63,840,326
<hr/>	
Total	\$ 79,040,849

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 8 Interest Rate Swap Agreements

The interest rate swap agreements consisted of the following at December 31:

<u>Notional Principal</u>	<u>Maturity Date</u>	<u>Fixed Rate</u>	<u>2013</u>	<u>2012</u>
\$ 8,284,000	March 1, 2027	2.54%	\$ (169,835)	\$ -
39,700,000	April 1, 2036	3.88%	(6,778,553)	(11,347,323)
<u>Totals</u>			<u>\$ (6,948,388)</u>	<u>\$ (11,347,323)</u>

The Corporation has entered into two interest rate swap agreements for the purpose of mitigating the floating interest rate risk on the variable rate bonds.

The Corporation assesses the effectiveness of the interest rate swaps as cash flow hedge instruments on a periodic basis. For 2013 and 2012, the Corporation determined the hedge to be partially ineffective. During 2013 and 2012, the Corporation recognized nonoperating income of \$275,690 and \$23,291, respectively, for the ineffective portion of the interest rate swap agreements. The change in fair value of the portion of the interest rate swap agreements that was deemed to be effective increased unrestricted net assets by \$4,123,245 and \$360,879 in 2013 and 2012, respectively.

The Corporation is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreements. However, the Corporation does not anticipate nonperformance by the counterparty.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 9 Fair Value Measurements

Following is a description of the valuation methodology used for assets measured at fair value.

Cash equivalents and certificates of deposit traded under CUSIP numbers are valued based on historical cost, plus accrued interest, which approximates fair value. Mutual funds are valued at the daily closing price as reported by the fund. These funds are registered with the Securities and Exchange Commission and are required to publish their daily net asset value and to transact at that price. U.S. equities are valued using quoted market prices at the closing price reported on the active market on which the individual securities are traded. Split-interest agreements are valued at the estimated value of future payments to be received based on certain actuarial assumptions. Interest rate swap agreements are valued using interest rate yield curves.

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

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

### Note 9 Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Corporation's assets and liabilities at fair value as of December 31:

	2013			Total
	Level 1	Level 2	Level 3	
<b>Assets:</b>				
Cash equivalents	\$ -	\$ 9,606,481	\$ -	\$ 9,606,481
Certificates of deposit	-	2,778,880	-	2,778,880
U.S. equities	505,173	-	-	505,173
<b>Mutual funds:</b>				
U.S. equities	18,240,464	-	-	18,240,464
Fixed income	30,650,433	-	-	30,650,433
International	5,566,453	-	-	5,566,453
Alternative	1,867,720	-	-	1,867,720
Split-interest agreements	-	-	730,898	730,898
<b>Total assets</b>	<b>\$ 56,830,243</b>	<b>\$ 12,385,361</b>	<b>\$ 730,898</b>	<b>\$ 69,946,502</b>
<b>Liability:</b>				
Interest rate swap agreements	-	\$ (6,948,388)	-	\$ (6,948,388)

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

### Note 9 Fair Value Measurements (Continued)

	2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	\$ -	\$ 19,264,688	\$ -	\$ 19,264,688
Mutual funds:				
U.S. equities	12,331,118	-	-	12,331,118
Fixed income	32,103,445	-	-	32,103,445
International	4,518,375	-	-	4,518,375
Alternative	1,390,111	-	-	1,390,111
Split-interest agreements	-	-	688,180	688,180
<b>Total assets</b>	<b>\$50,343,049</b>	<b>\$ 19,264,688</b>	<b>\$ 688,180</b>	<b>\$ 70,295,917</b>
Liability:				
Interest rate swap agreements	\$ -	\$ (11,347,323)	\$ -	\$ (11,347,323)

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

### Note 10 Retirement Plans

Effective January 1, 2011, the Corporation froze its defined benefit noncontributory retirement plan for any benefits for participants with less than 20 years of service, as defined in the plan document. All assets of the plan are held in a separate bank-administered trust. The funding policy is to contribute amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974.

The following provides further information about the plan for the years ended December 31:

	2013	2012
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 66,071,714	\$ 64,229,810
Service cost	972,459	1,002,850
Interest cost	3,252,083	3,292,706
Benefits paid	(1,667,404)	(1,507,914)
Actuarial gain	(6,786,377)	(945,738)
<b>Benefit obligation at end of year</b>	<b>61,842,475</b>	<b>66,071,714</b>
Change in plan assets:		
Fair value of plan assets at beginning of year	54,814,378	47,475,535
Actual return on plan assets	8,657,048	7,181,026
Employer contributions	-	1,706,534
Benefits paid	(1,667,404)	(1,507,914)
Administrative expenses	(164,667)	(40,803)
<b>Fair value of plan assets at end of year</b>	<b>61,639,355</b>	<b>54,814,378</b>
<b>Funded status</b>	<b>\$ (203,120)</b>	<b>\$ (11,257,336)</b>

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

### Note 10 Retirement Plans (Continued)

Pension expense for the years ended December 31 was comprised of the following.

