17-002

ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED
JAN 25 2017
HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Mercy Health Hospital and Medical Center Crystal Lake - Hospital		
Street Address: SE Corner of State Rte 31 & Three Oaks Road		
City and Zip Code: Crystal Lake, IL 60014		
County: McHenry	Health Service Area: 8	Health Planning Area: A-10

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Mercy Crystal Lake Hospital and Medical Center, Inc.
Address: 2400 North Rockton Avenue, Rockford, Illinois 61103
Name of Registered Agent: Paul Van Den Heuvel
Name of Chief Executive Officer: Javon R. Bea
CEO Address: 2400 North Rockton Avenue, Rockford, Illinois 61103
Telephone Number: 608-756-6112

Type of Ownership of Applicant/Co-Applicant

- ☒ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ 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: Tracey L. Klein
Title: Shareholder
Company Name: Reinhart Boerner Van Deuren, s.c.
Address: 1000 North Water Street, Suite 1700, Milwaukee, Wisconsin 53202
Telephone Number: 414-298-8156
E-mail Address: tklein@reinhartlaw.com
Fax Number: 414-298-8097

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

Name: Paul Van Den Heuvel
Title: Vice President and General Counsel
Company Name: Mercy Health Corporation
Address: 2400 North Rockton Avenue, Rockford, Illinois 61103
Telephone Number: 608-756-6148
E-mail Address: pvandenheuvel@mhemail.org
Fax Number: 608-756-6236

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

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☐	For-profit Corporation	☐	Governmental		
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Fax Number: 608-756-6236

Post Permit Contact

[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: Paul Van Den Heuvel
Title: Vice President and General Counsel
Company Name: Mercy Health Corporation
Address: 2400 North Rockton Avenue, Rockford, Illinois 61103
Telephone Number: 608-756-6148
E-mail Address: pvandenheuvel@mhemail.org
Fax Number: 608-756-6236

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Mercy Health System Corporation
Address of Site Owner: 1000 Mineral Point Avenue, Janesville, Wisconsin 53548
Street Address or Legal Description of Site: The North 1464.54 feet of the West 580.14 feet of the Southeast 1/4 of Section 10 (excepting therefrom that part taken for State Route 31 and Three Oaks Road); all in Township 43, Range 8 East of the Third Principal Meridian, in McHenry County, Illinois. **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 ATTACHMENT-2, 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: Mercy Crystal Lake Hospital and Medical Center, Inc.
Address: 2400 North Rockton Avenue, Rockford, Illinois 61103

☒	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☐	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.
- **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.

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.

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** or **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]

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.

Mercy Health Corporation and Mercy Crystal Lake Hospital and Medical Center, Inc. (jointly referred to herein as "Mercyhealth") propose to establish a new hospital in Crystal Lake. The hospital will have 11 medical/surgical beds and two ICU beds. Other services include: a seven station emergency room (six treatment, one trauma), surgery (two operating rooms and two procedure rooms), diagnostic imaging, a pathology laboratory and pharmacy, and other clinical and non-clinical support services.

The acute care beds component of the project involves the relocation of 11 medical/surgical and two ICU beds from Mercy Harvard Hospital, located in McHenry County, 25 miles to the northwest. This reduction at Mercy Harvard Hospital will cause the authorized bed complement at Mercy Harvard Hospital to be four medical/surgical beds and one ICU bed (along with 45 long term care beds).

As a result of this coordinated plan, there is no change in bed capacity in Planning Area A-10 or in HSA 8.

The project involves the construction of an 111,346 square foot facility. Total project cost is $81,710,315.

In a separate but related permit application, the co-applicants propose construction of a medical office building, physically and programmatically connected to the new hospital.

Completion date of the hospital project is November 30, 2020.

The project is Substantive because it involves the establishment of a health care facility.

Mercyhealth™
A passion for making lives better.™

Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

Office of the President

January 18, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: Establishment of a New Hospital in Crystal Lake

Dear Ms. Olson:

As stated in the Narrative Description of the Certificate of Need permit application, if the Health Facilities and Services Review Board grants approval to establish the proposed new hospital in Crystal Lake with 11 medical/surgical beds and two ICU beds, the inventory of medical/surgical and ICU beds at Mercy Harvard Hospital will be reduced by the equivalent amount. This arrangement ensures that bed capacity in McHenry County (Planning Area A-10) is not increased due to the new hospital project in Crystal Lake.

I hereby make this commitment on behalf of the co-applicants, Mercy Health Corporation and Mercy Crystal Lake Hospital and Medical Center, Inc.

Sincerely,

Javon R. Bea
President / Chief Executive Officer
Mercy Crystal Lake Hospital and Medical Center, Inc.
and Mercy Health Corporation

Project Costs and Sources of Funds

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS			
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			

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

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 ☐ Yes ☒ 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 $31,327,037.

Project Status and Completion Schedules

For facilities in which there are active permits 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): November 30, 2020

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.

State Agency Submittals

Are the following submittals up to date as applicable:

☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits

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

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.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

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**.

FACILITY NAME: Mercy Health Hospital and Medical Center Crystal Lake - Hospital				**CITY:** Crystal Lake, Illinois	
REPORTING PERIOD DATES:		**From:** N/A		**to:** N/A	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	0	0	0	+11	11
Obstetrics					
Pediatrics					
Intensive Care	0	0	0	+2	2
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	0	0	0	+13	13

CERTIFICATION

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

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

This Application for Permit is filed on the behalf of Mercy Crystal Lake Hospital and Medical Center, 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 for all services in which the Illinois Health Facilities and Services Review Board has target occupancy standards that these services will reach target occupancy by the second year after project completion and will maintain that standard going forward. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

SIGNATURE	SIGNATURE
Javon R. Bea PRINTED NAME	Rowland J. McClellan PRINTED NAME
President/CEO PRINTED TITLE	Chairman PRINTED TITLE
Notarization: Subscribed and sworn to before me this 18th day of January 2017	Notarization: Subscribed and sworn to before me this 18th day of January 2017
Signature of Notary	Signature of Notary
Seal OFFICIAL SEAL DIANA L. MAHORSKI NOTARY PUBLIC, STATE OF ILLINOIS My Commission Expires Feb. 17, 2017	Seal OFFICIAL SEAL DIANA L. MAHORSKI NOTARY PUBLIC, STATE OF ILLINOIS My Commission Expires Feb. 17, 2017

*Insert EXACT legal name of the applicant

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CERTIFICATION

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

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- 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);
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SIGNATURE

Javon R. Bea
PRINTED NAME

President/CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 18th day of January 2017

Signature of Notary

Seal

OFFICIAL SEAL
DIANA L. MAHORSKI
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires Feb. 17, 2017

SIGNATURE

Rowland J. McClellan
PRINTED NAME

Chairman
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 18th day of January, 2017

Signature of Notary

Seal

OFFICIAL SEAL
DIANA L. MAHORSKI
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires Feb. 17, 2017

*Insert EXACT legal name of the applicant

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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.

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 achieveing the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded if any. For facility project ts, 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.

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

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;

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

D) Provide the reasons why the chosen alternative was selected.

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. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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.

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.

UNFINISHED OR SHELL SPACE: **Not applicable. No shell space will be used in this project.**

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.

ASSURANCES: **Not applicable. No shell space will be used in this project.**

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.

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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:

A. Criterion 1110.530 – Medical/Surgical, Obstetric, Pediatric and Intensive Care

1. Applicants proposing to establish, expand and/or modernize Medical/Surgical, Obstetric, Pediatric and/or Intensive Care categories of service must submit the following information:

2. Indicate bed capacity changes by Service: Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds
☒ **Medical/Surgical**	0	11
☐ **Obstetric**		
☐ **Pediatric**		
☒ **Intensive Care**	0	2

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA		Establish	Expand	Modernize
1110.530(b)(1) -	Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.530(b)(2) -	Planning Area Need - Service to Planning Area Residents	X	X	
1110.530(b)(3) -	Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.530(b)(4) -	Planning Area Need - Service Demand – Expansion of Existing Category of Service		X	
1110.530(b)(5) -	Planning Area Need - Service Accessibility	X		
1110.530(c)(1) -	Unnecessary Duplication of Services	X		
1110.530(c)(2) -	Maldistribution	X	X	
1110.530(c)(3) -	Impact of Project on Other Area Providers	X		
1110.530(d)(1) -	Deteriorated Facilities			X
1110.530(d)(2) -	Documentation			X
1110.530(d)(3) -	Documentation Related to Cited Problems			X
1110.530(d)(4)-	Occupancy			X
110.530(e)-	Staffing Availability	X	X	

1110.530(f) -	Performance Requirements	X	X	X
1110.530(g)-	Assurances	X	X	X
APPEND DOCUMENTATION AS ATTACHMENT-20, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.				

O. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:

2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
Surgery		
Operating rooms	0	2
Procedure rooms	0	2
Prep/post-op Phase II	0	18
Phase I recovery	0	4
Emergency Department	0	7
Diagnostic imaging		
General radiology	0	1
Fluroscopy	0	1
MRI	0	1
CT	0	1
Nuclear medicine	0	1
Ultrasound	0	1
Mammography	0	1
DEXA/bone densitometry	0	1
ECHO/stress testing	0	2
Laboratory	0	—
Inpatient pharmacy	0	—
Sleep center	0	2

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) -	Need Determination - Establishment
Service Modernization	(c)(1) -	Deteriorated Facilities
		and/or
	(c)(2) -	Necessary Expansion
		PLUS
	(c)(3)(A) -	Utilization - Major Medical Equipment
		Or
	(OMB) -	Utilization - Service or Facility
APPEND DOCUMENTATION AS ATTACHMENT-34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM		

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)**

SECTION VIII. 1120.120 - Availability of Funds

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:**

$49,176,188	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 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 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;
_____	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.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
$32,534,127	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: 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; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 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.; 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; 5) For any option to lease, a copy of the option, including all terms and conditions.
_____	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;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$81,710,315	**TOTAL FUNDS AVAILABLE**	

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

SECTION 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.

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.

Provide Data for Projects Classified as:	**Category A or Category B (last three years)**			**Category B (Projected)**
Enter Historical and/or Projected Years:				
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 NUMERIC ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

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

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**

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									

* 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.

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Section 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 40.

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

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

SECTION XI. 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.

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

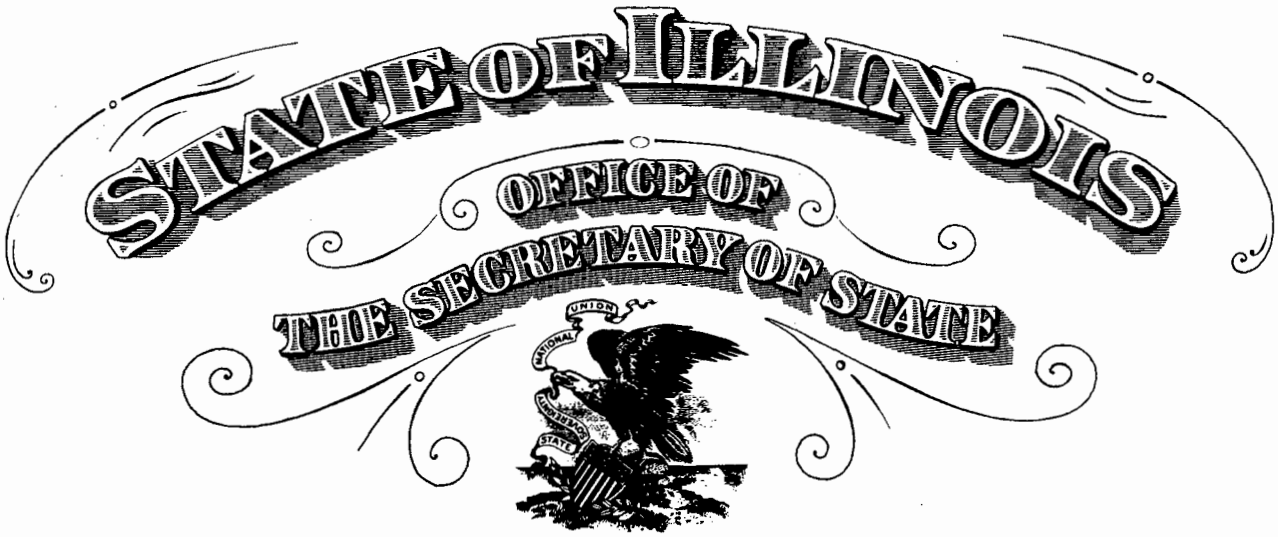
INDEX OF ATTACHMENTS

ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	27-29
2	Site Ownership	30-32
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	33
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	34-35
5	Flood Plain Requirements	36-39
6	Historic Preservation Act Requirements	40-41
7	Project and Sources of Funds Itemization	42-44
8	Obligation Document if required	N/A
9	Cost Space Requirements	45
10	Discontinuation	N/A
11	Background of the Applicant	46-60
12	Purpose of the Project	61-75
13	Alternatives to the Project	76
14	Size of the Project	77-78
15	Project Service Utilization	79-93
16	Unfinished or Shell Space	N/A
17	Assurances for Unfinished/Shell Space	N/A
18	Master Design Project	N/A
19	Mergers, Consolidations and Acquisitions	N/A
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	94-111
21	Comprehensive Physical Rehabilitation	N/A
22	Acute Mental Illness	N/A
23	Neonatal Intensive Care	N/A
24	Open Heart Surgery	N/A
25	Cardiac Catheterization	N/A
26	In-Center Hemodialysis	N/A
27	Non-Hospital Based Ambulatory Surgery	N/A
28	Selected Organ Transplantation	N/A
29	Kidney Transplantation	N/A
30	Subacute Care Hospital Model	N/A
31	Children's Community-Based Health Care Center	N/A
32	Community-Based Residential Rehabilitation Center	N/A
33	Long Term Acute Care Hospital	N/A
34	Clinical Service Areas Other than Categories of Service	112-114
35	Freestanding Emergency Center Medical Services	N/A
	Financial and Economic Feasibility:	
36	Availability of Funds	115-152
37	Financial Waiver	153-158
38	Financial Viability	159
39	Economic Feasibility	160-166
40	Safety Net Impact Statement	167-168
41	Charity Care Information	169

CERTIFICATES OF GOOD STANDING

Illinois Certificates of Good Standing for Mercy Crystal Lake Hospital and Medical Center, Inc. and Mercy Health Corporation are attached. Mercy Crystal Lake Hospital and Medical Center, Inc., an Illinois not-for-profit corporation, will be the licensee and operating entity of the proposed hospital. As the person with final control over Mercy Crystal Lake Hospital and Medical Center, Inc., Mercy Health Corporation, an Illinois not-for-profit corporation, is named as a co-applicant on this certificate of need application.

File Number 6295-370-5



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

MERCY CRYSTAL LAKE HOSPITAL AND MEDICAL CENTER, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 27, 2003, 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 IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

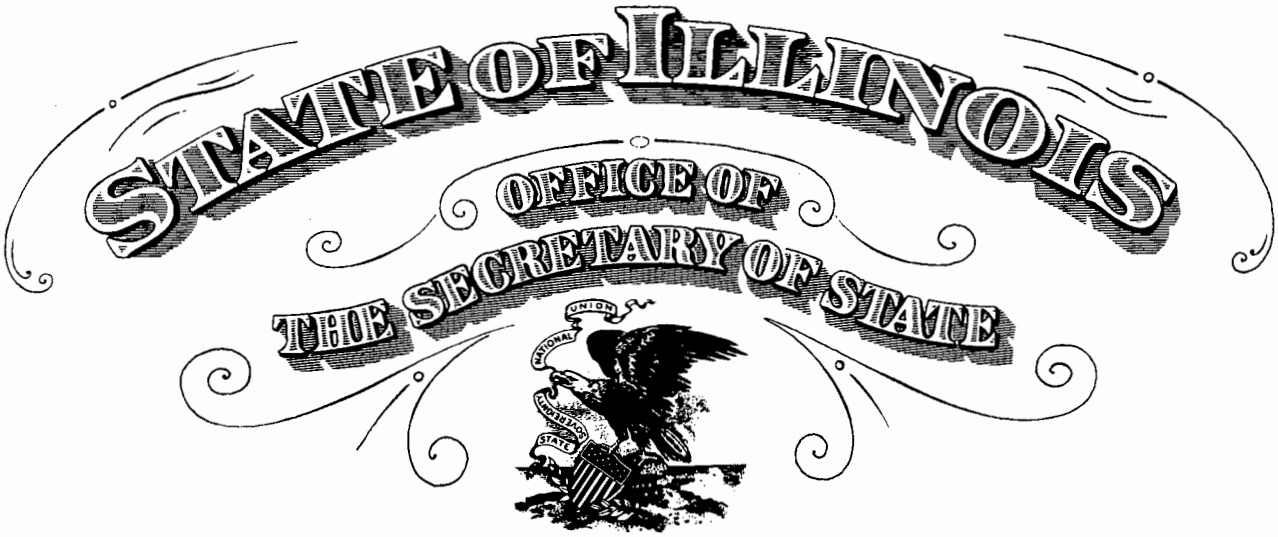
In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 5TH *day of* DECEMBER *A.D.* 2016 .

Authentication #: 1634002460 verifiable until 12/05/2017
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

Attachment 1

File Number 6975-235-7



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

MERCY HEALTH CORPORATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 24, 2014, 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 IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

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* DECEMBER *A.D.* 2016 .

Authentication #: 1634002482 verifiable until 12/05/2017
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

29

Attachment 1

PROOF OF OWNERSHIP OR CONTROL OF SITE

Proof of ownership for the site is attached.