	2013	2012
Pension expense:		
Service cost	\$ 972,459	\$ 1,002,850
Interest cost	3,252,083	3,292,706
Expected return on assets	(4,355,815)	(3,896,925)
Amortization of unrecognized loss	670,173	1,078,445
Amortization of prior service costs	5,823	5,824
<u>Total pension expense</u>	<u>544,723</u>	<u>1,482,900</u>
Other changes in plan assets and benefit obligations recognized in net assets:		
Prior service cost	(5,823)	(5,824)
Accumulated gain (loss)	(11,593,115)	(5,267,481)
<u>Total recognized in net assets</u>	<u>(11,598,938)</u>	<u>(5,273,305)</u>
<u>Total recognized as pension expense and in net assets</u>	<u>\$ (11,054,215)</u>	<u>\$ (3,790,405)</u>

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

### Note 10 Retirement Plans (Continued)

Amounts recognized in the accompanying combined balance sheets consisted of the following at December 31:

	2013	2012
<u>Pension liability</u>	<u>\$ 203,120</u>	<u>\$ 11,257,336</u>
Net assets:		
Prior service cost	\$ 25,420	\$ 31,243
Accumulated loss	3,237,066	14,830,181
<u>Total amount recognized in net assets</u>	<u>\$ 3,262,486</u>	<u>\$ 14,861,424</u>

The plan's accumulated benefit obligation was \$58,715,147 and \$62,701,071 at December 31, 2013 and 2012, respectively.

Weighted average assumptions used as of December 31, the measurement date, in developing the projected benefit obligation were as follows:

	2013	2012
Discount rate for obligation	5.80 %	5.00 %
Discount rate for expense	5.00 %	5.20 %
Expected return on plan assets	8.00 %	8.25 %
Rate of compensation increase	3.50 %	3.50 %

To develop the expected long-term rate of return on asset assumptions, the Corporation considered the historical returns and future expectations for returns in each asset class, as well as targeted asset allocation percentages within the pension portfolio.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 10 Retirement Plans (Continued)

The Plan's asset allocations at December 31 were as follows:

	2013	2012
Asset category:		
Cash and cash equivalents	-	2 %
Fixed income mutual funds	58 %	35 %
Equity mutual funds	41 %	62 %
Investment contract with insurance company	1 %	1 %
<b>Totals</b>	<b>100 %</b>	<b>100 %</b>

Following is a description of the valuation methodology used for pension assets which are measured at fair value.

For a description of the valuation methodology for cash equivalents and mutual funds, see Note 9. Investment contracts with insurance companies are valued by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

### Note 10 Retirement Plans (Continued)

The following table sets forth by level, within the fair value hierarchy, the Corporation's assets within the defined benefit noncontributory retirement plan at fair value as of December 31:

	2013			Total
	Level 1	Level 2	Level 3	
Assets:				
Cash equivalents	\$ -	\$ 257,939	\$ -	\$ 257,939
Equity mutual funds	24,982,431	-	-	24,982,431
Fixed income mutual funds	35,627,879	-	-	35,627,879
Insurance contract	-	-	771,106	771,106
<b>Total assets</b>	<b>\$ 60,610,310</b>	<b>\$ 257,939</b>	<b>\$ 771,106</b>	<b>\$ 61,639,355</b>

	2012			Total
	Level 1	Level 2	Level 3	
Assets:				
Cash equivalents	\$ -	\$ 1,129,894	\$ -	\$ 1,129,894
Equity mutual funds	34,160,320	-	-	34,160,320
Fixed income mutual funds	18,877,652	-	-	18,877,652
Insurance contract	-	-	646,512	646,512
<b>Total assets</b>	<b>\$ 53,037,972</b>	<b>\$ 1,129,894</b>	<b>\$ 646,512</b>	<b>\$ 54,814,378</b>

The Corporation intends to provide an appropriate range of investment options that span the risk/return spectrum. The investment options allow for an investment portfolio consistent with plan circumstances, goals, time horizons, and tolerance for risk.

The Corporation expects to contribute \$1,320,000 to the Plan in 2014.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 10 Retirement Plans (Continued)

Benefit payments are expected to be paid as follows:

2014	\$ 2,087,000
2015	\$ 2,301,800
2016	\$ 2,495,000
2017	\$ 2,755,400
2018	\$ 3,057,900
Succeeding five years	\$ 19,721,700

The Corporation also sponsors a tax-deferred annuity plan and a matching contribution plan that cover employees at least 18 years of age who are not members of a union unless the collective bargaining agreement between the System and the union expressly provides for coverage. Employees may contribute to the tax-deferred annuity plan on a tax-deferred basis subject to plan and regulatory limits. The Corporation contributes to the matching contribution plan an amount equal to 50% of employees' contributions to the tax-deferred annuity plan up to 5% of employees' eligible compensation, such that the maximum matching contribution is 2.5% of an employee's eligible compensation. The Corporation recognized expense of \$1,140,000 and \$1,076,000 related to this plan in 2013 and 2012, respectively. Eligible employees under the tax-deferred annuity plan receive an employer contribution of 4% of employee's eligible compensation, regardless of employee contributions. The Corporation recognized expense of \$2,226,000 and \$2,143,000 related to this plan in 2013 and 2012, respectively.