TRUSTEE'S DEED 235258 CT+T

MCHENRY COUNTY RECORDER
PHYLLIS K. WALTERS
2000R0061541
11-09-2000 10:20 AM

RECORDING FEE	18.00
PAGES	4
COUNTY STAMP FEE	1484.00
STATE STAMP FEE	2968.00

Grantees Address: 1000 Mineral Point Avenue, Janesville, WI 53549

This Instrument Prepared by: Mark S. Saladin
MILITELLO, ZANCK & COEN, P.C.,
40 Brink St., Crystal Lake, IL 60014

Send Future Tax Bills To: MERCY HEALTH SYSTEM CORPORATION
1000 Mineral Point Avenue, Janesville, WI 53549

STATE OF ILLINOIS
STATE & COUNTY TAX
NOV.-9.00
MC HENRY COUNTY

REAL ESTATE TRANSFER TAX
0445200
FP351004
0000004214

For Recorders Use Only

Know All Men by These Presents, THAT THE GRANTOR, HOME STATE BANK/NATIONAL ASSOCIATION, a duly organized Trust Company, organized and existing under the laws of the State of Illinois, as Trustee under the provisions of a Trust Agreement dated November 30, 1984, and known as Trust No. 3005 and having its principal business office in the City of Crystal Lake, County of McHenry and State of Illinois, for the consideration of Ten and no/100-------($10.00)---------- DOLLARS

Conveys to MERCY HEALTH SYSTEM CORPORATION

of the City of Janesville County of Rock and State of Wisconsin ~~not in tenancy in common but in joint tenancy with right of survivorship~~ all interest in the following described premises, to-wit:

The North 1464.54 feet of the West 580.14 feet of the Southeast 1/4 of Section 10, (excepting therefrom that part taken for State Route 31 and Three Oaks Road), all in Township 43, Range 8 East of the Third Principal Meridian, in McHenry County, Illinois.

SUBJECT TO: Real estate taxes for 2000 and subsequent years; covenants, conditions, restrictions and easements of record; rights of the public, the State and the municipality to any land taken for road purposes; drainage ditches, tiles, feeders and laterals; order establishing freeway; rebate for special service area to City of Crystal Lake, Illinois; terms of Annexation Agreement with City of Crystal Lake, Illinois, dated August 15, 2000.

MAIL TO MARY PERTL
QUARLES + BRADY
411 E. WISCONSIN AVE.
MILWAUKEE, WI 53202

TC

00531-9081

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES

_____ Subject to restrictions appearing of re.

Permanent Index Number 19-10-400-010-0000

This conveyance is executed pursuant to the power and authority given to the Trustee in said Trust Agreement and every other power and authority it hereunto enabling.

In Testimony Whereof, the said Home State Bank / National Association, a duly organized Trust Company, of Crystal Lake, Illinois as Trustee as aforesaid hath hereunto caused its corporate seal to be affixed, and these presents to be signed by James J. Zambon, its SR. Vice Pres. & Tr. Off and attested by Charles J. Feck, JR., its Vice President this 30th day of October A.D. 19~~9~~ 2000

CORPORATE SEAL

HOME STATE BANK / NATIONAL ASSOCIATION
AS TRUSTEE AS AFORESAID

By _____
Sr. Vice President & Trust Officer

Attest _____
Vice President

STATE OF ILLINOIS, } S.S.
McHENRY COUNTY }

I, the undersigned, Roma J. Udoni a Notary Public in and for and residing in the said County in the State aforesaid, Do Hereby Certify that James J. Zambon, personally known to me to be the Sr. Vice Pres. & Trust Officer of the Home State Bank / National Association, Crystal Lake, Illinois and Charles J. Feck, Jr., personally known to me to be the Vice President of said Corporation, whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Sr. Vice Pres. & Trust Officer and Vice President they signed and delivered the said instrument of writing as Sr. Vice President & Trust Officer and Vice President of said Corporation, and caused the seal of said Corporation to be affixed thereto pursuant to authority given by the Board of Directors of said Corporation as their free and voluntary act, and as the free and voluntary act and deed of said Corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 30 th day of October A.D. 19~~9~~ 2000

"OFFICIAL SEAL"
ROMA J. UDONI
Notary Public, State of Illinois
My Commission Expires 08/23/2001

_____
Notary Public

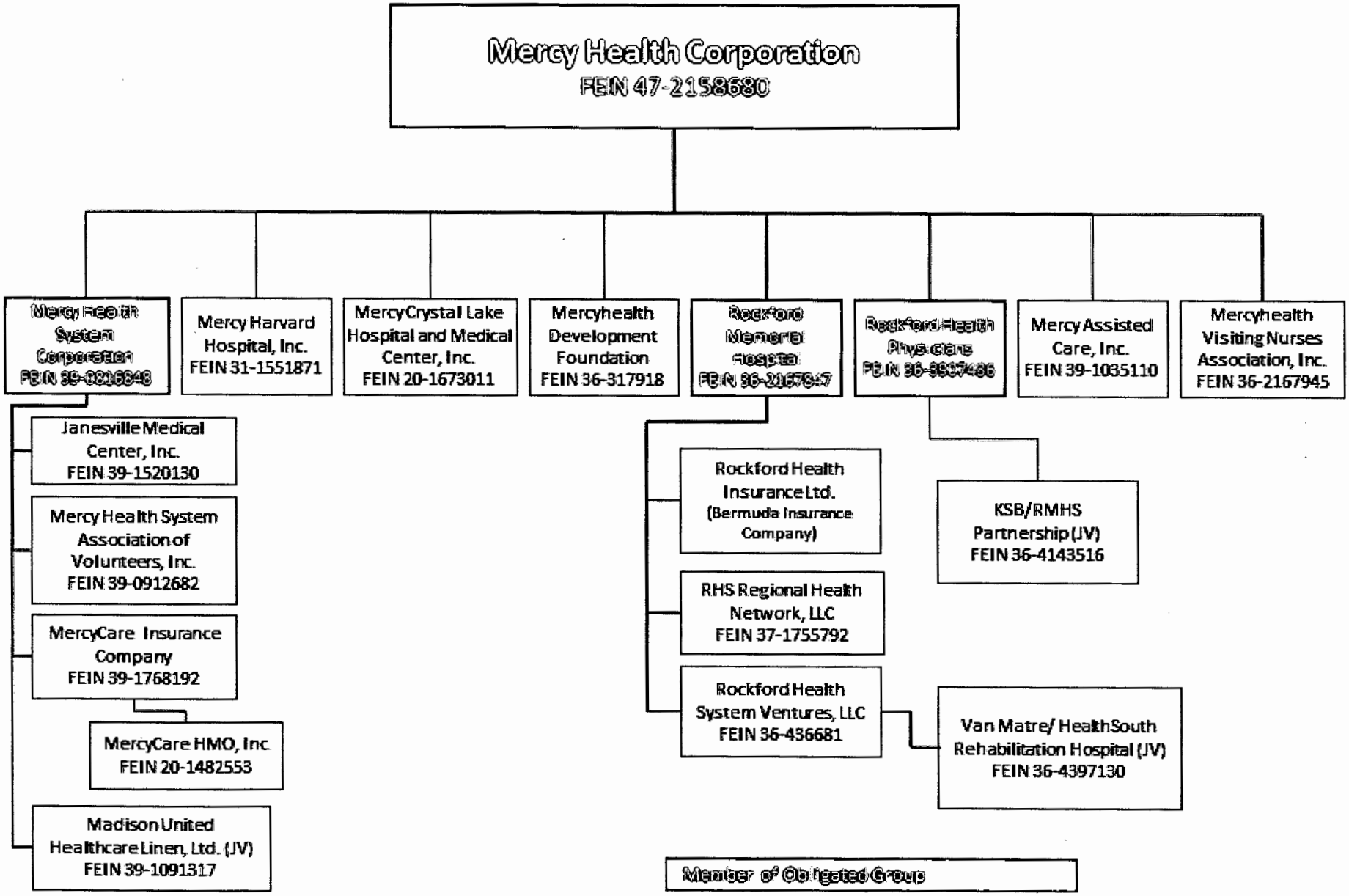
00031-9082

OPERATING ENTITY/LICENSEE

Mercy Crystal Lake Hospital and Medical Center, Inc. will be the licensee and operating entity of the proposed hospital. The Illinois Certificates of Good Standing for this entity is included in Attachment 1. No partnerships are involved.

ORGANIZATIONAL RELATIONSHIPS

An organizational chart is attached.



Effective 10/1/2016

Attachment 4

FLOOD PLAIN REQUIREMENTS

A flood plain map from FEMA is attached. The map shows that the site of the project is an area of minimal flood hazard. Also attached is a Special Flood Hazard Area Determination from the University of Illinois at Urbana-Champaign, which indicates that the site is not located in a Special Flood Hazard Area of a shaded Zone X floodzone

UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN

Institute of Natural Resource Sustainability

Illinois State Water Survey
2204 Griffith Drive
Champaign, IL 61820

Special Flood Hazard Area Determination
pursuant to Governor's Executive Order 5 (2006)
(supersedes Governor's Executive Order 4 (1979))

Requester: Paul Amendt, Administrative Fellow, Mercy Health Systems
Address: 1000 Mineral Point Ave., P.O. Box 5003
City, state, zip: Janesville, WI 53547-5003 Telephone: (608) 757-4020

Site description of determination:
Site address: SE corner IL 31 & Three Oaks Road
City, state, zip: Crystal Lake, IL
County: McHenry Sec¼: W 1/2 of SE 1/4 Section: 10 T. 43 N. R. 8 E. PM: 3rd
Subject area: The N 1464.54 ft of the W 580.14 feet of the SE 1/4 Sec. 10, T. 43 N., R. 8 E., 3rd P.M., McHenry County (excepting road ROW).

The property described above IS NOT located in a Special Flood Hazard Area or a shaded Zone X floodzone.
Floodway mapped: N/A Floodway on property: No
Sources used: FEMA Flood Insurance Rate Map (FIRM, copy attached); City of Crystal Lake Zoning Map (1/2008).
Community name: City of Crystal Lake, IL Community number: 170476
Panel/map number: 17111C0335J Effective Date: November 16, 2006
Flood zone: X [unshaded] Base flood elevation: N/A ft NGVD 1929

N/A a. The community does not currently participate in the National Flood Insurance Program (NFIP). NFIP flood insurance is not available; certain State and Federal assistance may not be available.
N/A b. Panel not printed: no Special Flood Hazard Area on the panel (panel designated all Zone C or unshaded X).
N/A c. No map panels printed: no Special Flood Hazard Areas within the community (NSFHA).

The primary structure on the property:
N/A d. Is located in a Special Flood Hazard Area. Any activity on the property must meet State, Federal, and local floodplain development regulations. Federal law requires that a flood insurance policy be obtained as a condition of a federally-backed mortgage or loan that is secured by the building.
N/A e. Is located in shaded Zone X or B (500-yr floodplain). Conditions may apply for local permits or Federal funding.
X f. Is not located in a Special Flood Hazard Area or 500-year floodplain area shown on the effective FEMA map.
N/A g. A determination of the building's exact location cannot be made on the current FEMA flood hazard map.
N/A h. Exact structure location is not available or was not provided for this determination.

Note: This determination is based on the effective Federal Emergency Management Agency (FEMA) flood hazard reference for the subject area. This letter does not imply that the referenced property will be free from water damage. Property not in a Special Flood Hazard Area may be damaged by a flood greater than that illustrated on the FEMA map, by local drainage problems or runoff not illustrated on the source map, or by failure of flood control structures. This letter does not create liability on the part of the Illinois State Water Survey or employee thereof for any damage that results from reliance on this determination. This letter does not exempt the project from local stormwater management regulations.

Questions concerning this determination may be directed to Bill Saylor (217/333-0447) at the Illinois State Water Survey. Questions concerning requirements of Governor's Executive Order 5 (2006), or State floodplain regulations, may be directed to John Lentz (847/608-3100 x2022) at the Illinois Department of Natural Resources' Office of Water Resources.

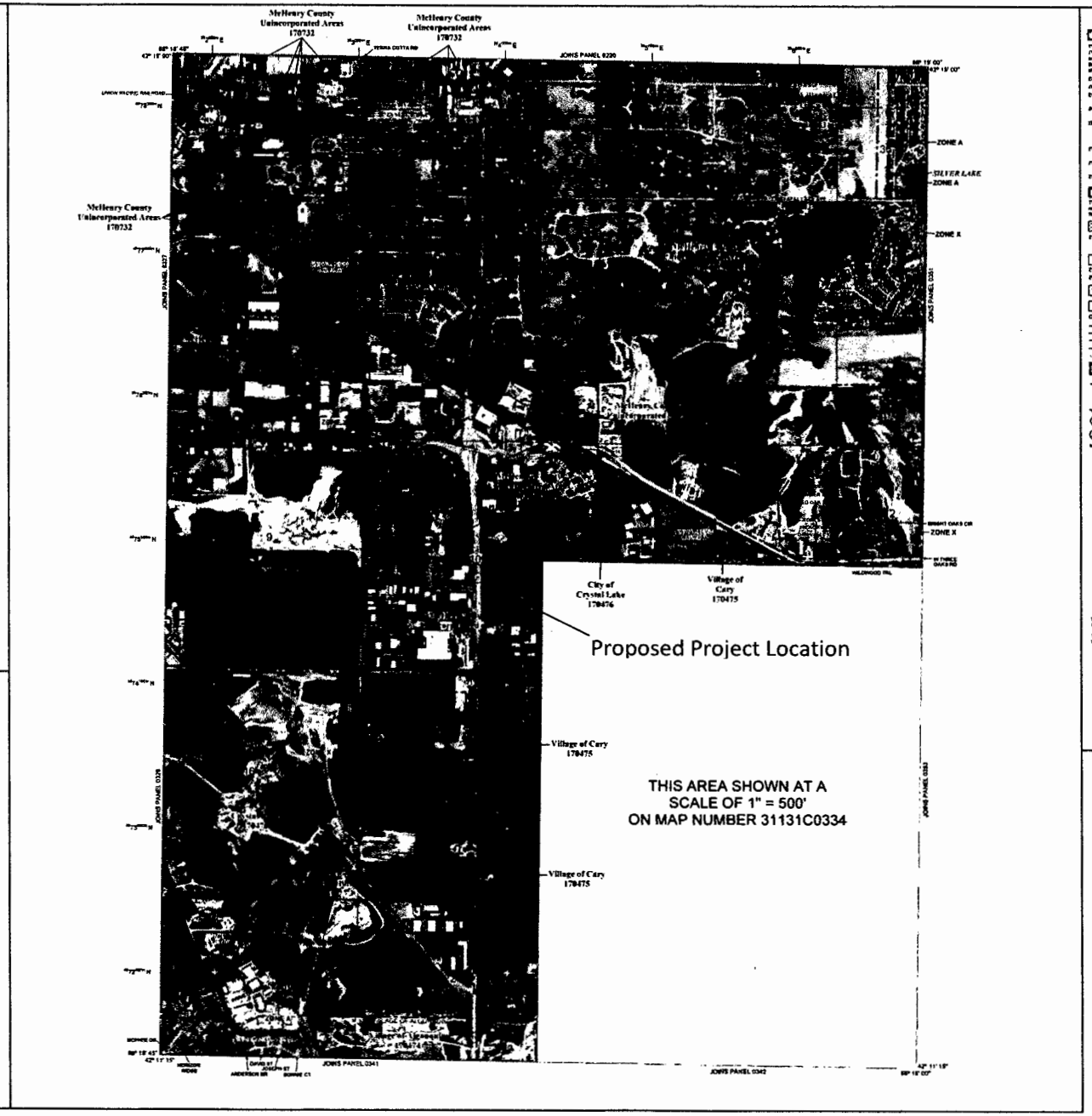
William Saylor Title: ISWS Floodplain Information Specialist Date: 10/10/2008
William Saylor, CFM IL-03-00107, Illinois State Water Survey

telephone (217) 244-5459 • fax (217) 333-4983 • www.isws.illinois.edu

Form rev. -7/31/2008

Attachment 5: Flood Plain Requirements

NOTES TO USERS



LEGEND

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD

FLOODWAY AREAS IN ZONE AE

OTHER FLOOD AREAS

OTHER AREAS

COASTAL BARRIER RESOURCES SYSTEM (CBRS) AREAS

OTHERWISE PROTECTED AREAS (OPAs)

MAP SCALE 1" = 1000'

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0335J

FIRM

FLOOD INSURANCE RATE MAP

McHENRY COUNTY, ILLINOIS AND INCORPORATED AREAS

PANEL 335 OF 365

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

MAP NUMBER 17111C0335J

EFFECTIVE DATE NOVEMBER 16, 2006

Federal Emergency Management Agency

38

Attachment 5

Attachment 5

ILLINOIS FLOODMAPS .ORG

DFIRMs ▾ | Outreach ▾ | Services ▾ | MT-2 LOMR

McHenry County Map Panels

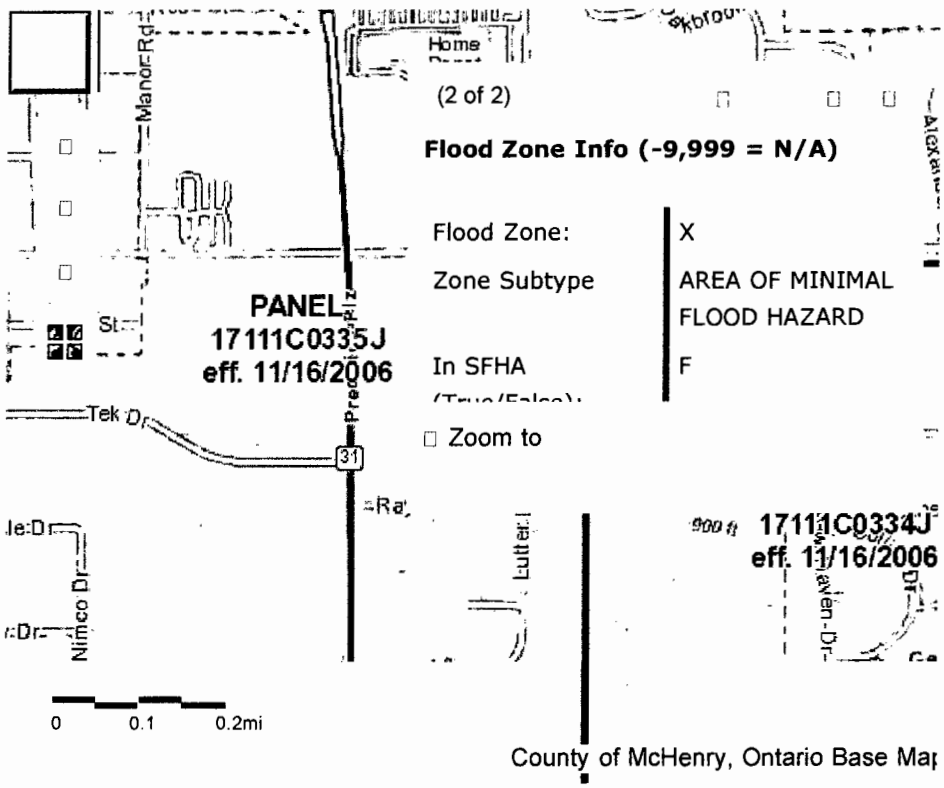
Effective Flood Insurance Rate Maps for McHenry County may be viewed and/or downloaded at the FEMA Flood Map Service Center

... even more!

Below are links to resources pertaining to McHenry County

- Upper Fox Watershed Discovery
- Unmapped Special Flood Hazard Areas (SFHA) (pdf)
- Destined for DFIRMs - stream studies becoming flood maps

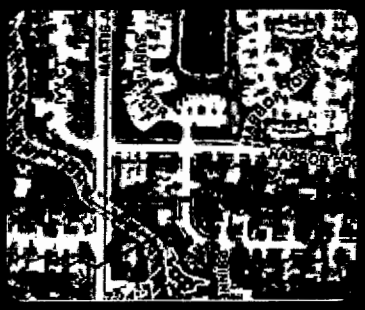
NFHL Viewer (more detailed flood data displays when zoomed in)



Launch full screen NFHL Viewer

What is a DFIRM?

The DFIRM Database is a digital version of the FEMA flood insurance rate map that is designed for use with digital mapping and analysis software.



A sample DFIRM showing areas of greater flood risk in blue

The DFIRM is designed to provide the user with the ability to determine the flood zone, base flood elevation and the floodway status for a particular location. It also has NFIP community information, map panel information, cross section and hydraulic structure information, and base map information like road, stream, and public land survey data.

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LETTER FROM THE ILLINOIS HISTORIC PRESERVATION AGENCY

A letter from the Illinois Historic Preservation Agency indicating the project complies with the requirements of the Historic Preservation Act is attached.

Illinois Historic Preservation Agency

1 Old State Capitol Plaza, Springfield, IL 62701-1512

FAX 217/524-7525
www.illinoishistory.gov

McHenry County
Crystal Lake
SE of IL 31 & Three Oaks Road
IHFSRB
New construction/CON - Mercy Crystal Lake Hospital & Medical Center

PLEASE REFER TO: IHPA LOG #006122216

January 18, 2017

Nicole Dermer
Reinhart Attorneys at Law
100 North Water Street, Suite 1700
Milwaukee, WI 53202-3197

Dear Ms. Dermer:

The Illinois Historic Preservation Agency is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

According to the information you have provided concerning your proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

Sincerely,

Rachel Leibowitz, Ph.D.
Deputy State Historic
Preservation Officer

For TTY communication, dial 888-440-9009. It is not a voice or fax line.

PROJECT COSTS AND SOURCE OF FUNDS

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	300,000	200,000	500,000
Site Survey and Soil Investigation			
Site Preparation	400,000	1,500,000	1,900,000
Off Site Work	70,000	80,000	150,000
New Construction Contracts	19,100,000	18,585,500	37,685,500
Modernization Contracts			
Contingencies	1,906,000	1,747,000	3,653,000
Architectural/Engineering Fees	1,500,000	1,500,000	3,000,000
Consulting and Other Fees	350,000	350,000	700,000
Movable or Other Equipment (not in construction contracts)	22,475,647	5,908,668	28,384,315
Bond Issuance Expense (project related)	175,000	200,000	375,000
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
IT/low voltage	1,800,000	1,575,000	3,375,000
Furniture, artwork	950,000	850,000	1,800,000
Moving	98,000	89,500	187,500
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	48,124,647	32,585,668	81,710,315
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	29,544,788	19,631,400	49,176,188
Pledges			
Gifts and Bequests			
Bond Issues (project related)	19,579,859	12,954,268	32,534,127
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	49,124,647	32,585,668	81,710,315

Descriptions of Line Items
In Support of Table Project Costs and Sources of Funds

Preplanning Costs - $500,000

Activities include: site assessment, property surveys, legal/bond counsel, environmental impact, site assessment including access planning and traffic evaluation, initial functional programming and space planning, evaluation of alternatives, preliminary cost estimating, financial feasibility assessments, and other miscellaneous.

Site Preparation - $1,900,000

Soil borings, site excavation and grading, drainage and retention, roadway construction, erosion barriers construction, landscaping, utility connections.

Off-site work - $150,000

Concrete pad for MRI mobile unit, parking lot surfacing.

New construction contracts - $37,685,500

A 500+ page document prepared by AECOM describes the construction activities: excavating and removal of material; foundations; vertical & floor/roof structural; exterior cladding; roofing; interior partitions, doors and glazing; floor, wall and ceiling finishes; fixed equipment including code compliance signage, fire systems and loading dock equipment; stairs and vertical transportation, plumbing, HVAC, electrical system, fire protection system. Included are all core and shell costs, general requirements, general conditions, subguard, general liability insurance and contractor's overhead, profit and fee.

Clinical component: $19,100,000; non-clinical: $18,585,500.

Contingencies - $3,653,000

Contingencies not exceeding 10% are included for unforeseen circumstances related to construction.
Clinical contingency: $1,906,000; non-clinical: $1,747,000.

Construction + contingency for the project is $41,338,500 (= $37,685,500 + $3,653,000). For a 111,346 sq. ft. project, cost per sq. ft. is $371.26.

Construction + contingency for the clinical component is $21,006,000 (= $19,100,000 + 1,906,000). For the 43,198 sq. ft. of clinical space, cost per sq. ft. for the clinical component is $486.27. This amount is slightly above the State standard due mostly to the concentration of higher cost clinical space than in a full service community hospital. For example, this project includes concentrated medical/surgical and ICU acute care beds, surgery, emergency room and imaging, all high cost per sq. ft. functions. Without lower facility cost obstetrics and psychiatry

services, the higher clinical costs result in a higher cost per sq. ft. than the comparable standard for all relatively larger sized hospitals.

Architectural/Engineering Fees - $3,000,000

A/E services include site planning, preliminary design, schematic design, design development, bid document preparation, interface with public agencies, project monitoring.

Total A/E fees of $3,000,000 are 7.3% of construction and contingency.
A/E fees for the clinical component are 7.1% of clinical construction and contingency.
These are consistent with the standard of 4.86-7.30% for hospital construction projects.

Consulting and Other Fees - $700,000

Services include interior design, IT planning and consulting, CON application fee and CON legal/consultant, legal, medical equipment planning, food services planning, security systems planning, signage/graphics design, project management and commissioning.

Movable and Medical Equipment - $28,384,315

The cost estimates by department for equipment are as follows:

Med/Surg and ICU beds	$3,039,236
Surgery	$11,475,215
Emergency	$2,731,080
Imaging	$6,757,383
Lab	$1,643,323
Inpatient Pharmacy	$554,502
Retail pharmacy	$32,083
Hospital staff support	$28,375
Facilities	$1,646,522
Public spaces – lobby / admitting	$205,196
Sleep center	$104,908
Administrative	$166,492

Bond Issuance Expense - $375,000

Of the total, $175,000 applies to clinical; $200,000 to non-clinical.

Other costs to be Capitalized - $5,304,500

These costs include: IT/low voltage, furniture and artwork and capitalized moving costs, as itemized in the table of Project Costs and Sources of Funds.

COST SPACE REQUIREMENTS

Dept./Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Ft.			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated
Reviewable							
Patient Care (Med Surg.)	$ 3,171,208		7,114	7,114			
Patient Care (ICU)	$ 804,195		1,348	1,348			
Emergency Care	$ 2,254,493		5,656	5,656			
Imaging	$ 4,661,277		10,100	10,100			
Lab	$ 1,014,868		2,223	2,223			
Pharmacy Inpatient	$ 743,270		1,538	1,538			
Sleep Center	$ 359,000		675	675			
Surgery Center	$ 6,091,689		14,544	14,544			
Subtotal Reviewable:	$ 19,100,000		**43,198**	**43,198**			
Non-Reviewable							
Administration/Conf. Room	$ 2,755,999		9,318	9,318			
Admitting/Registation	$ 639,550		2,010	2,010			
Main Lobby/Recept./Public Restrooms	$ 4,020,824		8,535	8,535			
Retail Pharmacy	$ 491,820		1,000	1,000			
Dietary Services/Cafeteria	$ 2,052,033		6,573	6,573			
Media Records/HIS	$ 155,930		782	782			
Laundry/Linen	$ 192,694		1,029	1,029			
Material Management	$ 794,718		4,144	4,144			
Staff Support	$ 1,513,199		5,529	5,529			
Ambulance Garage	$ 633,511		2,029	2,029			
Communications/Information Services	$ 379,352		1,964	1,964			
Engineering Services	$ 525,570		2,743	2,743			
Environmental Services	$ 395,095		2,035	2,035			
Security/Fire	$ 75,774		377	377			
Storage	$ 1,275,852		6,677	6,677			
Mechanical Equipment Spaces	$ 2,683,579		13,403	13,403			
Subtotal Non-Reviewable:	$ 18,585,500		**68,148**	**68,148**			
Subtotal Construction:	**$ 37,685,500**		**111,346**	**111,346**			
Other Project Costs							
Preplanning Costs	$ 500,000						
Site Survey and Soil Investigation							
Site Preparation	$ 1,900,000						
Off Site Work	$ 150,000						
Modernization Contracts							
Contingencies	$ 3,653,000						
Architectural/Engineering Fees	$ 3,000,000						
Consulting and Other Fees	$ 700,000						
Movable or Other Equipment (not in construction contracts)	$ 28,384,315						
Bond Issuance Expense (project related)	$ 375,000						
Net Interest Expense During Construction (project related)							
Fair Market Value of Leased Space or Equipment							
Other Costs To Be Capitalized							
IT/low voltage	$ 3,375,000						
Furniture, artwork	$ 1,800,000						
Moving	$ 187,500						
Acquisition of Building or Other Property (excluding land)							
Subtotal Other Project Costs	**$ 43,649,815**						
TOTAL PROJECT COSTS	**$ 81,710,315**						

BACKGROUND OF APPLICANT

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

Mercy Health Corporation ("Mercyhealth") operates four hospitals, two in Illinois and two in Wisconsin:

Rockford Memorial Hospital
2400 N. Rockton Avenue
Rockford, IL 61103
IDPH License #0002048

Mercy Harvard Hospital
901 Grant Street
Harvard, IL 60033
IDPH License #0004911

Mercy Hospital and Trauma Center - Janesville
1000 Mineral Point Ave.
Janesville, WI 53548
License #162

Mercy Walworth Hospital and Medical Center
N2950 State Road 67
Lake Geneva, WI 53147
Permit ID #MEBH-8M6RAH

Copies of licenses for these facilities are included on subsequent pages. In addition, Mercyhealth operates 70 other non-hospital, patient care delivery sites in northern Illinois and southern Wisconsin.

The following details the certifications and accreditations held by Mercyhealth hospitals, ambulatory medical centers/clinics, and ancillary services:

- Rockford Memorial Hospital is accredited by the Joint Commission (organization number 7418), effective 1/11/14 (valid for up to 36 months). *Joint Commission letter included below.*

- Mercy Health System Corporation ("MHSC"), a subsidiary of Mercy Health Corporation, includes Mercy Hospital and Trauma Center - Janesville, Mercy Walworth Hospital and Medical Center, and all MHSC ambulatory medical centers/clinics. These entities are accredited by the Joint Commission (organization number 7644), effective 11/5/14 (valid for up to 36 months). *Joint Commission letters (2) included below.*

- Mercy Harvard Hospital is accredited by the Joint Commission (organization number 4672), effective 9/27/14 (valid for up to 36 months). *Joint Commission letter included below.*

The Joint Commission letter dated March 21, 2014 currently shows an accreditation expiration date of January 11, 2017. Mercyhealth has been in communication with The Joint Commission regarding this issue and has been informed that the required survey did not occur due to unforeseen emergency circumstances. However, the Joint Commission has assured Mercyhealth that the survey is scheduled and will take place before the 39 month deadline set forth in The Joint Commissions deeming agreement with CMS.

Illinois Department of PUBLIC HEALTH

HF112023

DISPLAY THIS PART IN A CONSPICUOUS PLACE

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2017		0002048

General Hospital

Effective: 01/01/2017

Rockford Memorial Hospital
2400 N. Rockton Avenue
Rockford, IL 61103

The face of this license has a colored background Printed by Authority of the State of Illinois • P.O. #4012320 10M 3/12

Exp. Date 12/31/2017

Lic Number 0002048

Date Printed 10/26/2016

Rockford Memorial Hospital

2400 N. Rockton Avenue
Rockford, IL 61103

FEE RECEIPT NO.

Illinois Department of PUBLIC HEALTH HF111993

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D., J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2017		0004911

Critical Access Hospital

Effective: 01/01/2017

Mercy Harvard Hospital, Inc.
P. O. Box 850
901 South Grant Street
Harvard, IL 60033

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320 10M 3/12

DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2017

Lic Number 0004911

Date Printed 10/26/2016

Mercy Harvard Hospital, Inc.

P. O. Box 850
901 South Grant Street
Harvard, IL 60033

FEE RECEIPT NO.

The State of Wisconsin

Department of Health Services
Division of Quality Assurance

CERTIFICATE OF APPROVAL

This is to certify that MERCY HEALTH SYSTEM CORPORATION
doing business as MERCY HEALTH SYSTEM CORP
at the location 1000 MINERAL POINT AVE
JANESVILLE, WI 53548

License Number: 162
Effective Date: 05/27/1999
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 240 total beds.

General beds: 180 Alcohol beds: 12
Psychiatric beds: 28 Rehab beds: 20

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.

Kitty Rhoades, Secretary DHS

This license is not transferrable or assignable
Post in a conspicuous place on premises

DEPARTMENT OF AGRICULTURE,
TRADE AND CONSUMER PROTECTION

License, Permit or Registration

The person, firm, or corporation shown below has complied with the Wisconsin statutes and is authorized to engage in the activity indicated.

ACTIVITY		EXPIRATION DATE	I.D. NUMBER
Hospital - High Complexity		30-Jun-2017	MEBH-8M6RAH
LICENSEE MAILING ADDRESS MERCY HEALTH SYSTEM CORPORATION N2950 STATE RD 67 LAKE GENEVA WI 53147	NOT TRANSFERABLE	BUSINESS / ESTABLISHMENT ADDRESS MERCY WALWORTH HOSPITAL & MEDICAL CTR. N2950 STATE RD 67 LAKE GENEVA WI 53147	

All Permits expire on June 30th; it is the responsibility of the licensee to make sure all applicable fees are received by the department before July 1st or a late payment fee will be assessed.

To view the FSRL Newsletter, please visit this web address
https://www.dhs.wisconsin.gov/fsrl/news.htm

If you do not receive a renewal form prior to June 30th from your licensing authority, you should send in your payment for renewing your permit to the following address:

DIV OF PUBLIC HEALTH-LICENSE RENEWAL
DRAWER 296
MILWAUKEE, WI 53293-0296
(608)224-4720

* Include the name of your facility and the ID number.

F-fd-123

The Joint Commission

March 21, 2014

Re: # 7418
CCN: #140239
Program: Hospital
Accreditation Expiration Date: January 11, 2017

Gary E. Kaatz
President and CEO
Rockford Memorial Hospital
2400 North Rockton Avenue
Rockford, Illinois 61103

Dear Mr. Kaatz:

This letter confirms that your January 07, 2014 - January 10, 2014 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 March 07, 2014 and March 11, 2014, The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of January 11, 2014.

The Joint Commission is also recommending your organization for continued Medicare certification effective January 11, 2014. 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 location(s):

Perryville Cardiac Services
3401 N. Perryville Road, Rockford, IL, 61114

Perryville MRI/CT
3401 North Perryville Road, Rockford, IL, 61107

Perryville Sleep Lab
3401 Perryville Road, Rockford, IL, 61107

Rockford Medical Building Cardiac Services
2350 N. Rockton Road, Rockford, IL, 61103

Rockford Memorial Hospital

The Joint Commission

2400 North Rockton Avenue, Rockford, IL, 61103

Wound Care Center
2300 North Rockton Avenue, Rockford, IL, 61103

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,

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

The Joint Commission

December 15, 2014

Jeni Hallatt
Vice President
Mercy Harvard Hospital, Inc.
901 Grant Street
Harvard, IL 60033

Joint Commission ID #: 4672
Program: Critical Access Hospital Accreditation
Accreditation Activity: 60-day Evidence of Standards Compliance
Accreditation Activity Completed: 12/12/2014

Dear Ms. Hallatt:

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:

- Accreditation Manual for Critical Access Hospitals

This accreditation cycle is effective beginning September 27, 2014. 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,

Mark Pelletier

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

Attachment 11

The Joint Commission

January 21, 2015

Javon R. Bea
President and CEO
Mercy Health System Corporation
1000 Mineral Point Avenue
Janesville, WI 53548

Joint Commission ID #: 7644
Program: Hospital Accreditation
Accreditation Activity: 60-day Evidence of Standards Compliance
Accreditation Activity Completed: 01/20/2015

Dear Mr. Bea:

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 November 08, 2014. 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,

Mark Pelletier

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

The Joint Commission

January 21, 2015

Javon R. Bea
President and CEO
Mercy Health System Corporation
1000 Mineral Point Avenue
Janesville, WI 53548

Joint Commission ID #: 7644
Program: Critical Access Hospital Accreditation
Accreditation Activity: 60-day Evidence of Standards Compliance
Accreditation Activity Completed: 01/20/2015

Dear Mr. Bea:

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:

- Accreditation Manual for Critical Access Hospitals

This accreditation cycle is effective beginning November 05, 2014. 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,

Mark Pelletier

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

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

A letter addressing adverse actions is attached.