The System also sponsors deferred compensation programs covering certain physicians and management. Investments designated for deferred compensation, recorded in the accompanying combined balance sheets at fair value as assets limited as to use, were \$4,094,189 and \$4,214,419 at December 31, 2013 and 2012, respectively. Corresponding liabilities totaling \$4,334,603 and \$4,674,644 at December 31, 2013 and 2012, respectively, are recorded in the accompanying combined balance sheets as long-term liabilities.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

### Note 11 Temporarily and Permanently Restricted Net Assets and Endowments

Temporarily restricted net assets include assets set aside in accordance with donor restrictions as to time or use. Temporarily restricted net assets are available for the following purposes:

	2013	2012
Restrictions as to time	\$ 1,889,551	\$ 1,388,490
Expansion and renovation	414,743	414,743
Unappropriated earnings on endowment funds	1,940,534	1,513,841
Specific hospital departments	1,857,300	1,076,435
<b>Total temporarily restricted net assets</b>	<b>\$ 6,102,128</b>	<b>\$ 4,393,509</b>

Income from permanently restricted net assets, with balances of \$1,543,489 and \$1,498,935 at December 31, 2013 and 2012, respectively, has been restricted by donors for capital improvements, education, home health, and various other projects at the System.

The Foundation's endowment consists of approximately 20 different funds established to benefit the System for a variety of purposes. During 2012, the Foundation de-designated unrestricted funds previously designated for endowment purposes after reassessing how the funds are managed. As such, the \$590,589 of unrestricted board designated endowments from 2011 are no longer treated as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowments consisted of the following at December 31:

	2013	2012
Temporarily restricted	\$ 1,940,534	\$ 1,513,841
Permanently restricted	1,543,489	1,498,935
<b>Total</b>	<b>\$ 3,484,023</b>	<b>\$ 3,012,776</b>

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 11 Temporarily and Permanently Restricted Net Assets and Endowments

(Continued)

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as requiring the Foundation to preserve the fair value of the donor's original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent restricted endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Board of Directors may also set aside certain unrestricted net assets for endowment purposes. Since these amounts are not restricted by the donor but are restricted only by Board policy, the amounts would be classified as unrestricted net assets. The Board of Directors may designate additional amounts from time to time to be added to the endowment fund.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the purchasing power of the endowment assets. The Foundation uses the Consumer Price Index plus 5% to evaluate the purchasing power of endowment assets. Under the Foundation's investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation, and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and to ensure that any risk assumed is commensurate with the given investment vehicle and the Foundation's objectives. To achieve its investment goals, the Foundation targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. The Foundation's asset allocations include a blend of equity and debt securities and cash equivalents.

Investment earnings on donor restricted endowment funds are appropriated for distribution at the discretion of the Foundation's Board of Directors.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

### Note 12 Patient Service Revenue (Net of Contractual Allowances and Discounts)

Patient service revenue (net of contractual allowances and discounts) consisted of the following:

	2013	2012
Gross patient service revenue:		
Inpatient	\$ 152,295,519	\$ 136,004,649
Outpatient	407,140,204	363,353,986
Total gross patient service revenue	559,435,723	499,358,635
Deductions - Primarily contractual adjustments and third-party reimbursement agreements	359,465,076	310,492,135
Patient service revenue (net of contractual allowances and discounts)	<u>\$ 199,970,647</u>	<u>\$ 188,866,500</u>

Medicare and Medicaid revenue as a percent of gross patient service revenue approximated 62.6% and 61.7% in 2013 and 2012, respectively.

Patient service revenue (net of contractual allowances and discounts) from these major payor sources is as follows:

	2013	2012
Medicare, Medicaid, Health Maintenance Organization (HMO) Plans, and other third party payers	\$ 187,391,083	\$ 174,253,322
Uninsured patients	12,579,564	14,613,178
Patient service revenue (net of contractual allowances and discounts)	<u>\$ 199,970,647</u>	<u>\$ 188,866,500</u>

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 13 Malpractice Insurance

The Corporation has professional liability insurance for claim losses of less than \$1,000,000 per claim and \$3,000,000 per year for claims incurred during a policy year regardless of when claims are reported (occurrence coverage). The Corporation is insured against losses in excess of these amounts through its mandatory participation in the Patients' Compensation Fund of the State of Wisconsin. The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending through January 1, 2017.

### Note 14 Functional Expenses

The Corporation provides general health care services to residents within its geographic location. Expenses related to providing these services consisted of the following:

	2013	2012
Health care services	\$154,114,097	\$150,147,720
General and administrative	36,621,481	35,559,730
Fund-raising	313,832	306,416
<b>Total expenses</b>	<b>\$191,049,410</b>	<b>\$186,013,866</b>

### Note 15 Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to possible credit risk consist principally of accounts receivable, cash deposits in excess of insured limits, and investments.

Accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to the patients. The majority of the System's patients are from Beloit, Wisconsin, and the surrounding area.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 15 Concentration of Credit Risk (Continued)

The mix of receivables from patients and third-party payors was as follows at December 31:

	2013	2012
Medicare	49 %	40 %
Medicaid	13 %	14 %
Other third-party payors	27 %	39 %
Self-pay	11 %	7 %
Totals	100 %	100 %

The Corporation maintains depository relationships with area financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured institutions. The Corporation maintains cash in accounts at these institutions which are insured by the FDIC up to \$250,000. At December 31, 2013, the Corporation's deposits exceeded the insured limits by approximately \$12,124,000. In addition, the Corporation maintains cash in interest-bearing accounts at these institutions which are backed by municipal obligations. Other investments held by these financial institutions are uninsured.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### Note 16 Community Benefit and CharityCare

The Corporation provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community, including the health of low-income patients.

The Corporation actively provided or participated in the following community based activities and programs during 2013 and 2012:

- General health education services such are health fairs, cancer education, healthy heart education, family planning, and mental health education.
- Provided health information on the Corporation's website and through health-rated publications distributed at no charge.
- Support groups such as AIDS/HIV, diabetes, substance abuse, and weight management.
- Self help and wellness programs such as nutrition and weight management and sports injury prevention.
- Blood pressure screenings, cholesterol testing, and hearing testing.
- Crisis intervention counseling.
- Guidance, referral, and enrollment assistance for public medical programs and other family support assistance.
- Provided discounted or free medical supplies and equipment to those unable to pay.
- Delivered hot in-home meals.
- Provided emergency bus tokens for the indigent to access health care services.
- Promoted participation in blood drives by employees.
- Contributed to the education of student nurses and other health care professionals.

The Corporation also subsidized dialysis services, provided first aid for community events at no cost, and made cash contributions to support community events.

# Beloit Health System, Inc. and Affiliate

## Notes to Combined Financial Statements

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### **Note 16**      **Community Benefit and CharityCare** (Continued)

Consistent with the mission of the Corporation, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources or are underinsured. The Corporation gives discounts from established charges to self-pay patients without regard to ability to pay and considers these discounts a part of their community benefit. Health care services to patients under government programs, such as Medicaid, are also considered part of the Corporation's benefit provided to the community since a substantial portion of such services are reimbursed at amounts less than the cost of providing care.

Patients who meet certain criteria for charity care, generally based on federal poverty guidelines, are provided care without charge or at a reduced rate, determined based on qualifying criteria as defined in the Corporation's charity care policy and from applications completed by patients and their families. The estimated cost of providing care to patients under the System's charity care policy was approximately \$4,275,000 and \$5,210,000 in 2013 and 2012, respectively.

### **Note 17**      **Commitments and Contingencies**

The Corporation is subject to legal proceedings and claims that arise in the ordinary course of business. While any proceeding or litigation has an element of uncertainty, management of the Corporation believes that the outcome of any pending or threatened actions will not have a material adverse effect on the financial condition of the Corporation.

## Supplementary Information

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## Independent Auditor's Report on Supplementary Information

Board of Trustees  
Beloit Health System, Inc.  
Beloit, Wisconsin

We have audited the combined financial statements of Beloit Health System, Inc. and Affiliate as of and for the years ended December 31, 2013 and 2012, and our report thereon dated April 4, 2014, which expressed an unqualified opinion on those combined financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary information appearing on pages 50 through 59 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information on pages 50 through 58 has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information appearing on pages 50 through 58 is fairly presented in all material respects in relation to the combined financial statements taken as a whole. The statistical information on page 59, which is of a nonaccounting nature, has not been subjected to the auditing procedures applied in the audits of the combined financial statements and, accordingly, we express no opinion on it.

*Wipfli LLP*

Wipfli LLP

April 4, 2014  
Milwaukee, Wisconsin

# Beloit Health System, Inc. and Affiliate

## Combining Balance Sheets

December 31, 2013

	Beloit Health System, Inc.	Beloit Health System Foundation, Inc.	Eliminations	Combined Total
Current assets:				
Cash and cash equivalents	\$ 19,762,799	\$ 4,600	\$ -	\$ 19,767,399
Patient accounts receivable - Net	31,034,864	-	-	31,034,864
Other accounts receivable	798,601	-	(50,850)	747,751
Inventory	3,147,664	-	-	3,147,664
Amounts receivable from third-party reimbursement programs	1,873,500	-	-	1,873,500
Prepaid expenses	741,511	-	-	741,511
<b>Total current assets</b>	<b>57,358,939</b>	<b>4,600</b>	<b>(50,850)</b>	<b>57,312,689</b>
<b>Investments</b>	<b>48,730,090</b>	<b>-</b>	<b>-</b>	<b>48,730,090</b>
<b>Assets limited as to use</b>	<b>6,873,069</b>	<b>8,301,462</b>	<b>-</b>	<b>15,174,531</b>
<b>Property and equipment - Net</b>	<b>114,827,401</b>	<b>-</b>	<b>-</b>	<b>114,827,401</b>
Other assets:				
Deferred financing costs	771,712	-	-	771,712
Goodwill	3,300,000	-	-	3,300,000
Other intangible assets	70,000	-	-	70,000
<b>Total other assets</b>	<b>4,141,712</b>	<b>-</b>	<b>-</b>	<b>4,141,712</b>
<b>TOTAL ASSETS</b>	<b>\$ 231,931,211</b>	<b>\$ 8,306,062</b>	<b>\$ (50,850)</b>	<b>\$ 240,186,423</b>