CONFIRMATION OF NO ADVERSE ACTIONS

There have been no adverse actions taken against any facility owned or operated by Mercy Crystal Lake Hospital and Medical Center, Inc. or Mercy Health Corporation (the "Applicants") during the three years prior to filing the application.

Date this 18th day of January, 2017.

Mercy Crystal Lake Hospital and Medical Center, Inc.

By: _____

Javon R. Bea, President and CEO

Mercy Health Corporation

By: _____

Javon R. Bea, President and CEO

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.**

   An authorization is attached.

AUTHORIZATION TO ACCESS DOCUMENTS

This document is an authorization submitted by Mercy Crystal Lake Hospital and Medical Center, Inc. and Mercy Health Corporation (together referred to as the "Applicants") to allow the Illinois Health Services Review Board and the Illinois Department of Public Health ("DPH") to have access to any documents necessary to verify information submitted in connections with the Applicant's application for a Certificate of Need to build a hospital and attached medical office building in Crystal Lake, Illinois. The authorization includes, but is 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. This authorization is submitted pursuant to Title 77, section 1110.230 of the Illinois Administrative Code.

Date this 18th day of January, 2017.

Mercy Crystal Lake Hospital and Medical Center, Inc.

By: _____

Javon R. Bea, President and CEO

Mercy Health Corporation

By: _____

Javon R. Bea, President and CEO

PURPOSE OF THE 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.**

Mercy Health Corporation and Mercy Crystal Lake Hospital and Medical Center, Inc. (jointly referred to herein as "Mercyhealth") propose to establish a 13-bed micro hospital and multi-specialty physician clinic in Crystal Lake, IL. The Project will have 11 medical/surgical beds and two ICU beds, relocated from Mercy Harvard Hospital. The Project was carefully designed using the innovative micro hospital model. Micro hospitals are smaller hospitals placed in close proximity to their patient populations to provide more immediate acute and emergency care when time matters. This is especially critical for at-risk populations, such as recipients of Medicaid and charity care services.

Mercyhealth's proposal follows the form of Mercyhealth's Rockford CON applications unanimously approved by the HFSRB just over a year ago. Mercyhealth is proposing to relocate a small number of beds from Mercy Harvard Hospital to another area, Crystal Lake, in which we can better serve McHenry County. At the same time, Mercyhealth will continue its long-standing commitment to its legacy facility in the Harvard community. Mercyhealth's modest proposal will not increase the number of licensed beds in the county or state, but simply deploy them in a manner that better provides necessary healthcare services and care to the community.

Our proposal is centered on those patients who currently utilize Mercyhealth providers for their outpatient care and the over 7,500 Medicaid subscribers that reside in Crystal Lake. Approval of our Certificate of Need applications will enhance Mercyhealth's ability to deploy its highly successful full integration healthcare model, an approach being taken by an increasing number of Illinois health systems including those providing care in or near McHenry County. Mercyhealth's proposal will ultimately provide government payers, insurers, employers and patients with enhanced and more affordable healthcare choices. It will also provide highly convenient access to critical healthcare services, including emergency services, for Medicaid subscribers, charity care patients, and the elderly residing in the Crystal Lake. Members of these at-risk populations are currently forced to try and find transportation to other communities for these emergency services.

By using the pioneering micro hospital model, the Project will improve the health care and well-being of the market area population for residents of Crystal Lake and its surrounding communities by providing care at the right time in the appropriate setting. The Project is proposed to enhance health care for the approximately 60,000 residents of Crystal Lake, as well as the 93,000 residents of Algonquin, Lake in the Hills, Cary and Fox River Grove, who are experiencing the existing problems and issues identified in Item 3 below.

2. **Define the planning area or marketing area, or other, per the applicant's definition.**

The planning/market area for this Project is approximately a 30-minute drive time radius from the proposed project site in Crystal Lake, IL. Please see the attached map and attached table of anticipated patient origin. This area is the appropriate size for a micro hospital dedicated to the community's needs. The use of the micro hospital model represents a more judicious use of health care resources in keeping with the goals of the Illinois Health Facilities Planning Act, which includes guaranteeing the availability of quality health care and increasing the accessibility of health care services to the medically underserved and indigent. It is anticipated that 70% of the

780 patients admitted at the proposed hospital will originate from within this planning/market area and will be primarily current patients of Mercyhealth.

3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the Project.

This project will address the following three issues: (A) access to care; (B) opportunity for care coordination, enhanced efficiencies and cost reduction; and (C) improving the distribution of health care resources in McHenry County.

A. Access to Care.

(i) *There is insufficient access to care for the indigent population in the market area.* As a result of there being no hospital in the Crystal Lake area, there is insufficient access to care for the indigent population in the market area. Vulnerable populations, such as the indigent population, could benefit from convenient inpatient care close to where they reside.

(ii) *There are inadequate health services to the growing geriatric population.* According to U.S. Census, the population of residents in McHenry County (Illinois) age 65 and above stands at 35,650.[1] A 2014 report by the Illinois Department of Public Health, Office of Health Informatics, Illinois Center for Health Statistics, projects that that population will total an estimated 50,755 by 2020, or a 42.4% increase.[2] Moreover, as the baby boomer generation matures, this segment will continue to grow in both numbers and needs.

Given the increasing geriatric population, it is likely that there will be a shortage of geriatric services in Crystal Lake and the surrounding communities. A shortage in convenient, nearby geriatric services in McHenry County may cause the geriatric population to seek care outside McHenry County or, in many instances, forego it altogether until such time as the need becomes emergent, making the disease state more costly and difficult to manage.

(iii) *There is a shortage of primary care physicians and select specialists in McHenry County.* As more fully described in the attached Physician Need Analysis, according to physician manpower ratios from Thomson Reuters, McHenry County has a deficit of physicians as of 2016.[3] This includes a significant shortage in family medicine and internal medicine physicians, as well as a shortage in specialty care (including a 4.1 FTE in gastroenterology, 11.4 FTE in general surgery and 9.1 FTE in hematology/oncology).[4] Further, McHenry County has a high ratio of residents to primary care physicians, performing poorer than the state average.[5] The American Medical Association predicts that the current physician shortage in the U.S. will worsen over the next several years.[6] Without an adequate physician supply, McHenry County residents must seek care from

[1] U.S. Census Bureau, ACS Demographic & Housing Estimates, 2011-2015 American Community Survey 5-year Estimates, McHenry County, Illinois.
[2] Ill. Dep't of Pub. Health, Population Projections: Illinois, Chicago and Illinois Counties by Age & Sex: July 1, 2010 to July 1. 2025, at 68 (2014 ed.).
[3] Thomson Reuters Healthcare – MarketPlanner Plus, Market Expert physician demand ratios.
[4] Thomson Reuters Healthcare – MarketPlanner Plus, Market Expert physician demand ratios.
[5] Mercyhealth's 2014 McHenry County Community Health Needs Assessment.
[6] American Medical Association, Physician Shortage and Projections, The 2016 Update: Complexities of Physician Supply and Demand: Projections from 2014 to 2025.

physicians in other locations. In fact, only 35% of health care received by McHenry County residents is provided in McHenry County.[7]

(iv) *There is no continuum of care for patients of Mercyhealth physicians in Crystal Lake and the immediate surrounding communities*. There is no hospital with emergency services in Crystal Lake or the planning/market area. Since Mercyhealth does not have a hospital in this area, Mercyhealth is unable to adequately serve the approximately 30,000 patients who currently utilize Mercyhealth primary care physicians for their primary care in Crystal Lake and the surrounding communities and, as more fully described below, cannot successfully deploy its fully integrated health care delivery system in Crystal Lake and the surrounding communities.

(v) *There is a lack of population health management services in Crystal Lake, despite a demonstrated high incidence of chronic disease*. According to a Truven report, 10% of Americans aged 47 or older develop a chronic disease each year.[8] These conditions include an increasing prevalence of diabetes, neurological disorders, high blood pressure, and other conditions.[9] Between 1974 and 2014, the number of type 2 diabetics in the US increased from 3.2 million to 29 million.[10] Diabetes care now represents nearly 10% of health care expenditures.[11] Experts predict that by 2050, between 120 million to 180 million Americans will have diabetes.[12] According to the Mercyhealth's 2014 McHenry County Community Health Needs Assessment, McHenry County's incidence of chronic disease is similar to that experienced nationwide.[13]

Nationally, more than 80% of the nation's $2.5 trillion expenditures on health care go to chronic disease management.[14] This is in part due to a failure to appropriately treat and manage chronic disease, which often results in avoidable admissions. In McHenry County, there were more than 5,100 adult avoidable admissions in calendar year 2015. Based on the first six months of 2016 data, this number is expected to increase to close to 5,500 avoidable admissions. In the planning/market area alone, there are between 1,900 and 2,120 avoidable admissions annually.[15] In 2016, 66.4% of the avoidable admissions in the planning/market area were the result of chronic diseases.[16]

McHenry County also has a greater proportion of residents who use tobacco and engage in binge drinking, and residents of McHenry County are less likely to have received certain preventative services including colonoscopies and immunizations for both the flu and pneumonia.[17]

Because of the nature of chronic disease, patients with these conditions need continuous and convenient access to health care resources given they are less likely to receive preventative care when required to travel to facilities not conveniently near their homes.

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[7] Mercyhealth's 2014 McHenry County Community Health Needs Assessment.
[8] Truven Futurescan 2016 – 2021, "Promoting Health: The One Alternative to Healthcare Rationing," Roizen and Delia.
[9] Truven Futurescan 2016 – 2021, "Promoting Health: The One Alternative to Healthcare Rationing," Roizen and Delia.
[10] Truven Futurescan 2016 – 2021, "Promoting Health: The One Alternative to Healthcare Rationing," Roizen and Delia.
[11] Truven Futurescan 2016 – 2021, "Promoting Health: The One Alternative to Healthcare Rationing," Roizen and Delia.
[12] Truven Futurescan 2016 – 2021, "Promoting Health: The One Alternative to Healthcare Rationing," Roizen and Delia.
[13] Mercyhealth's 2014 McHenry County Community Health Needs Assessment.
[14] Truven Futurescan 2016 – 2021, "Promoting Health: The One Alternative to Healthcare Rationing," Roizen and Delia.
[15] IHA Compdata
[16] Annualized based on the first six months of 2016.
[17] Mercyhealth's 2014 McHenry County Community Health Needs Assessment.

Mercyhealth's facilities in Harvard are too remote for Crystal Lake area residents who are cared for by Mercyhealth physicians and who need convenient inpatient care close to where they reside.

B. Opportunity for significant improvement of care coordination, enhanced efficiencies, and cost reduction.

There is opportunity for significant enhancement of care coordination and efficiencies, and reduced costs, for McHenry County residents through the availability of a fully integrated health care system in Crystal Lake, and the deployment of an accountable care organization in the same market. Without an acute care hospital, continuity of care is not optimized for patients of Mercyhealth physicians when they are hospitalized within another system. Sometimes tests are unnecessarily repeated due to lack of a complete record of previous care provided.

A fully integrated model improves patient care, cost and access by providing more coordinated care, measurements of outcomes, and cost and service efficiencies. Primary care physicians and specialists that are part of an integrated delivery system are able to receive critical patient information through the use of a common medical record, as well as the daily interaction that occurs when these practitioners work for a common health system and in the same facilities. Absent the benefits of full integration, physicians lack complete information regarding the hospitalization and health status of their patients. The results can be negative for both patient and payers of healthcare services, including increasing the potential for a missed diagnosis or engaging in duplicative testing.

C. Inappropriate distribution of health care resources in McHenry County.

The population in Harvard is not growing. As a result, the inpatient average daily census at Mercy Harvard Hospital has been approximately four for the past five years, while being licensed for 18 acute care beds (15 medical/surgical beds and 3 intensive care beds). As such, many of these beds remain unused for much of the year. Mercy Harvard Hospital is also licensed for 45 long-term care beds, which are more fully utilized given the make-up of the patient population it serves in this community.

Simultaneously, there are no authorized beds in Crystal Lake, Algonquin, Lake in the Hills, Cary, and Fox River Grove, although the greatest concentration of the population in McHenry County is located in the Crystal Lake area, where the Project is proposed to be constructed, as shown on the attached dot density map.

4. Sources of information: In addition to the footnotes and sources described herein, the following sources of information were utilized:

Map Quest – drive time estimates to establish planning/market area

Nielsen Claritas, Inc. New York, N.Y.; U.S. 2000 Census reports

McHenry County Healthy Community Study, May 21, 2014

Claritas – MarketPlanner Plus and Market Expert physician demand ratios

CompDATA, Illinois Hospital Association

5. Detail how the Project will address or improve the previously referenced issues, as well as the population's health status and well-being.

Mercyhealth plans to address the identified issues and initiate efforts to improve the population's health status and well-being, as identified below:

A. The Project will address access issues.

(i) *The Project will provide for increased access to care for the indigent population in the market area.* Mercyhealth is committed to provide health care services to all patients regardless of their ability to pay. Mercyhealth will meet this goal by operating an emergency department that will provide services to all patients, including the poor, by implementing a charity care program to provide reduced fee and free services to qualifying patients consistent with Mercyhealth's current charity care program (see attachments 40 and 41) and by participating in governmental payment programs, including Medicare and Medicaid. Based on 2016 figures, over 36% of Mercyhealth patients in McHenry County were Medicaid patients. This would likely increase with the addition of the proposed hospital and emergency department.

Mercyhealth's commitment to the indigent population is not limited to providing affordable care. In furtherance of its mission to serve the indigent, Mercyhealth will reach out to community-based organizations in an effort to collaborate in the provision of care to the indigent. Mercyhealth has a reputation and track record in this respect of successful collaborations. Examples of successful program collaborations in programs serving the indigent include our collaborations with free primary care clinics: Bridge Clinic of Rockford, HealthNet of Janesville, Wisconsin, and Open Arms of Walworth County, Wisconsin; and Federally Qualified Health Centers: Beloit Area Community Health Center, Community Health Partnership Clinic in McHenry County, and Crusader Clinic in Winnebago County. Mercyhealth also operates The House of Mercy, a 25-bed homeless center located in Janesville, Wisconsin, in furtherance of its commitment to at-risk populations. The House of Mercy provides shelter, support and training to women, children and families to help fight homelessness. It is one of the only health system-owned and operated shelters in the country. It has sheltered 5,873 individuals since it opened in 1996.

(ii) *The Project will provide for additional health services for the growing geriatric population.* Mercyhealth is committed to serving this growing segment of the McHenry County population. Using the experience gained from a geriatric specialty clinic operated by Mercyhealth in Wisconsin, it is the intent of Mercyhealth to bring a comprehensive geriatric focus to the services it provides in McHenry County.

(iii) *Mercyhealth will recruit physicians to address the current shortage.* Mercyhealth believes that the shortage of specialty physicians is one of the primary reasons that residents of McHenry County are leaving the county in order to seek medical care. Leveraging its full integration model and W-2 Physician Partnership model, Mercyhealth intends to address this access problem by engaging in a physician recruitment strategy for McHenry County that is anticipated to include a general surgeon, a hematologist/oncologist, a gastroenterologist, a pain management physician, and primary care physicians. This is part of the rationale for the medical office building adjoining the hospital facility in the Project, along with re-locating current Mercyhealth physicians

practicing in Crystal Lake from five separate clinic sites to a unified multi-specialty location.

(iv) *The Project will construct a Micro Hospital in Crystal Lake*. While Crystal Lake is in need of hospital beds, development of a full-service hospital is not consistent with the goals of the Illinois Health Facilities Planning Act. As such, as part of the Project, Mercyhealth will construct a micro hospital in Crystal Lake. Micro hospitals better utilize health care resources in an economical fashion to meet the needs of the communities they serve. This innovative model provides accessibility at a lower cost by providing care at the right time in the appropriate setting.[18] Micro hospitals meet a majority of patient care needs and provide optimal key features that best serve the population. Micro hospitals can be particularly successful at meeting a community's needs, especially when coupled with a medical office building. Further, micro hospitals that are part of systems with centralized corporate administrative and support functions can be particularly cost-effective. The use of micro hospitals is consistent with a growing national trend in states such as Colorado, Arizona, Indiana and Wisconsin, to build lower-density facilities to meet the needs of a community without duplicating all services.

(v) *Mercyhealth will deploy population health and chronic disease management services in Crystal Lake to address the demonstrated high incidence of chronic disease*. As part of the proposed hospital and medical center, Mercyhealth will increase the population health and chronic disease management services available to the community of Crystal Lake including management of diabetes, congestive heart failure and pneumonia. In addition, Mercyhealth will increase the availability of preventative health care services in the community. Mercyhealth believes that providing each of these services locally will increase the odds that residents of Crystal Lake and the surrounding communities will take advantage of these services given that the access to this comprehensive care will be more convenient.

B. The Project utilizes an integrated model of care delivery to provide improved patient care quality, increased access to care and lower costs.

(i) *Mercyhealth is a compassionate innovator in health care*. Mercyhealth has a long history of healthcare innovation, embracing new concepts so as to meet the unique needs of the communities it serves. In doing so, Mercyhealth has significant experience successfully and profitably operating small-sized hospitals appropriately scaled to meet community needs, including two critical access hospitals located in Harvard, Illinois and in Lake Geneva, Wisconsin.