	Beloit Health System, Inc.	Beloit Health System Foundation, Inc.	Eliminations	Combined Total
Current liabilities:				
Current maturities of long-term debt	\$ 5,400,774	\$ -	\$ -	\$ 5,400,774
Accounts payable	7,121,564	50,850	(50,850)	7,121,564
Accrued liabilities	17,965,341	-	-	17,965,341
<b>Total current liabilities</b>	<b>30,487,679</b>	<b>50,850</b>	<b>(50,850)</b>	<b>30,487,679</b>
Long-term liabilities:				
Long-term debt, less current maturities	73,407,183	-	-	73,407,183
Pension liability	203,120	-	-	203,120
Deferred compensation	4,334,603	-	-	4,334,603
Interest rate swap agreements	6,948,388	-	-	6,948,388
<b>Total long-term liabilities</b>	<b>84,893,294</b>	<b>-</b>	<b>-</b>	<b>84,893,294</b>
<b>Total liabilities</b>	<b>115,380,973</b>	<b>50,850</b>	<b>(50,850)</b>	<b>115,380,973</b>
Net assets:				
Unrestricted	116,550,238	609,595	-	117,159,833
Temporarily restricted	-	6,102,128	-	6,102,128
Permanently restricted	-	1,543,489	-	1,543,489
<b>Total net assets</b>	<b>116,550,238</b>	<b>8,255,212</b>	<b>-</b>	<b>124,805,450</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 231,931,211</b>	<b>\$ 8,306,062</b>	<b>\$ (50,850)</b>	<b>\$ 240,186,423</b>

# Beloit Health System, Inc. and Affiliate

## Combining Balance Sheets

December 31, 2012

	Beloit Health System, Inc.	Beloit Health System Foundation, Inc.	Eliminations	Combined Total
Current assets:				
Cash and cash equivalents	\$ 25,517,754	\$ 55,092	\$ -	\$ 25,572,846
Patient accounts receivable - Net	20,257,270	-	-	20,257,270
Other accounts receivable	789,477	-	(96,914)	692,563
Inventory	2,608,606	-	-	2,608,606
Amounts receivable from third-party reimbursement programs	1,828,200	-	-	1,828,200
Prepaid expenses	1,019,587	-	-	1,019,587
<b>Total current assets</b>	<b>52,020,894</b>	<b>55,092</b>	<b>(96,914)</b>	<b>51,979,072</b>
<b>Investments</b>	<b>46,038,372</b>	<b>-</b>	<b>-</b>	<b>46,038,372</b>
<b>Assets limited as to use</b>	<b>6,993,069</b>	<b>6,505,723</b>	<b>-</b>	<b>13,498,792</b>
<b>Property and equipment - Net</b>	<b>103,870,060</b>	<b>-</b>	<b>-</b>	<b>103,870,060</b>
Other assets:				
Deferred financing costs	698,312	-	-	698,312
Goodwill	3,300,000	-	-	3,300,000
Other intangible assets	140,000	-	-	140,000
<b>Total other assets</b>	<b>4,138,312</b>	<b>-</b>	<b>-</b>	<b>4,138,312</b>
<b>TOTAL ASSETS</b>	<b>\$ 213,060,707</b>	<b>\$ 6,560,815</b>	<b>\$ (96,914)</b>	<b>\$ 219,524,608</b>

	Beloit Health System, Inc.	Beloit Health System Foundation, Inc.	Eliminations	Combined Total
Current liabilities:				
Current maturities of long-term debt	\$ 1,847,141	\$ -	\$ -	\$ 1,847,141
Accounts payable	8,511,591	96,914	(96,914)	8,511,591
Accrued liabilities	15,773,173	-	-	15,773,173
<b>Total current liabilities</b>	<b>26,131,905</b>	<b>96,914</b>	<b>(96,914)</b>	<b>26,131,905</b>
Long-term liabilities:				
Long-term debt, less current maturities	68,331,467	-	-	68,331,467
Pension liability	11,257,336	-	-	11,257,336
Deferred compensation	4,674,644	-	-	4,674,644
Interest rate swap agreements	11,347,323	-	-	11,347,323
<b>Total long-term liabilities</b>	<b>95,610,770</b>	<b>-</b>	<b>-</b>	<b>95,610,770</b>
<b>Total liabilities</b>	<b>121,742,675</b>	<b>96,914</b>	<b>(96,914)</b>	<b>121,742,675</b>
Net assets:				
Unrestricted	91,318,032	571,457	-	91,889,489
Temporarily restricted	-	4,393,509	-	4,393,509
Permanently restricted	-	1,498,935	-	1,498,935
<b>Total net assets</b>	<b>91,318,032</b>	<b>6,463,901</b>	<b>-</b>	<b>97,781,933</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 213,060,707</b>	<b>\$ 6,560,815</b>	<b>\$ (96,914)</b>	<b>\$ 219,524,608</b>

See Independent Auditor's Report on Supplementary Information.

# Beloit Health System, Inc. and Affiliate

## Combining Statements of Operations

Year ended December 31, 2013

	Beloit Health System, Inc.	Beloit Health System Foundation, Inc.	Eliminations	Combined Total
<b>Revenue:</b>				
Patient service revenue (net of contractual allowances and discounts)	\$ 199,970,647	\$ -	\$ -	\$ 199,970,647
Provision for bad debts	(14,980,275)	-	-	(14,980,275)
Net patient service revenue, less provision for bad debts	184,990,372	-	-	184,990,372
Other operating revenue	11,362,839	-	-	11,362,839
<b>Total revenue</b>	<b>196,353,211</b>	<b>-</b>	<b>-</b>	<b>196,353,211</b>
<b>Expenses:</b>				
Salaries and wages	83,965,595	137,735	-	84,103,330
Employee benefits	34,951,112	34,566	-	34,985,678
Professional fees and purchased services	25,722,127	122,580	-	25,844,707
Supplies	24,919,706	10,055	-	24,929,761
Utilities	2,314,573	-	-	2,314,573
Insurance	1,259,408	8,896	-	1,268,304
Hospital assessment	5,102,720	-	-	5,102,720
Depreciation and amortization	9,093,292	-	-	9,093,292
Interest	3,407,045	-	-	3,407,045
<b>Total expenses</b>	<b>190,735,578</b>	<b>313,832</b>	<b>-</b>	<b>191,049,410</b>
Income (loss) from operations	5,617,633	(313,832)	-	5,303,801
Nonoperating income - Net	1,651,419	185,767	-	1,837,186
Revenue in excess of (deficiency over) expenses	7,269,052	(128,065)	-	7,140,987
<b>Other changes in unrestricted net assets:</b>				
Change in net unrealized gains and losses on investments other than trading securities	2,071,135	69,286	-	2,140,421
Change in fair value of effective portion of interest rate swap agreements designated as cash flow hedges	4,123,245	-	-	4,123,245
Net assets released from restrictions and contributions for capital improvements	241,753	-	-	241,753
Foundation receivable write-down	(96,917)	96,917	-	-
Change in pension obligation and deferred compensation other than expense	11,623,938	-	-	11,623,938
<b>Change in unrestricted net assets</b>	<b>\$ 25,232,206</b>	<b>\$ 38,138</b>	<b>\$ -</b>	<b>\$ 25,270,344</b>

# Beloit Health System, Inc. and Affiliate

## Combining Statements of Operations

Year ended December 31, 2012

	Beloit Health System, Inc.	Beloit Health System Foundation, Inc.	Eliminations	Combined Total
<b>Revenue:</b>				
Patient service revenue (net of contractual allowances and discounts)	\$ 188,866,500	\$ -	\$ -	\$ 188,866,500
Provision for bad debts	(6,532,312)	-	-	(6,532,312)
Net patient service revenue, less provision for bad debts	182,334,188	-	-	182,334,188
Other operating revenue	8,642,133	-	-	8,642,133
<b>Total revenue</b>	<b>190,976,321</b>	<b>-</b>	<b>-</b>	<b>190,976,321</b>
<b>Expenses:</b>				
Salaries and wages	82,131,073	134,313	-	82,265,386
Employee benefits	34,369,056	28,498	-	34,397,554
Professional fees and purchased services	21,898,381	118,078	-	22,016,459
Supplies	25,794,005	16,143	-	25,810,148
Utilities	2,494,730	-	-	2,494,730
Insurance	1,517,614	9,384	-	1,526,998
Hospital assessment	4,940,579	-	-	4,940,579
Depreciation and amortization	9,124,467	-	-	9,124,467
Interest	3,437,545	-	-	3,437,545
<b>Total expenses</b>	<b>185,707,450</b>	<b>306,416</b>	<b>-</b>	<b>186,013,866</b>
Income (loss) from operations	5,268,871	(306,416)	-	4,962,455
Nonoperating income - Net	2,606,263	166,154	-	2,772,417
Revenue in excess of (deficiency over) expenses	7,875,134	(140,262)	-	7,734,872
<b>Other changes in unrestricted net assets:</b>				
Change in net unrealized gains and losses on investments other than trading securities	1,551,720	43,936	-	1,595,656
Change in fair value of effective portion of interest rate swap agreements designated as cash flow hedges	360,879	-	-	360,879
Net assets released from restrictions and contributions for capital improvements	508,587	-	-	508,587
Foundation receivable write-down	(104,707)	104,707	-	-
Change in pension obligation and deferred compensation other than expense	4,996,838	-	-	4,996,838
<b>Change in unrestricted net assets</b>	<b>\$ 15,188,451</b>	<b>\$ 8,381</b>	<b>\$ -</b>	<b>\$ 15,196,832</b>