Mercy Walworth Hospital and Medical Center in Lake Geneva, Wisconsin was first built in 1994 as a multi-specialty clinic to serve the population in rural Walworth County. This was one of the fastest growing counties in the State of Wisconsin in the early 2000s, and Mercyhealth continued to increase services to meet the needs of its residents. In 2001, Mercy Walworth Hospital and Medical Center opened the first freestanding emergency department in the State of Wisconsin. Mercyhealth worked closely with Wisconsin's Department of Health Services to establish criteria and guidance to others looking to provide this type of outreach to communities in need. Today, the facility is a 25-bed

[18] Microhospitals May help Deliver Care in Underserved Areas, Michelle Andrews, http://www.npr.org/sections/health-shots/2016/07/19/486500835/microhospitals-may-help-deliver-care-in-underserved-areas

critical access hospital with intensive care, medical/surgical, labor delivery and swing bed services. Similarly, Mercyhealth acquired Mercy Harvard Hospital, a critical access hospital, in December 2003, when the hospital was near closure. In fiscal year 2016, Mercyhealth provided 2,500 surgical procedures and 5,750 emergency visits to the Harvard community.

One of Mercyhealth's strategies is to "demonstrate excellence in patient care and clinic outcomes using evidence-based medicine, best practices and industry benchmarks to support a culture of continuous improvement." As such, Mercyhealth "achieve[s] and sustain[s] Accreditation and Certifications the support improvement in care..." These strategies are deployed throughout the system, including its community-based hospitals. For example, Mercy Walworth Hospital and Medical Center is accredited by the Society of Cardiovascular Patient Care as a Chest Pain Center. In 2016, both Mercy Harvard Hospital and Mercy Walworth Hospital and Medical Center became the first, and at this time, the only hospitals in Wisconsin and Illinois to be recognized by the Joint Commission as Acute Stroke Ready Hospital, a newly-created certification. Mercy Harvard Hospital is also recognized by the State of Illinois as a Standby Emergency Department Approved for Pediatrics. These same strategies and commitment to providing quality care to patients will be evident in the proposed Crystal Lake hospital.

Mercyhealth's innovative approach to health care is also demonstrated by its successful accountable care organization ("ACO") model which, as more fully described in subsection (iii) below, has highly favorable rankings in cost of care and quality, according to CMS's report on Cost and Quality.

In addition, Mercyhealth has deployed the following innovative programs in the communities it serves:

- **Residency Programs**
  Mercyhealth has been training future physicians since 1992, when it began operation of a residency program in Wisconsin. With the addition of family practice and internal medicine programs in Rockford, nearly 100 physicians will be enrolled in Mercyhealth's residency training programs on an annual basis, providing northern Illinois with a substantial resource for primary care physicians. With the approval of this Project, Mercyhealth will be able to utilize physicians in the residency program to address the physician shortage in the planning/market area.

- **Ronald McDonald Care Mobile and Mobile Dental Program**
  Mercyhealth's Ronald McDonald Care Mobile is a mobile pediatric clinic that serves uninsured and underinsured children in a five-county area in Illinois. This Care Mobile has provided more than 10,864 medical and dental visits for 7,720 uninsured and underinsured children in Boone, Lee, Ogle, Stephenson and Winnebago Counties. Additionally, in 2015, 1,032 dental and medical visits were provided for 535 children and 467 immunizations were given. About 35% of children seen were uninsured; 65% have Medicaid/All Kids; and a small percentage have medical but no dental insurance.

- **InQuicker**
  In 2012, Mercyhealth launched InQuicker, a free web-based service that allows patients to register for emergency room or urgent/immediate care online to make care

more convenient at facilities throughout its service area, including its McHenry and Woodstock urgent care centers.

- **EMS/Tactical Training and Casualty Care Program**
  Mercyhealth provides free and reduced-fee EMS training for municipalities, and has trained more than 4,200 paramedics throughout its service areas since the program began. The Mercyhealth Casualty Care Program provides tactical training and medical casualty kits to school personnel and other organizations to help save lives in the case of a traumatic event like an active shooter situation or tornado.

- **MD-1 Program**
  Mercyhealth's MD-1 Program provides emergency trauma vehicles staffed by on-call emergency medicine physicians that respond to scenes of accidents and other traumas, to offer field support to paramedics and other local EMS personnel.

- **Patient Centered Medical Home**
  Mercyhealth intends to employ its model for organizing a patient centered medical home program in Winnebago County to the planning/market area, as it has elsewhere in McHenry County.

All of these innovative programs are direct results of application of Mercyhealth's full integration model in the communities it serves and, with approval of the Project, could be deployed to the Crystal Lake service area.

(ii) *A hospital is required for an integrated model of care delivery*. Mercy Crystal Lake Hospital and Medical Center will be a part of a fully integrated health care delivery system. The construction of the proposed micro hospital allows Mercyhealth to provide care utilizing its full integration model, which is based on the Mayo Clinic model, where hospital and physician offices are part of the same organizational entity. Patients will have all the benefits of a multi-specialty clinic, as well as access to diagnostic services, emergency services, surgery suites and other hospital-based services. Such integrated services greatly benefit emergency room patients that require attention by a pediatrician, cardiologist, ear nose and throat specialist, orthopedic surgeon or other specialists who are present on-site in the clinic or on call at the time the patient is seen in the emergency room.

Further, Mercyhealth, through its affiliates, employs a broad base of physicians, podiatrists, allied health professionals, and nurses. Of Mercyhealth's 600 W-2 partner physicians, 78 physicians work in McHenry County in some capacity. Specifically, the proposed medical office building will house 18 full or part-time physicians, as well as 2 advanced practice providers. It is also anticipated that 4 hospitalists, 6 emergency physicians and 3 anesthesiologists will provide care at the proposed hospital, and that 20 surgeons will perform cases. Thus, patients will be able to see their family doctor, be referred to a medical or surgical specialist, have all necessary diagnostic tests performed and, if necessary, outpatient or inpatient surgery and hospitalization and rehabilitation care all at a single site, by the same organization, and with a common patient electronic medical record. A common electronic medical record is a key component to effective care coordination.

In addition to the physicians located at the Mercy Crystal Lake Hospital and Medical Center, patients will have access to over 500 other physicians in the Mercyhealth system, as well as to other specialists who provide tertiary care at other hospitals. Mercyhealth will also implement appropriate transfer agreements and protocols to ensure that patients will be quickly and appropriately transferred when a higher level of care is necessary.

(iii) *The Project allows Mercyhealth to more extensively deploy its successful ACO and population health model in McHenry County, thus improving patient care and reducing costs*. A new era of health care began with the Patient Protection and the Affordable Care Act and the Health Care and Education Reconciliation Act. These laws constituted the largest change to America's health care system since the creation of Medicare and Medicaid. The laws adopted several key delivery system reforms to better align provider incentives to improve care coordination and quality and to reduce costs. The challenge to all health care organizations has been how to successfully navigate the ever-changing landscape. Mercyhealth has risen to this challenge, employing an ACO model that has a proven track record of success.

Mercyhealth has operated an ACO since 2014. With the addition of Medicare subscribers associated with its Rockford operation, this ACO will serve nearly 20,000 Medicare subscribers throughout Northern Illinois and Southern Wisconsin in 2017, with services performed by over 900 clinicians.

Based on CMS's report on Cost and Quality, attached hereto, Mercy's legacy ACO had a quality score of 97.97% in 2015. As such, Mercy's ACO ranked as second highest among ACOs with operations in Illinois that received a quality score. It also ranked in the 87th percentile among ACOs nationwide. This is particularly notable because the comparison group consists of other MSSP ACOs with at least one year of experience in the program, which means these ACOs have been deliberately working on improving these measures for some time.

For patients attributed to the Mercy ACO in 2015, Medicare's annual expenditures per beneficiary were $8,773. Based on CMS's report of Cost and Quality, this ranks in the 20th percentile for cost among ACOs with operations in Illinois and in the 22nd percentile nationwide (a lower percentile is favorable related to cost as it reflects lower overall spending per Medicare beneficiary).

Mercyhealth's results in managing the Medicare population as an ACO show the benefits of Mercyhealth's integrated operations. However, in the McHenry County market, Mercyhealth providers are forced to use an external facility when patients are in need of hospital-based care. The ability to manage the total continuum of care for patients, and associated costs, under the Mercyhealth umbrella would allow Mercyhealth to improve even further upon these results. A centrally located, right-sized facility in Crystal Lake would allow Mercyhealth to extend the benefit of high quality, low cost care not just to Medicare beneficiaries, but to all Mercyhealth patients, including those covered by commercial insurance plans.

To that end, Mercyhealth also performs well with commercially-insured patients. Mercyhealth is the highest ranked medical group practice in McHenry County, as determined by Blue Cross Blue Shield of Illinois in its annual performance rankings for

medical groups and independent practice associations, having received a 5-star ranking in 2015 and a 4-star ranking in 2016.

(iv) *The competition produced by the Project could result in more favorable pricing*. There is currently a clear lack of competition in the McHenry County hospital market. Currently, 94.8% of the hospital beds in McHenry County are provided by one hospital system. According to a December 2015 study by Carnegie Mellon University, Yale University, University of Pennsylvania and London School of Economics, hospitals in monopoly markets have 15.3% higher prices than markets with four or more hospitals.[19] As such, it is likely that the prices in McHenry County are higher than they otherwise could be if sufficient competition existed.

(v) *Mercyhealth is an industry leader in quality*. Mercyhealth's commitment to patient care quality is best exemplified in legacy Mercy's recognition by the U.S. Department of Commerce with the National Malcolm Baldrige Quality Award for Organization Excellence. This honor was personally presented by George W. Bush in the Oval Office in April of 2008. At the time that legacy Mercy was awarded the National Baldrige Quality Award, there were only 79 total Awards given out for all business sectors since the inception of the award in 1994. Mercy was the seventh health care organization to achieve this honor, and the first vertically integrated health system to receive the award. This means that the entire legacy Mercy system (including hospitals, clinics, post-acute care, retail services, and its wholly owned insurance company) received this recognition for achieving the highest standards of quality and organizational excellence and were selected as a national role model organization by the U.S. Department of Commerce.

In addition, the legacy Mercy system was granted Magnet Recognition® by the American Nurses Credentialing Center on October 21, 2014. The recognition is considered the highest honor in the country given to a health care organization for nursing excellence. In fact, the legacy Mercy system is one of a few organizations in the country to achieve Magnet Recognition® for an entire health care system including all components of the organization (hospitals, clinics, insurance products, and post-acute care) across the states of Wisconsin and Illinois. Mercyhealth plans to deploy the same strategies with regards to the application of Magnet Recognition® for the legacy Rockford Health System in 2018.

Mercyhealth hospitals have also been recognized by U.S. News & World Report for their quality. In 2016, Mercy Hospital and Trauma Center - Janesville was ranked by the magazine as the fourth best hospital in Wisconsin out of 151 hospitals, while Rockford Memorial Hospital was named to its list of "Best Hospitals" for the fifth straight year.

Each of these awards is based on processes and infrastructure that Mercyhealth previously put into place, is now deploying in its newly-merged Rockford operations, and will deploy in the proposed Crystal Lake facility.

C. The Project improves the distribution of health care resources in McHenry County by relocating existing beds from Mercy Harvard Hospital.

[19] The price ain't right? Hospital prices and health spending on the privately insured, Z Cooper, SV Craig, M Gaynor, J Van Reenen, National Bureau of Economic Research, December 2015.

This Project is intended to deploy Mercyhealth's resources in an effort to best serve McHenry County as a whole, while maintaining Mercyhealth's long-standing commitment to the Harvard community. In this manner, the Project is very similar in design and structure to Mercyhealth's Rockford Certificate of Need proposals, which were unanimously approved by the IHFSRB in November of 2015.

Mercyhealth acquired Mercy Harvard Hospital in December 2003, when the hospital was near closure. Since that time, Mercyhealth has undertaken several large renovation projects, including renovations to the laboratory, operating rooms, emergency department, and outpatient surgery (collectively totaling approximately $5 million). Mercyhealth has also remodeled all inpatient rooms so that each is a private room (the cost of which was over $4 million).

Mercyhealth understands that transportation and convenient access are key concerns in Harvard, where 41.2% of the population is insured by Medicaid[20] and 45.2% of the population is of Hispanic minority status. It is essential that the community maintain a local medical facility. Mercyhealth will continue both medical/surgical and ICU services at Mercy Harvard Hospital at a scale appropriate to meet community needs there. This is important since both categories of service support the acute needs of long-term care patients in the 45-bed long-term care facility at Mercy Harvard Hospital.

In the same manner as it has proposed and performed with regard to its Rockford CON applications, Mercyhealth will continue this long-standing commitment to the Harvard community while redeploying beds to an area with unmet needs. These beds are truly needed and will be better utilized in Crystal Lake, Algonquin, Lake in the Hills, Cary, and Fox River Grove, where there are no licensed beds, despite the high populations of those communities. Mercyhealth believes that locating its Project in the heart of the area of greatest population will significantly enhance the quality and lower the cost of health care in all of McHenry County. The Project will also serve to enhance the economy of the Crystal Lake area while maintaining Mercyhealth's strong presence in Harvard.

6. Provide goals with quantified and measurable objectives, with specific time frames that relate to achieving the stated goals as appropriate

Mercyhealth has identified the following goals and measures:

A. Design and implement a physician recruitment plan to reduce the shortage of primary care physicians, general surgeons, gastroenterologists, pain management physicians and hematologists/oncologists.

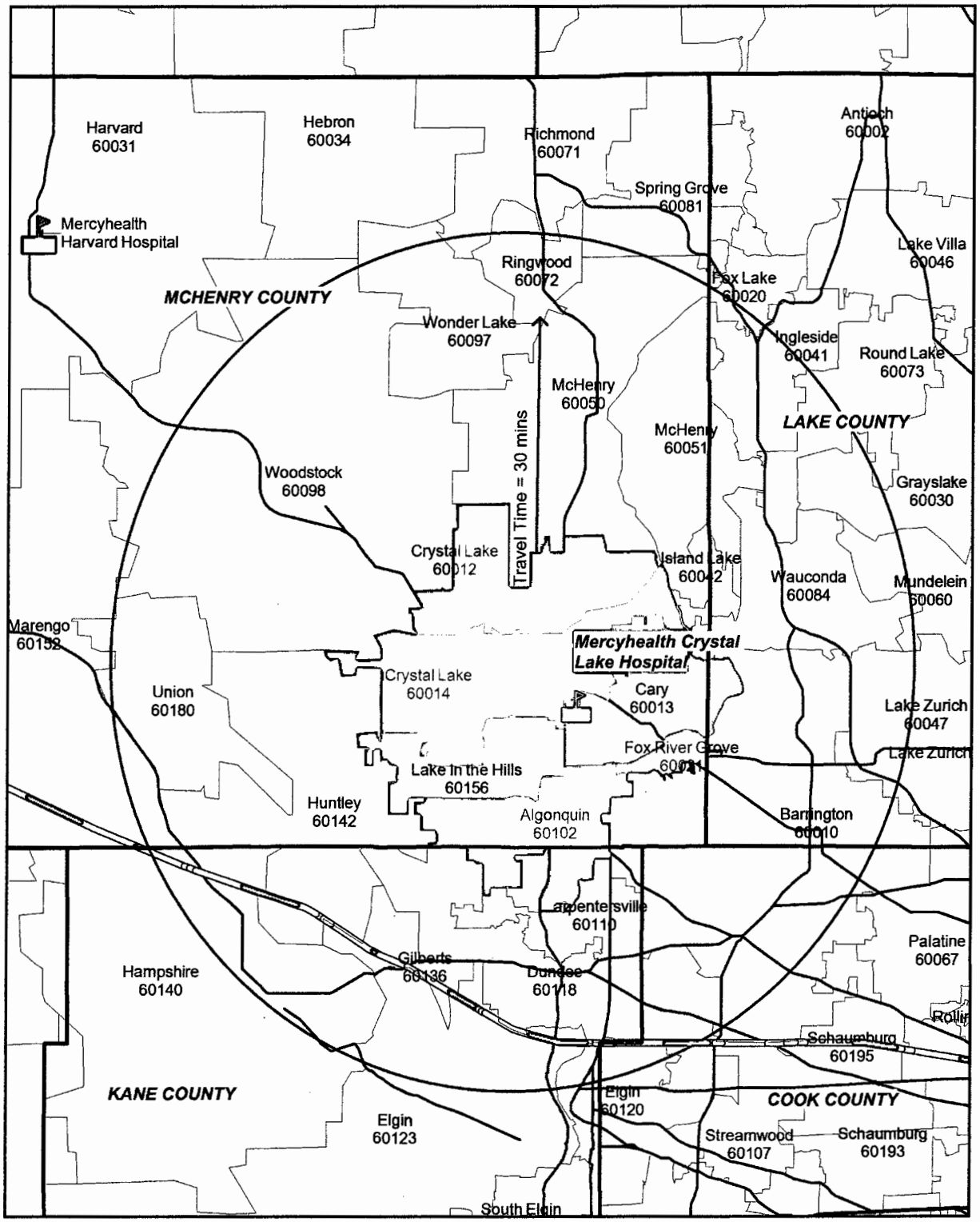
B. Accommodate 780 inpatient admissions for residents of the 30-minute planning area, and achieve over 85% occupancy of the 11 medical/surgical beds proposed at the proposed new hospital facility.

C. Accommodate 17,000 emergency room visits in the first year of operation.

D. Open the new hospital for service by November 30, 2020.

[20] Illinois Department of Healthcare and Family Services, U.S. Census Bureau, 2011-2015 ACS 5-Year Estimates.