# Beloit Health System, Inc. and Affiliate

## Combining Statements of Changes in Net Assets

Year ended December 31, 2013

	Beloit Health System, Inc.	Beloit Health System Foundation, Inc.	Eliminations	Combined Total
Unrestricted net assets:				
Revenue in excess of (deficiency over) expenses	\$ 7,269,052	\$ (128,065)	\$ -	\$ 7,140,987
Change in net unrealized gains and losses on investments other than trading securities	2,071,135	69,286	-	2,140,421
Change in fair value of effective portion of interest rate swap agreements designated as cash flow hedges	4,123,245	-	-	4,123,245
Net assets released from restrictions and contributions for capital improvements	241,753	-	-	241,753
Foundation receivable write-down	(96,917)	96,917	-	-
Change in pension obligation and deferred compensation other than expense	11,623,938	-	-	11,623,938
<b>Increase in unrestricted net assets</b>	<b>25,232,206</b>	<b>38,138</b>	<b>-</b>	<b>25,270,344</b>
Temporarily restricted net assets:				
Contributions	-	1,703,580	-	1,703,580
Investment income	-	71,018	-	71,018
Change in net unrealized gains and losses on investments other than trading securities	-	357,030	-	357,030
Net assets released from restrictions for capital improvements	-	(241,753)	-	(241,753)
Net assets released from restrictions for operations	-	(181,256)	-	(181,256)
<b>Increase in temporarily restricted net assets</b>	<b>-</b>	<b>1,708,619</b>	<b>-</b>	<b>1,708,619</b>
Increase in permanently restricted net assets -				
Contributions	-	44,554	-	44,554
<b>Change in net assets</b>	<b>25,232,206</b>	<b>1,791,311</b>	<b>-</b>	<b>27,023,517</b>
<b>Net assets at beginning</b>	<b>91,318,032</b>	<b>6,463,901</b>	<b>-</b>	<b>97,781,933</b>
<b>Net assets at end</b>	<b>\$ 116,550,238</b>	<b>\$ 8,255,212</b>	<b>\$ -</b>	<b>\$ 124,805,450</b>

See Independent Auditor's Report on Supplementary Information.

# Beloit Health System, Inc. and Affiliate

## Combining Statements of Changes in Net Assets

Year ended December 31, 2012

	Beloit Health System, Inc.	Beloit Health System Foundation, Inc.	Eliminations	Combined Total
Unrestricted net assets:				
Revenue in excess of (deficiency over) expenses	\$ 7,875,134	\$ (140,262)	\$ -	\$ 7,734,872
Change in net unrealized gains and losses on investments other than trading securities	1,551,720	43,936	-	1,595,656
Change in fair value of effective portion of interest rate swap agreements designated as cash flow hedges	360,879	-	-	360,879
Net assets released from restrictions and contributions for capital improvements	508,587	-	-	508,587
Foundation receivable write-down	(104,707)	104,707	-	-
Change in pension obligation and deferred compensation other than expense	4,996,838	-	-	4,996,838
Increase in unrestricted net assets	15,188,451	8,381	-	15,196,832
Temporarily restricted net assets:				
Contributions	-	184,230	-	184,230
Investment income	-	113,341	-	113,341
Change in net unrealized gains and losses on investments other than trading securities	-	186,401	-	186,401
Net assets released from restrictions for capital improvements	-	(508,587)	-	(508,587)
Net assets released from restrictions for operations	-	(41,870)	-	(41,870)
Decrease in temporarily restricted net assets	-	(66,485)	-	(66,485)
Increase in permanently restricted net assets -				
Contributions	-	30,807	-	30,807
Change in net assets	15,188,451	(27,297)	-	15,161,154
Net assets at beginning	76,129,581	6,491,198	-	82,620,779
Net assets at end	\$ 91,318,032	\$ 6,463,901	\$ -	\$ 97,781,933

# Beloit Health System, Inc. and Affiliate

## Balance Sheets - Health System Only

December 31, 2013 and 2012

	2013	2012
Current assets:		
Cash and cash equivalents	\$ 19,762,799	\$ 25,517,754
Patient accounts receivable - Net	31,034,864	20,257,270
Other accounts receivable	798,601	789,477
Inventory	3,147,664	2,608,606
Amounts receivable from third-party reimbursement programs	1,873,500	1,828,200
Prepaid expenses	741,511	1,019,587
Total current assets	57,358,939	52,020,894
Investments	48,730,090	46,038,372
Assets limited as to use	6,873,069	6,993,069
Property and equipment - Net	114,827,401	103,870,060
Other assets:		
Deferred financing costs	771,712	698,312
Goodwill	3,300,000	3,300,000
Other intangible assets	70,000	140,000
Total other assets	4,141,712	4,138,312
<b>TOTAL ASSETS</b>	<b>\$ 231,931,211</b>	<b>\$ 213,060,707</b>