APPROXIMATE 30 MINUTE TRAVEL TIME, MODIFIED BY PRECISE TIMES IN ATTACHED TABLE



Attachment 12

ANTICIPATED PATIENT ORIGIN TABLE

Zip	Travel Time (in minutes)	Adjusted Travel Time	2015 Population Estimate*	Number of Patients in office practices of 16 Mercyhealth physicians in McHenry County	Equivalent Admissions	Percent of Total	Cumulative Percentage
Woodstock -- 60098	13	14.95	32354	6063	196.44	21.3%	21.3%
Crystal Lake -- 60014			48868	3253	105.40	11.4%	32.8%
McHenry -- 60050	7	8.05	31809	2614	84.69	9.2%	41.9%
Cary -- 60013	2	2.3	26242	1340	43.42	4.7%	46.7%
Algonquin -- 60102	3	3.45	32813	1264	40.95	4.4%	51.1%
Lake In The Hills -- 60156	4	4.6	28900	1199	38.85	4.2%	55.3%
Huntley -- 60142	14	16.1	27080	821	26.60	2.9%	58.2%
McHenry -- 60051	9	10.35	24769	812	26.31	2.9%	61.1%
Crystal Lake -- 60012			10960	677	21.93	2.4%	63.4%
Carpentersville -- 60110	7	8.05	39334	302	9.78	1.1%	64.5%
Island Lake -- 60042	15	17.25	8,603	232	7.52	0.8%	65.3%
Barrington -- 60010	14	16.1	44,331	186	6.03	0.7%	66.0%
Fox River Grove -- 60021	9	10.35	5,455	180	5.83	0.6%	66.6%
Union -- 60180	22	25.3	1,582	137	4.44	0.5%	67.1%
Fox Lake -- 60020	22	25.3	9,875	126	4.08	0.4%	67.5%
Wauconda -- 60084	14	16.1	15,695	109	3.53	0.4%	67.9%
Ingleside -- 60041	21	24.15	9,192	87	2.82	0.3%	68.2%
Ringwood -- 60072	21	24.15	910	86	2.79	0.3%	68.5%
Lake Zurich -- 60047	17	19.55	42,330	83	2.69	0.3%	68.8%
Round Lake -- 60073	19	21.85	61,118	58	1.88	0.2%	69.0%
Elgin -- 60123	19	21.85	48,890	52	1.68	0.2%	69.2%
Gilberts -- 60136	19	21.85	7,338	45	1.46	0.2%	69.4%
Palatine -- 60067	22	25.3	37,899	43	1.39	0.2%	69.5%
Crystal Lake - 60039			19,447	37	1.20	0.1%	69.6%
Elgin -- 60120	21	24.15	50,564	23	0.75	0.1%	69.7%
Palatine -- 60074	22	25.3	39,757	23	0.75	0.1%	69.8%
Mundelein -- 60060	22	25.3	38,138	17	0.55	0.1%	69.9%
Elgin -- 60124	18	20.7	20,912	14	0.45	0.0%	69.9%
Wonder Lake -- 60097	21	24.15	10,623	11	0.36	0.0%	70.0%
Dundee -- 60118	7	8.05	15,681	7	0.23	0.0%	70.0%
Subtotal			791,469	19,901	644.8	70%	70%
All other zipcodes with total panel less than 25 or beyond 30 minute travel times				8539	276.7		
TOTAL				28,440	921.5		

*2015 estimate from: U.S. Census, 2011-2015 American Community Survey 5-Year Estimates

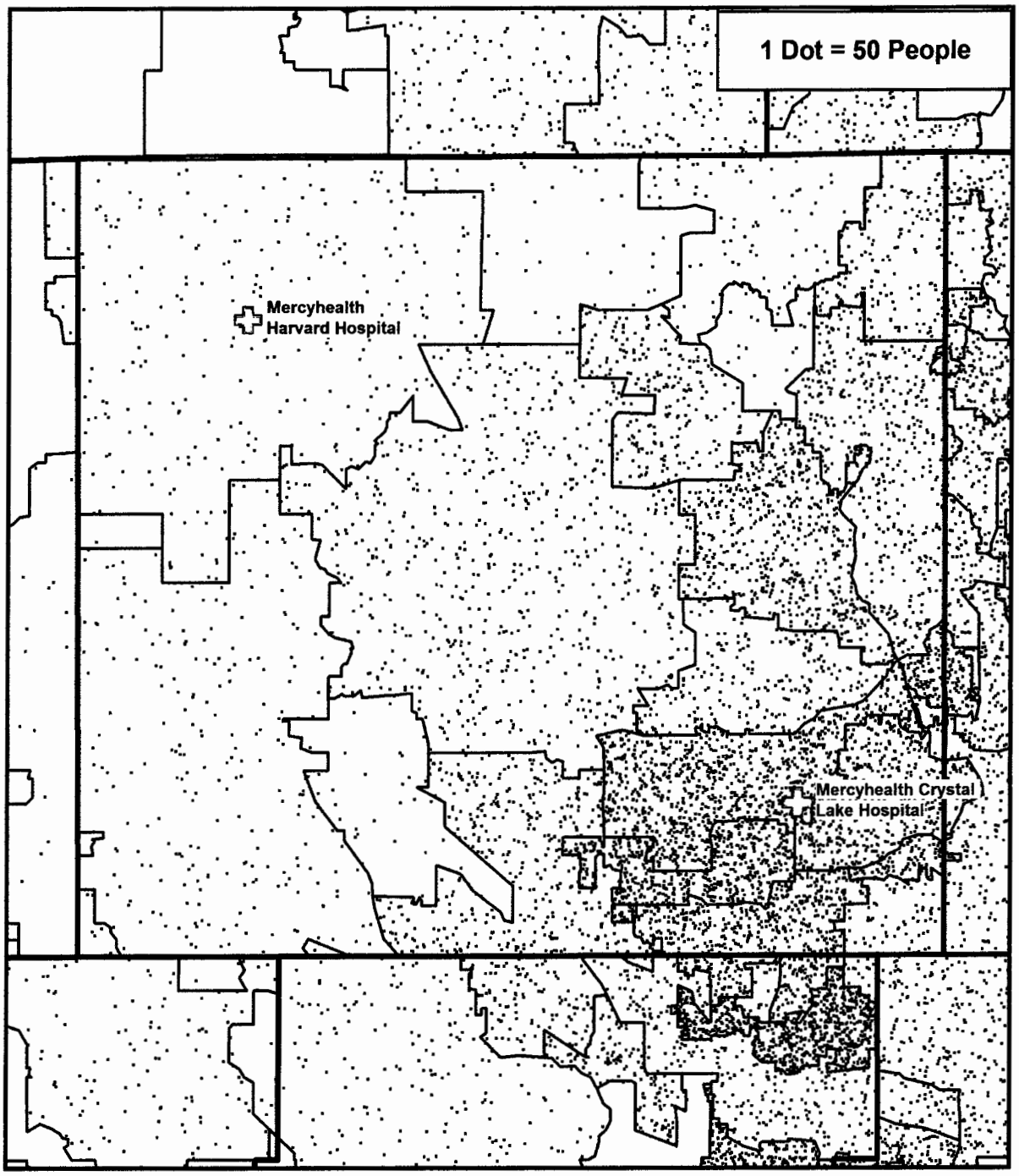
PHYSICIAN NEED ANALYSIS BY SPECIALTY
JULY 2016

Physician Surplus/(Deficit)

Specialty	McHenry County
Primary Care:	
Family Medicine	(64.7)
Internal Medicine	(18.9)
Obstetrics and Gynecology	(10.9)
Pediatrics	4.4
PRIMARY CARE TOTAL	(90.1)
Specialty Care:	
Allergy/Immunology	(2.0)
Cardiology	(1.2)
Cardiac/Thoracic Surgery	3.3
Colorectal Surgery	(0.5)
Dermatology	(6.2)
Endocrinology	0.9
Gastroenterology	(4.1)
General Surgery	(11.4)
Hematology/Oncology	(9.1)
Infectious Disease	(0.7)
Nephrology	(2.7)
Neurology	(0.7)
Neurosurgery	(3.0)
Ophthalmology	(6.2)
Orthopedic Surgery	(0.6)
Otolaryngology	(4.4)
Physical Med and Rehab	(2.0)
Plastic Surgery	(4.1)
Psychiatry	(8.1)
Pulmonology	(1.7)
Rheumatology	0.5
Urology	(4.5)
Vascular Surgery	(0.9)
SPECIALTY CARE TOTAL	(69.3)
SURPLUS/(DEFICIT) TOTAL	(159.4)

Sources: Truven Health Analytics (demand)--MarketPlanner Plus ratios 2016 (75% productivity model); Mercyhealth Planning Department (supply)

Population Density in McHenry County
2015 Population Estimate



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates
Note: Dots are randomly placed within geographies.

ALTERNATIVES

The proposed project is the construction of a micro hospital in Crystal Lake, with 11 medical/surgical and two ICU beds relocated from Mercy Harvard Hospital, an operating room suite, an emergency department, diagnostic imaging, a lab, a pharmacy and a sleep center. Connected with the hospital (and subject of a separate CON permit application) is a medical office building. Before deciding to undertake the proposed project, several alternative projects were considered:

1. Construct a larger 100 bed facility with attached Medical Office Building. One option considered was a project to construct a much larger 100 bed facility with attached Medical Office Building in Crystal Lake. This option would be considerably more expensive, estimated at $210 million. This option was rejected because the planning area does not support the need for 100 beds. Rather, as previously explained in the Purpose Statement, the planning area would benefit most from the innovative and cost efficient micro hospital model. The $210 million cost does not include the cost of the attached Medical Office Building, which is covered under a separate but related permit application.

2. Expand Mercy Harvard Hospital and add attached Medical Office Building. Another option considered was expansion of the Mercy Harvard Hospital, including adding a Medical Office Building. Mercy Harvard Hospital is authorized for 15 medical/surgical beds, 3 intensive care unit beds and 45 long-term care beds. Under this option, the number of medical/surgical and intensive care unit beds would be expanded. This option would be ineffective at addressing the need for beds in the Crystal Lake area, given the distance between Crystal Lake and Harvard. Further, the area immediately surrounding Mercy Harvard Hospital is well served by a reduced number of beds at the existing hospital. The total project cost for this option would be $127 million.

3. Construct the 13 bed hospital in Crystal Lake, but maintain all beds at Mercy Harvard Hospital. Consideration was given to maintaining the beds at Mercy Harvard while also establishing new beds at Crystal Lake. This option would address the needs of Crystal Lake, but would not be the most efficient solution. The proposed project enhances efficiency by redistributing beds to where they are most needed, while maintaining the right number of beds to support the average daily census at Mercy Harvard Hospital. The total project cost for this option would be approximately $81 million, comparable to the proposed project.

4. Construct an ASTC and Medical Office Building in Crystal Lake without acute care beds. Mercyhealth also considered constructing an ASTC and Medical Office Building in Crystal Lake with acute care beds. This option did not address the need for acute care beds to serve patients of Mercyhealth physicians in central McHenry County. The total project cost for this option would be $52 million. This cost does not include the cost of the attached Medical Office Building, which is covered under a separate but related permit application.

SIZE OF THE PROJECT

The project is the construction of a micro-hospital on vacant land in Crystal Lake. Total square foot of the project is 111,346 sq. ft. Of the total 111,346 sq. ft., 43,198 dgsf is clinical; 68,148 dgsf is non-clinical.

Clinical space includes the following functions:

Functional area/service	**Number of Rooms/Units**
Medical/surgical beds	11 beds
ICU beds	2 beds
Diagnostic Imaging	
- x-ray	1
- fluoroscopy	1
- DEXA/bone densitometry	1
- MRI (mobile)	1
- CT	1
- Nuclear medicine	1
- Ultrasound	1
- Mammography	1
- Echo	1
- Stress testing	1
Emergency Department	7 bays
Surgery	
- Operating Rooms	2
- Procedure Rooms	2
- Post-Anesthesia Recovery Ph I	4
- Post-Anesthesia Recovery Ph II	18
Lab	--
Pharmacy (inpatient)	--
Sleep Center	2 rooms

The total amount of clinical physical space (43,198 dgsf) needed for the project is appropriate, based on (1) consistency with State utilization standards and (2) consistency with size standards for relevant clinical services.

Consistency with State utilization standards is documented in Project Services Utilization, Attachment 15 of this permit application. Projected medical/surgical occupancy is 91%, above the standard of 80% for a unit under 100 beds. All of the diagnostic imaging equipment are single units; the State's practice is to rule that a single unit with volume meets the standard for that modality; adding a second unit requires volume to be above the volume standard for one unit. The emergency department projected volume of 16,868 annual visits justifies the 7 bays. Annual hours for the two ORs (2,666) and the two procedure rooms (1,783) exceed the standard for 1500 hours per room per year for one of each. There are no standards for the recovery rooms, lab, pharmacy and the sleep center. The only service that does not meet the volume standard is ICU. 126 patient days is less than 60% utilization; a second room is requested for those occurrences during the year when there is more than one patient requiring intensive care. (See Project Services Utilization – ICU.)

Consistency with the State's space standards is shown in the following table. The sum of space in the proposed Clinical DGSF column is 43,198 dgsf.

Clinical Service	**Proposed Clinical DGSF**	**State Standard DGSF**	**Difference**	**Meet Standard?**
Medical / Surgical beds	7114 for 11 med/surg beds	7,260 (500-660/bed)	under by 146	yes
Intensive Care beds	1,348 for 2 ICU beds	1,370 (600-685/bed)	under by 22	yes
Diagnostic Imaging General Radiography (xray, fluoroscopy, DEXA bone densitometry)	3386 for 3 units	3,500 1300/1300/900	under by 114	yes
MRI (mobile service)	no space allocated (outside concrete pad)	1800 for 1 unit	NA	yes
CT	1,735	1800 for 1 unit	under by 65	yes
Nuclear Medicine	1,516	1600 for 1 unit	under by 84	yes
Ultrasound	879	900 for 1 unit	under by 21	yes
Mammography	827	900 for 1 unit	under by 73	yes
Cardiac Imaging (ECHO, stress testing)	1,757	no standard	NA	NA
Emergency Department	5,656 for 7 stations (6 Treat + I Trauma)	900/station = 6300	under by 644	yes
Surgery Operating Rooms	5432 sq ft for 2 ORs	5,500 (2,750/OR)	under by 68	yes
Procedure Rooms	2184 sq ft for 2 proc rms	2,200 (1100 per room)	under by 16	yes
Post-Anesthesia Rec Ph I	717 sq ft for 4 stations	720 (180 per station)	under by 3	yes
Post-Anesthesia Rec Ph II	6211sq ft for 18 stations	7,200 (400 per station)	under by 189	yes

The following clinical areas are included in the space program. Their departmental sizes (dgsf) are noted below. The State has no space standards for these areas:

Lab	2,223	no standard	NA	NA
Pharmacy (inpatient)	1,538	no standard	NA	NA
Sleep Center	675	no standard	NA	NA

PROJECT SERVICES UTILIZATION

This section describes how projections were developed for the following areas:

Categories of Service
- Medical/Surgical beds
- Intensive Care Unit beds

Clinical Service Areas that are not Categories of Service
- Diagnostic Imaging
- Emergency Services
- Surgery
- Lab
- Pharmacy
- Sleep study program

Projected utilization for each of the above services for years 2021 and 2022 (two years after project completion) are shown in the table on the next page in this section.

	Projected Utilization		State Standard	Met Standard?
	Year 1	Year 2		
	2021	2022		
Categories of Service				
Medical/Surgical (pt days)(11 beds)	3,640 (91%)	3,640 (91%)	80%	Yes
ICU (pt days)(2 beds)	126 (17%)	126(17%)	60%	No
Clinical Areas Other than Categories of Service				
Diagnostic Imaging				
- General Radiology				
X-ray (1)	10,269	10,269	8000 visits/unit/yr	Yes
Fluoroscopy (1)	Volume included in xray		6500 visits/unit/yr	Yes
DEXA bone densitometry (1)	891	891	6500 visits/unit/yr	Yes
- MRI (1)	1,747	1,747	2500 procedures	Yes
- CT (1)	3,828	3,828	7000 visits/unit/yr	Yes
- Nuclear medicine (1)	523	523	2000 visits/unit/yr	Yes
- Ultrasound (1)	3,128	3,128	3100 visits/unit/yr	Yes
- Mammography (1)	5,526	5,526	5000 visits/unit/yr	Yes
- Cardiac testing (1)				
ECHO (1)	4,636	4,636	none	NA
Stress testing (1)	187	187	none	NA
Emergency Department	16,868	16,868	2000 visits/stat/yr	Yes
Surgery				
- Operating Rooms (2)	2,666	2,746	1500 hours/OR/yr	Yes
- Procedure Rooms (2)	1,783	1,836	1500 hrs/room/yr	Yes
Laboratory	126,200	126,200	none	NA
Pharmacy (inpatient)	97,632	97,632	none	NA
Sleep Center	321	321	none	NA

Categories of Service

Medical/Surgical

The project includes an 11 bed medical/surgical unit.

Mercy Health Corporation ("Mercyhealth") operates Mercy Harvard Hospital located 25 miles to the north of the proposed location in Crystal Lake, near the Wisconsin border. Mercy Harvard Hospital has a bed complement of 15 medical/surgical beds, three ICU beds and 45 long term care beds. The average daily census in the medical/surgical unit is 4.6 (Source: Annual Hospital Profile, IDPH, CY 2015). It is proposed that 11 of the 15 medical/surgical beds and two of the ICU beds be shifted within the Mercyhealth system to the proposed Crystal Lake facility.

3,640 patient days are projected for the 11 bed medical/surgical unit in year 2022, two years after project completion. The medical staff at the new hospital will include approximately 55 physicians: 18 primary care physicians, 23 surgeons/specialists, four hospitalists, three anesthesiologists, one radiologist, and six emergency physicians.

Methodology for the determination of medical/surgical bed utilization incorporates admissions by internal medicine/family practice physicians, by surgeons, and observation patients as follows:

1. Medical admissions. Actual data are not available on patients affiliated with Mercyhealth physicians who are cared for at area hospitals. That is because Mercyhealth information systems do not track these patients; patient billing is done by the hospitalist/hospital where the patient is admitted and by the billing physician, often a non-Mercyhealth physician.

   Fortunately, the experience at Mercy Walworth Hospital and Medical Center is relevant, and provides a reliable way for projecting admissions at the proposed new hospital. Review of the admission rate of patients at Mercy Walworth Hospital and Medical Center indicate that there are 32.4 medical inpatient admissions per every 1,000 patients in a primary care physician patient panel, a rate of 0.0324 admissions for every patient in a physician's practice (excluding newborns, maternity, neonates, and pediatric patients). Collectively, 16 of the Mercyhealth primary care physicians with offices in McHenry County have a total of 28,440 patients in the panels of their office practices.

   $28{,}440 \times 0.0324 = 921$ potential medical admissions annually

   To be conservative, it is estimated that 80% of these 921 patients (737) will be admitted to the proposed new hospital in Crystal Lake. 20% either reside outside the area or will elect to receive care at another facility.

   $.80 \times 921$ patients = 737 medical admissions annually

The Average Length of Stay is 3.36 days, based on a mix of comparable medical discharges at Rockford Memorial Hospital.

737 patients × 3.36 days = **2,480 medical patient days**

2. Surgical Admissions. 43 inpatient surgical admissions are planned, based on the admissions by two orthopedic surgeons in 2016. In response to the medical manpower shortage study, Mercyhealth will recruit a general surgeon, which will lead to increased surgical admissions in future years.

   At an ALOS of 2.67 days, based on a comparable mix of orthopedic surgeries at Rockford Memorial Hospital, a total of **115 surgical patient days** are anticipated in year 2022.

3. Observation Cases. The third category of patients using the medical/surgical unit are observation patients. Observation days are projected based on the average number of observation days at Rockford Memorial Hospital per patient for inpatients and outpatients projected at the proposed new Hospital. **1,045 observations days are projected**, as shown in the table below, applying factors to the projected services at the proposed new hospital. The average length of stay for these patients is estimated at 1.06, resulting in an estimate of 982 observation patients. There is no overlap of observation days and inpatient medical/surgical days.

Projected Observation Days			
Clinical Service	Incidence Factor, based on cases at Rockford Memorial Hospital (Observation Days/Patient	Inpatients/Outpatients	Observation Days
Inpatient			
Medical	0.039	737	29
Orthopedics	0.011	43	0
Outpatient			
Emergency	0.059	16,868	989
Urology	0.042	55	2
ENT	0.007	413	3
Orthopedics	0.111	101	11
Gynecology	0.048	181	9
Chemo	0.001	1,450	2
Total			**1,045**

As a result of these components, a total of 3,640 medical/surgical patient days are projected for year 2022, two years after project completion:

Medical Days	2,480
Surgical Days	115
Observation Days	1,045
Total	**3,640 patient days**

3,640 days is an Average Daily Census of 10.0 patients, and 91% occupancy of 11 med/surg beds.

Comparison to State Standards					
Category of Service	**Patient Days**	**Number of Beds**	**Occupancy**	**State Standard**	**Met Standard?**
Medical/Surgical Beds					
Year 2021	3,640	11	91%	80% (for units <100)	Yes
Year 2022	3,640	11	91%	80% (for units <100)	Yes

Intensive Care Unit

The project includes a two bed ICU unit. As discussed under the Medical/Surgical beds methodology above, two of the ICU beds now at Mercy Harvard Hospital will be shifted to the proposed Crystal Lake facility, leaving one ICU bed at Mercy Harvard Hospital.

Mercyhealth relies on its experience at Mercy Walworth Hospital and Medical Center to project ICU bed utilization. At Mercy Walworth Hospital and Medical Center, medical patients spend on average 0.17 patient days in the hospital's ICU unit. That is, for every 100 medical/surgical patients, there are 17 separate ICU days. (ICU days are not a subset of medical/surgical days.)

Applying this ratio to the projected 737 patients in the 11 bed medical/surgical unit at the proposed hospital yields 126 ICU days ($0.17 \times 737 = 126$).

126 ICU patient days is an average daily census of 35% in a one bed unit. While this is below the 60% standard and not sufficient to justify a second bed, two ICU beds are requested. Based on the experience at Mercy Walworth Hospital and Medical Center, it is anticipated that the need for two ICU rooms to be occupied at the same time will occur between 25 and 30 times per year at the proposed Crystal Lake facility. To provide service for these patients needing ICU care, a second room is planned.

The State recognizes that ICU is a special category of service when it set an occupancy level below the occupancy standards for medical/surgical, obstetrics, comprehensive physical rehabilitation, and the other categories of acute inpatient service. The lower occupancy standard for ICU recognizes that there must be available capacity for more critical conditions. Planning a one bed ICU service would not be would not be sufficient back-up for an 11 bed medical/surgical unit.

Comparison to State Standards					
Category of Service	**Patient Days**	**Number of Beds**	**Occupancy**	**State Standard**	**Met Standard?**
Intensive Care Unit					
Year 2021	126	2	17%	60%	No
Year 2022	126	2	17%	60%	No

Clinical Service Areas that are not Categories of Service

Diagnostic Imaging

Diagnostic imaging services to be provided in the new hospital include the following modalities:

Modality	Number of Units
General x-ray	1
Fluoroscopy	1
Dexa/bone densitometry	1
MRI	1
CT	1
Nuclear Medicine	1
Ultrasound	1
Mammography	1
Echo	1
Stress testing	1

Imaging volumes at the new facility will incorporate imaging (1) now done at three existing Mercyhealth clinics in the area, to be transferred to the new facility; (2) capturing of an estimated 70% of the outpatient imaging volumes sent to other locations by Mercyhealth physicians; (3) imaging tests on inpatients at the proposed new hospital; and (4) imaging tests on Emergency Department patients at the proposed new hospital.

1. Transfer of patient testing from three Mercyhealth Clinics. The three Mercyhealth clinics are: Mercy Crystal Lake South Clinic, Crystal Lake Chiropractic Clinic and Woodstock Clinic. The following table shows utilization at the three clinics for the past two years. These clinics will be closed, and volumes transferred to the proposed new hospital:

	FY 2015	FY 2016
X-Ray	3,029	2,786
CT	138	196
MRI	261	155
Nuclear Medicine	263	304
Cardiac Testing	520	567

2. Outpatient imaging volumes now being sent by Mercyhelth Physicians to other locations. In addition, 54 Mercyhealth physicians ordered a total of 12,045 imaging tests in FY 2015 and 16,262 tests in FY 2016 that were performed in other locations outside the Mercyhealth system. These external order totals were recorded in the EPIC system in 2015, but the reporting system did not have a field to capture modality like it did in 2016. To obtain volumes by modality for 2015, Mercyhealth obtained modality specific tests for these external exams in the first quarter of 2017 (July, August and September, 2016). The ratios of tests by modality for the first quarter were then applied to the historic data for FY 2015 to obtain the following estimate of historic imaging tests. FY 2016 reflects actual counts by modality as ordered by the physicians.

In order to be conservative, Mercyhealth assumes that not all of the external volume will transfer to the new facility. A 70% conversion rate is assumed, in order to be conservative.

	FY 2015	FY 2016	70% FY 2016
X-Ray	749	1,002	701
DEXA (bone densitometry)	774	1,273	891
MRI	1,791	1,788	1,252
CT	1,220	1,366	957
Nuclear Medicine	137	164	115
Ultrasound	2,054	2,615	1,831
Mammography	5,227	7,894	5,526
Echo/Stress Testing	93	160	112
Total	12,045	16,262	11,385

3. Imaging tests on inpatients at the proposed new hospital. Diagnostic radiology tests on inpatients are based on the average percentage of tests per patient at Rockford Memorial Hospital for each of the following tests: x-ray and fluoroscopy, MRI, CT, nuclear medicine and ultrasound. The calculated volumes are shown in the following table.

Projected Diagnostic Imaging Volumes on Inpatients					
Test	**Factor**	**Medical Patients**	**Factor**	**Surgical Patients**	**Total Radiology Tests**
	----	692		44	
X-Ray/fluoroscopy	1.294/pt	895	2.11	93	988
MRI	0.160/pt	111	.023	1	112
CT	0.601/pt	416	.295	13	429
Nuclear Medicine	0.050/pt	35	0	0	35
Ultrasound	0.233/pt	161	.045	2	163
Echo/Stress Testing	1.231/pt	852	.386	17	869

4. Imaging tests on patients seen in the emergency department at the proposed new hospital. Demand for diagnostic imaging services is based on incidence of tests per ER patient at Rockford Memorial Hospital. In general, three out of four patients receive imaging tests of one kind or another. When applied to the projected annual volume of 16,868 ER visits, 12,694 annual diagnostic tests are generated. The tests by modality associated with this volume are shown in the following table.

Summary of Diagnostic Imaging Projections

The following table shows the compilation of projected diagnostic tests by modality, attributed to patients to be transferred from the three Mercyhealth clinics in the area, historic referrals of patients of Mercyhealth physicians to other locations, inpatients and emergency patients at the proposed new hospital:

Total Projected Diagnostic Imaging Volumes (Years 2021 and 2022)							
Imaging Modality	**Transfer from Mercyhealth clinics**	**70% of Outpatient Year '16 Tests**	**Inpatient Year 2022**	**Emergency Department/Year**	**Surgery**	**Total Year 2022 Dx Imaging Volumes**	**Units**
X-ray	2,786	701	988	5,794	--	10,269	1
Fluoroscopy (volume included in X-ray)	--	--	--	--	--	--	1
Dexa/bone densitometry	--	891	--	--	--	891	1
MRI	155	1,252	112	228	--	1,747	1
CT	196	957	429	2,246	--	3,828	1
Nuclear Medicine	304	115	35	69	--	523	1
Ultrasound	0	1,831	163	1,134	--	3,128	1
Mammography	--	5,526	--	--	--	5,526	1
Echo/ Stress testing	567	112	869	3,223	52	4,823	2
Total	4,008	11,385	2,596	12,694	52	30,735	

The projected volumes compare to State standards as shown in the following table. For singular pieces of equipment, partial volumes constitute achievement of volume standard.

Comparisons to State Standards			
Imaging Modality	**Total Year (2021 and 2022)**	**State Standard**	**Meet Standard?**
X-ray	10,269	8,000 procedures	Yes
Fluoroscopy (volume included in X-ray)		6,500 procedures	Yes (1)
Dexa/bone densitometry	891	No standard	N/A
MRI	1,747	2,500 procedures	Yes
CT	3,828	7,000 visits	Yes
Nuclear Medicine	523	2,000 visits	Yes
Ultrasound	3,128	3,100 visits	Yes
Mammography	5,526	5,000 visits	Yes
Echo/ Stress testing	4,823	No standard	N/A

Note:
(1) The separate x-ray machine shown on this line has fluoroscopy capability. The combined volumes of the two x-ray machines shown on the first two lines of the table exceed the required volume standard for one unit, and therefore justify the second unit.

Emergency Services

The emergency department is planned with six treatment stations and one trauma room, for a total of seven.

The emergency room will serve primarily close-in patients residing in the Planning Area: Crystal Lake, Algonquin, Cary, Lake in the Hills and Fox River Grove. It is assumed that approximately 75% of the visits will come from these five communities. The remainder will come from 14 communities within a 30 minute travel time of the new hospital site.

The table on the next page shows emergency room visits from these 19 communities in 2015 (IHA COMPdata). In total, there were 155,496 ER visits in 2015, including 10,964 from Crystal

Lake, 4,656 from Algonquin, 4,585 from Cary, 4,513 from Lake in the Hills, and 1,212 from Fox River Grove.

The new ER will serve 50% of the ER visits in Crystal Lake and Cary, 45% of the ER visits in Algonquin and Lake in the Hills, and 40% of the ER visits in Fox River Grove. These percentages reflect declining use of the ER with travel distance. For example, only 20% of the ER visits by Wauconda and Island Lake residents will be at the new facility, 8% of the Carpentersville residents, and for all other communities, only between 1 and 5% of their emergency patients will be at the new facility.

As shown in the chart, the number of patients from the communities of Crystal Lake, Algonquin, Cary, Lake in the Hills and Fox River Grove is estimated to be 12,385. This is 73.4% of the total projected ER volume of 16,868 patients, close to the planned 75% from the closest five communities in the Planning Area.

Comparison to State Standards				
Department/Category of Service	**Historic Utilization**	**Projected Utilization**	**State Standard**	**Met Standard?**
Emergency Department			2,000 visits/sta/yr	
Year 2021	--	16,868	Above 14,000	Yes
Year 2022	--	16,868	Above 14,000	Yes

Estimated Outpatient ED Visits to Mercyhealth Crystal Lake Hospital
Excludes ED to IP Admits; factors in exclusion of OPS patients at 1%

Row Labels	Sum of Discharge Count	Disch Count CY 2015 (Copy)	Pct of Total	Less 1% (OPS Factor)	Estimated Percentage to MH CLk	Estimated Cases to MH CLk
X	**127084**	**127084**	81.7%			
Elgin, IL	37306	37306	24.0%	36,933	2%	739
Mchenry, IL	15021	15021	9.7%	14,871	5%	744
Crystal Lake, IL	11075	11075	7.1%	10,964	50%	5,482
Carpentersville, IL	10257	10257	6.6%	10,154	8%	812
Woodstock, IL	9204	9204	5.9%	9,112	3%	273
Barrington, IL	5087	5087	3.3%	5,036	2%	101
Huntley, IL	5030	5030	3.2%	4,980	3%	149
Algonquin, IL	4703	4703	3.0%	4,656	45%	2,095
Cary, IL	4631	4631	3.0%	4,585	50%	2,292
Lake In The Hills, IL	4559	4559	2.9%	4,513	45%	2,031
Lake Zurich, IL	3790	3790	2.4%	3,752	4%	150
Wonder Lake, IL	3478	3478	2.2%	3,443	1%	34
Dundee, IL	3004	3004	1.9%	2,974	5%	149
Wauconda, IL	2797	2797	1.8%	2,769	20%	554
Marengo, IL	2475	2475	1.6%	2,450	5%	123
Island Lake, IL	1806	1806	1.2%	1,788	20%	358
Gilberts, IL	1349	1349	0.9%	1,336	1%	13
Fox River Grove, IL	1224	1224	0.8%	1,212	40%	485
Union, IL	288	288	0.2%	285	1%	3
(blank)	**28412**	**28412**	18.3%	28,128	1%	281
Grand Total	**155496**	**155496**	100.0%			16,868

Source: IHA COMPdata; Mercyhealth Planning and Business Development Department

Surgery

The project includes two operating rooms (ORs) and two special procedure rooms for endoscopy and pain procedures. The two ORs will accommodate inpatient and outpatient surgical cases. Historic data for FY 2016 and anticipated volume support more than half the utilization of the 2ORs and the 2 procedure rooms.

1. Inpatient Surgery. 43 inpatient surgical cases were performed by 2 Mercyhealth affiliated surgeons in Year 2016. These cases are documented in the table in 1110.530 (c) (3), Planning Area Need – Establishment of Bed Category of Service.

   Average surgery and clean-up time for these patients was 2.35 hours, based on experience at Mercy Harvard Hospital for the same types of cases.

   43 cases × 2.35 hours = **101 hours**

2. Outpatient surgery. 3,455 outpatient surgical cases were done by 19 Mercyhealth-affiliated surgeons at other area facilities. These cases included ENT, gastroenterology, GYN, ophthalmology, orthopedics and podiatry; the caseloads by physician are documented in the tables on the following page, and their 19 letters in Appendix 2. Collectively, their letters document a commitment to conduct 775 outpatient surgical cases at the proposed Marcyhealth facility in Crystasl Lake. An additional 53 cases are associated with practices that are being assumed by 3 of the surgeons on this list. As a result, 828 total outpatient surgical cases are projected.

   Average time per case is 2.63 hours, based on experience at Mercy Harvard Hospital for similar types of cases.

   828 × 2.63 hours/case = **2,176 hours**

At present there are no general surgeons affiliated with Mercyhealth in the Crystal Lake area. As stated in the physician manpower study, there is a deficit of 5.7 general surgeons in McHenry County. Mercyhealth will recruit one general surgeon before the opening of the proposed new hospital.

This surgeon is expected to conduct 150 surgeries in the year after project completion and annually thereafter. 20 are projected to be inpatient and 130 are projected to be outpatient. The volumes for an additional surgeon were based on the experience of a full time general surgeon at Mercy Walworth Hospital and Medical Center in Lake Geneva, Wisconsin. Mercy Walworth Hospital and Medical Center is of similar size and scope as the proposed hospital in Crystal Lake.

20 inpatient cases × 2.35 hours = 47 hours
130 outpatient cases × 2.63 hours = 342 hours
47 + 342 = 389 total hours, general surgery

Commitment by Mercyhealth Surgeons to conduct outpatient surgeries at new Facility

Surgeon	Specialty	Total Outpatient Surgeries, Yr 2016	Commitment to new Facility
Jason Cundiff, MD	Otorhinolaryngology	496	166
David Goodman, MD	Otorhinolaryngology	335	129
Gary Livingston, MD	Otorhinolaryngology	398	118
Yasmin Hussain, MD	Gastroenterology	332	2
Richard Cook, MD	OB/gyn	38	5
Julie Favia, MD	OB/gyn	111	32
Richard Persino, MD	OB/gyn	105	32
Mary Riggs, MD	OB/gyn	38	10
Stacey Syrcle, MD	OB/gyn	57	30
Breanna Walker, MD	OB/gyn	46	24
Randy Wittman, MD	OB/gyn	132	38
Ricca Zaino, MD	OB/gyn	44	10
Jeffrey Kershaw, MD	Ophthalmology	312	42
Jung Rhee, MD	Ophthalmology	277	30
Paul DeHaan, MD	Orthopedics	85	67
Marko Krpan, MD	Orthopedics	246	0
Dana Tarandy, MD	Orthopedics	289	34
Mykola Lisowsky, MD	Podiatry	99	3
Jakob Thorud, MD	Podiatry	20	3
Total		3,455	775
Assumption of pts in closing/relocating practices			53
Total Outpatient surgeries at new facility			828

See letters of commitment, Appendix 2.