	2013	2012
Current liabilities:		
Current maturities of long-term debt	\$ 5,400,774	\$ 1,847,141
Accounts payable	7,121,564	8,511,591
Accrued liabilities	17,965,341	15,773,173
<b>Total current liabilities</b>	<b>30,487,679</b>	<b>26,131,905</b>
Long-term liabilities:		
Long-term debt, less current maturities	73,407,183	68,331,467
Pension liability	203,120	11,257,336
Deferred compensation	4,334,603	4,674,644
Interest rate swap agreements	6,948,388	11,347,323
<b>Total long-term liabilities</b>	<b>84,893,294</b>	<b>95,610,770</b>
<b>Total liabilities</b>	<b>115,380,973</b>	<b>121,742,675</b>
<b>Net assets - Unrestricted</b>	<b>116,550,238</b>	<b>91,318,032</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 231,931,211</b>	<b>\$ 213,060,707</b>

# Beloit Health System, Inc. and Affiliate

## Statements of Operations - Health System Only

December 31, 2013 and 2012

	2013	2012
Revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 199,970,647	\$ 188,866,500
Provision for bad debts	(14,980,275)	(6,532,312)
Net patient service revenue, less provision for bad debts	184,990,372	182,334,188
Other operating revenue	11,362,839	8,642,133
<b>Total revenue</b>	<b>196,353,211</b>	<b>190,976,321</b>
Expenses:		
Salaries and wages	83,965,595	82,131,073
Employee benefits	34,951,112	34,369,056
Professional fees and purchased services	25,722,127	21,898,381
Supplies	24,919,706	25,794,005
Utilities	2,314,573	2,494,730
Insurance	1,259,408	1,517,614
Hospital assessment	5,102,720	4,940,579
Depreciation and amortization	9,093,292	9,124,467
Interest	3,407,045	3,437,545
<b>Total expenses</b>	<b>190,735,578</b>	<b>185,707,450</b>
Income from operations	5,617,633	5,268,871
Nonoperating income - Net	1,651,419	2,606,263
Revenue in excess of expenses	7,269,052	7,875,134
Other changes in unrestricted net assets:		
Change in net unrealized gains and losses on investments other than trading securities	2,071,135	1,551,720
Change in fair value of effective portion of interest rate swap agreements designated as cash flow hedges	4,123,245	360,879
Net assets released from restrictions and contributions for capital improvements	241,753	508,587
Foundation receivable write-down	(96,917)	(104,707)
Change in pension obligation and deferred compensation other than expense	11,623,938	4,996,838
<b>Change in unrestricted net assets</b>	<b>\$ 25,232,206</b>	<b>\$ 15,188,451</b>

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# Beloit Health System, Inc. and Affiliate

## Statements of Changes in Net Assets -Health System Only

December 31, 2013 and 2012

	2013	2012
Unrestricted net assets:		
Revenue in excess of expenses	\$ 7,269,052	\$ 7,875,134
Change in net unrealized gains and losses on investments other than trading securities	2,071,135	1,551,720
Change in fair value of effective portion of interest rate swap agreements designated as cash flow hedges	4,123,245	360,879
Net assets released from restrictions and contributions for capital improvements	241,753	508,587
Foundation receivable write-down	(96,917)	(104,707)
Change in pension obligation and deferred compensation other than expense	11,623,938	4,996,838
Increase in unrestricted net assets	25,232,206	15,188,451
Change in net assets	25,232,206	15,188,451
Net assets at beginning	91,318,032	76,129,581
Net assets at end	\$ 116,550,238	\$ 91,318,032

## Beloit Health System, Inc. and Affiliate

### Statistical Information (Unaudited)

December 31, 2013 and 2012

	2013	2012	2011	2010	2009
Number of admissions - Hospital	3,898	3,995	4,404	4,466	4,511
Number of admissions - Rehabilitation Unit	-	-	-	3	8
<b>Total admissions</b>	<b>3,898</b>	<b>3,995</b>	<b>4,404</b>	<b>4,469</b>	<b>4,519</b>
Average daily census	43	45	47	50	52
Number of inpatient days	15,871	16,355	17,139	18,233	18,864
Average daily newborn census	3.1	3.2	3.4	3.5	3.6
Number of newborn days	1,131	1,155	1,242	1,277	1,326
Number of outpatient procedures - Hospital	699,073	712,406	726,095	506,920	470,791
Number of outpatient procedures - NorthPointe	82,664	76,505	74,444	71,575	58,869
Encounters - Clinic	217,007	217,295	220,275	226,787	-
Labor hours	2,638,415	2,608,730	2,515,393	2,474,508	1,796,258

See Independent Auditor's Report on Supplementary Information.

Beloit Health System FSEC CON Permit Application  
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