Total utilization of the two ORs is estimated to be **2,666 total hours** in Year 2021, the first year after project completion. An increase of 3% is expected for 2022, resulting in **2,746 hours.**

3. Special Procedures. The two special procedures rooms will accommodate GI endoscopy and pain management cases. These include primarily outpatient cases and a small number of inpatient cases

   a. Inpatient GI procedures. Based on the experience at Rockford Memorial Hospital, 0.074 percent of medical inpatients require a GI procedure. Applying this factor to the projected 737 medical cases results in 59 procedures on inpatients at the proposed new hospital.

      Time per procedure is approximately 41 minutes. 59 × 41 = 2419 minutes, or **40 hours.**

   b. Outpatient GI procedures. Mercyhealth physicians performed outpatient procedures on 613 patients last year. There were 1.24 procedures per patient, resulting in a total of 762 procedures.

      Adding 33 procedures done in area outpatient emergency rooms to the 762 procedures results in a total projection of 795 outpatient procedures.

      Time per outpatient procedure is 51.6 minutes. 795 × 51.6 minutes = 41,010 minutes, or **685 hours.**

      In addressing the physician manpower shortage study data for McHenry County, Mercyhealth plans to recruit an additional gastroenterologist, with a projected workload of 17 inpatient and 962 outpatient cases.

      17 × 41 minutes = 697 minutes, or **12 hours**
      962 outpatient procedures × 51.6 minutes = 49,639 minutes, or **827 hours.**

      Total GI/endoscopy hours: 40 + 685 + 12 + 827 = **1,564 hours.**

   c. Pain Management procedures. A part time pain management physician will be hired, with an anticipated 255 procedures, based on actual experience at Mercy Harvard Hospital.

      255 × 51.6 minutes per case = 13,158 minutes, or **219 hours**

   Total procedure room hours: 1564 + 219 = **1783 total hours** for year 2021, the first year of operation. A 3% increase in 2022 will result in **1,836 procedure room hours.**

Comparison to State Standards				
Category of Service	**Hours**	**Number of Rooms**	**State Standard**	**Met Standard?**
Operating Rooms				
Year 2021	2,666	2	1,500 hours/room	Yes
Year 2022	2,746	2	1,500 hours/room	Yes
Special Procedure Rooms				
Year 2021	1,783	2	1,500 hours/room	Yes
Year 2022	1,836	2	1,500 hours/room	Yes

Laboratory

The new facility will have a pathology lab for inpatient and outpatient laboratory orders.

1. Inpatient; Surgical Orthopedic. Based on experience at Rockford Memorial Hospital, 37.22 lab tests are run for each medical admission; 17.65 for surgical orthopedic cases. When these numbers are applied to the projected 737 medical cases and 43 surgical cases, a total of 28,193 lab tests are projected (27,434 + 759) on inpatients at the proposed new hospital in the 2nd year of operation, 2022.

2. Outpatient. In addition, approximately 63,000 outpatient lab tests are projected, based on the application of treatment factors at Rockford Memorial Hospital to outpatients by category of outpatient services: cardiac function, GI, urology, ENT , ophthalmology, orthopedics, gyn, emergency service, CT, MRI, nuclear medicine, podiatry, sleep, ultrasound, diagnostic radiology, chemotherapy, and applied to the patient volumes at the proposed hospital.

Hospital Outpatient Lab	Factor	Projected Patients	Lab Volumes (Year 2022)
Cardiac Function	.13	679	92
GI	7.93	613	4,864
Urology	6.98	55	384
ENT	5.97	413	2,464
Opthalmology	0.64	72	46
Orthopedics	2.35	101	237
Gynecology	12.45	181	2,254
ED	2.46	16,868	41,501
CT	0.77	1,136	870
MRI	0.17	1,405	245
Nuclear Medicine	0.05	419	21
Podiatry	2	6	13
Sleep	0.01	230	3
Ultrasound	0.17	2,582	449
Diagnostic Radiology	1.47	3,328	4,891
Chemotherapy	3.21	1,450	4,655
Total Outpatient Lab			**62,988**

3. Medical Office Building. The lab at the hospital will also service orders from physician offices in the adjacent clinic building. Eight family practice, internal medicine and obstetrics/gynecology physicians that are slated to be in the new medical office building connected to the new hospital (or a clinic close in proximately) ordered over 42,000 lab tests in 2016. (Drs. Susan Howey, Mabria Loqman, Richard Persino, Krishanthi Seneviratne, Emily Shen and Randy Wittman

will be in the attached medical office building; Drs. Steven Campau and Camelia Marian will be at a clinic in Algonquin.) Based on their ordering practices, a conservative estimate of 35,000 is included in the projected forecast for lab orders.

As a result, an estimate of 126,000 total lab tests is projected for the new facility:

Hospital Inpatient	28,200
Hospital Outpatient	63,000
Medical Office Building	35,000
Total	**126,200 lab tests**

Comparison to State Standards			
Category of Service	**Volume**	**State Standard**	**Met Standard?**
Laboratory			
Year 2021	126,200 lab tests	None	N/A
Year 2022	126,200 lab tests	None	N/A

Pharmacy

The proposed new hospital will have a pharmacy for inpatient and outpatient medication orders. Based on experience at Rockford Memorial Hospital, 68.9 lab orders are placed for each medical admission; 82.1 for surgical orthopedic inpatient cases. When these factors are applied to the projected 737 medical and 43 surgical admissions, a total of 54,332 lab tests are projected (50,801 + 3,531) on inpatients at the proposed new hospital in the 2nd year of operation, 2022.

In addition, approximately 43,300 outpatient medication orders are projected, based on the application of treatment factors at Rockford Memorial Hospital to outpatients by category of outpatient services: cardiac function, GI, urology, ENT, ophthalmology, orthopedics, gynecology, emergency service, CT, MRI, nuclear medicine, podiatry, sleep, ultrasound, diagnostic radiology and chemotherapy and applied to patients at the proposed new hospital.

Outpatient Pharmacy	**Factor**	**Projected Patients**	**Outpatient Pharmacy Volume (Year 2022)**
Cardiac Function	0.12	679	79
GI	1.17	613	720
Urology	4.02	55	221
ENT	2.37	413	978
Opthalmology	8.56	72	617
Orthopedics	4.65	101	470
Gynecology	3.06	181	554
ED	0.48	16,868	8,042
CT	0.01	1,136	9
MRI	0.00	1,405	5
Nuclear Medicine	0.14	419	58
Podiatry	3.82	6	23
Sleep	0.00	230	0
Ultrasound	--	2,582	--
Diagnostic Radiology	0.00	3,328	16
Chemotherapy	21.72	1,450	31,497
Total Outpatient Pharmacy			**43,287**

As a result, an estimated 97,632 pharmacy orders are projected:

Hospital Inpatient Orders	54,332
Hospital Outpatient Orders	43,300
Total	**97,632 orders**

Comparison to State Standards			
Category of Service	**Volume**	**State Standard**	**Met Standard?**
Pharmacy			
Year 2021	97,632 orders	None	N/A
Year 2022	97,632 orders	None	N/A

Sleep Program

Two hotel-type rooms are planned to accommodate the relocation of the sleep program from Mercy Harvard Hospital to the proposed new Crystal Lake facility. Accordingly, there are historic volumes to support the planning of the unit:

Year	**Number of Patients**
2008	223
2009	419
2010	537
2011	467
2012	402
2013	222
2014	188
2015	197
2016	233
Average	**321**

It is often the case that the program needs to accommodate two patients at the same time, so two rooms are planned. The 9 year average of 321 patients is used to project Year 2022 volume.

Comparison to State Standards			
Category of Service	**Volume**	**State Standard**	**Met Standard?**
Sleep Program			
Year 2021	321 patients/year	None	N/A
Year 2022	321 patients/year	None	N/A

SERVICE SPECIFIC REVIEW CRITERIA

1110.530(b)(1) and (3) Background and Applicant

Please see information previously provided on Attachments 1, 3, 4 and 11.

1110.530(c)(1) Planning Area Need - Formula Calculation

Mercy Health Corporation and Mercy Crystal Lake Hospital and Medical Center, Inc. (collectively referred to herein as "Mercyhealth") intend to establish an 11 bed medical/surgical unit and two ICU beds at Mercy Hospital and Medical Center, Crystal Lake, by relocating 11 of the 15 medical/surgical beds and two of the three ICU beds in use at Mercy Harvard Hospital. While there is currently an excess of 43 medical/surgical beds and three ICU beds in Planning Area A-10, McHenry County, the project maintains the bed supply in McHenry County and does not add to the excess of capacity in the area.

1110.530(c)(2) Planning Area Need - Service to Planning Area Residents

The Planning Area is an area defined by zip codes all or part of which are within a 30 minute travel time of the project site in Crystal Lake. The 30 zip codes in this area are listed on the attached table. The population of the area is 791,469. See table on the next page.

The population to be served are patients of primary care physicians (internal medicine and family practice) as well as a small number of surgeons who are employed by or affiliated with Mercyhealth in McHenry County. Since the project is the establishment of a new facility, there are no actual admissions data for estimating utilization of the medical/surgical beds at the proposed new hospital. A methodology was developed to estimate projected utilization based on the sizes of patient panels for 16 primary care Mercyhealth physician's office practices in McHenry County. There are 28,440 patients in the collective 16 office practices. Based on an experienced hospitalization rate of 32.4 admissions per 1000 patients in physician panels (Mercy Walworth Hospital and Medical Center), an estimated 921 medical/surgical admissions can be associated with the 28,440 panel members. As presented in Project Services Utilization section 1110.530 (c) (3), it is projected that 80% of these 921 patients (737 patients), will constitute the admissions to the 11 bed medical/surgical unit at the proposed new hospital, supplemented by a small number of surgical admissions.

The panel exercise is relevant to the determination that the new facility will serve primarily residents of the Planning Area. As shown on the table on the next page, 19,901 of the 28,440 (70%) panel members reside within the 30 zip code area. As a result, the project can be said to serve primarily residents of the Planning Area.

ANTICIPATED PATIENT ORIGIN TABLE

Zip	Travel Time (in minutes)	Adjusted Travel Time	2015 Population Estimate*	Number of Patients in office practices of 16 Mercyhealth physicians in McHenry County	Equivalent Admissions	% of Total	Cumulative Percentage
Woodstock -- 60098	13	14.95	32354	6063	196.44	21.3%	21.3%
Crystal Lake -- 60014			48868	3253	105.40	11.4%	32.8%
McHenry -- 60050	7	8.05	31809	2614	84.69	9.2%	41.9%
Cary -- 60013	2	2.3	26242	1340	43.42	4.7%	46.7%
Algonquin -- 60102	3	3.45	32813	1264	40.95	4.4%	51.1%
Lake In The Hills -- 60156	4	4.6	28900	1199	38.85	4.2%	55.3%
Huntley -- 60142	14	16.1	27080	821	26.60	2.9%	58.2%
McHenry -- 60051	9	10.35	24769	812	26.31	2.9%	61.1%
Crystal Lake -- 60012			10960	677	21.93	2.4%	63.4%
Carpentersville -- 60110	7	8.05	39334	302	9.78	1.1%	64.5%
Island Lake -- 60042	15	17.25	8,603	232	7.52	0.8%	65.3%
Barrington -- 60010	14	16.1	44,331	186	6.03	0.7%	66.0%
Fox River Grove -- 60021	9	10.35	5,455	180	5.83	0.6%	66.6%
Union -- 60180	22	25.3	1,582	137	4.44	0.5%	67.1%
Fox Lake -- 60020	22	25.3	9,875	126	4.08	0.4%	67.5%
Wauconda -- 60084	14	16.1	15,695	109	3.53	0.4%	67.9%
Ingleside -- 60041	21	24.15	9,192	87	2.82	0.3%	68.2%
Ringwood -- 60072	21	24.15	910	86	2.79	0.3%	68.5%
Lake Zurich -- 60047	17	19.55	42,330	83	2.69	0.3%	68.8%
Round Lake -- 60073	19	21.85	61,118	58	1.88	0.2%	69.0%
Elgin -- 60123	19	21.85	48,890	52	1.68	0.2%	69.2%
Gilberts -- 60136	19	21.85	7,338	45	1.46	0.2%	69.4%
Palatine -- 60067	22	25.3	37,899	43	1.39	0.2%	69.5%
Crystal Lake - 60039			19,447	37	1.20	0.1%	69.6%
Elgin -- 60120	21	24.15	50,564	23	0.75	0.1%	69.7%
Palatine -- 60074	22	25.3	39,757	23	0.75	0.1%	69.8%
Mundelein -- 60060	22	25.3	38,138	17	0.55	0.1%	69.9%
Elgin -- 60124	18	20.7	20,912	14	0.45	0.0%	69.9%
Wonder Lake -- 60097	21	24.15	10,623	11	0.36	0.0%	70.0%
Dundee -- 60118	7	8.05	15,681	7	0.23	0.0%	70.0%
Subtotal			791,469	19,901	644.8	70%	70%
All other zipcodes with total panel less than 25 or beyond 30 minute travel times				8539	276.7		
TOTAL				28,440	921.5		

1110.530(c)(3) Planning Area Need - Establishment of Bed Category of Service

As stated in the Project Services Utilization section of this permit application, an estimated 737 medical admissions and 43 surgical admissions will need to be accommodated in the 11 bed medical/surgical service. These volumes are supported by physician referral letters included in Appendix 1. 16 primary care physicians and two orthopedic surgeons have signed letters committing to refer a total of 780 patients during the first year (2021) after project completion in 2020, and annually thereafter.

Admissions projections for the two orthopedic surgeons are based on their documented caseload of actual admissions.

The 16 primary care physicians include six Family Practice physicians and 10 Internists. Their admissions are not based on actual admissions counts, since patients from their office practices who are hospitalized are recorded under the name of a hospitalist at the receiving hospital. These admissions are not captured in the Mercyhealth databases. Accordingly, a method was developed for estimating their projected referrals based on their McHenry County office practice panel sizes (numbers of patients signed up in their offices). This allows the use of actual experienced data from primary care physician practices at Mercy Walworth Hospital and Medical Center. Mercy Walworth Hospital and Medical Center is a similar sized hospital to the proposed project in Crystal Lake, with comparable medical/surgical services. A study determined that these Walworth area primary care physicians admitted 0.0324 patients in a year for each individual in their patient panel. For example, a physician with a panel size of 1000 patients in his/her office practice admitted, on average, 32.4 patients last year.

The panel sizes of the 16 primary care physicians' office practices is shown in the table on the following page. The table also records the distribution of the zip codes of residence for members of each physician's office practice panel. Surveys of the physician offices indicated that collectively, there are 28,440 separate patients in their office practices (Year 2016). Applying the admissions rate of 0.0324 to these 28,440 individuals yields a total annual estimated volume of medical admissions of 921 for Year 2016. In order to obtain a conservative estimate of how many medical admissions these 16 physicians would admit in 2021 and annually thereafter at a new Crystal Lake hospital, a conservative conversion rate of 80% is applied. As a result, an estimated 737 medical admissions are projected for the first full year after the opening of the new hospital, and annually thereafter. ($921 \times 0.80 = 737$ admissions)

PATIENT ORIGIN OF PATIENT PANELS, BY RESIDENCE

15 Mercy Health Physician Office Practices

CITY	Zip Code	ALBRIGHT, JEM	ESTRICCANU, GRAZIELLA I	GURAD, ROSHI	HASSAN, SIED O	KAUSH, NATHAN M	KANG, HELEN	LOCKMAN, MARIA	SAKIN, SHAHBARAH OSSON	SEVERWATINE, KRISHANTHI O	SINGH, DARY M	CAMPAU, STEVEN A	FOTIE, JOSEPH C	GANNAH, MONICA E	LOZEVA, VELISLAVA V	MARIAN, CAMELIA E	RONCORILLO, BRIANO	Total
		1	2	2		2		5	2	4	4	2		2		2	2	30
ALGONQUIN	60102		15	8	5	11	6	27	14	76	83	416	51	16	7	518	9	1254
	60156									2	1					1		4
ANTIOCH	60002	34			13	2	4	4	1		1	4		1	15	4		73
BARRINGTON	60010		2		2	1		8	9	3	11	20	43	1		92		186
	60011											1						1
BELVIDERE	61008		10	4		9	2	5	13	2	6	6		6		9	10	76
BULL VALLEY	60098		5	1		2	6	2	8		4		2	11	4		1	46
	60050		1	1			2	3			3					2	1	13
	60097		1	1		1			1		1			4	1		1	11
BURLINGTON	53105	15	1		13	2	5	3						1	3			43
CAPRON	61012	6	5	4		21		22	12	6	10			6			8	100
CARPENTERSVILLE	60110		5	2		9	2	23	14	17	23	84	3	2	2	113	3	902
CARY	60013	5	15	6	19	37	8	101	33	294	219	63	316	27	27	156	14	1340
CHICAGO			4	2	1	3	2	12	7	2	17	9	5	1	1	14	1	81
CRYSTAL LAKE	60014	9	109	99	36	199	35	439	152	708	689	134	178	119	32	245	98	3253
	60012	4	34	15	28	35	20	67	36	108	135	14	58	45	14	50	24	677
	60039			4		2		4	3	9	11		3	1				37
EAST DUNDEE	60118		1			1		2		2		8				16		30
ELGIN	60123	1	2	3		2		4		2	7	18	1			12		52
	60120		1		1	1		3		1	7	2				5	2	23
	60124			1		1						5	1	1		5		14
	60121										1							1
FOX LAKE	60020	3	6		32	12	13	3	3	4	13	1	9	5	14	7	1	126
FOX RIVER GROVE	60021		2		5	1	2	11	8	29	12	12	28	3		64	3	180
GENOA CITY	53128	56	4	1	47	4	7	8	7		2			6	35	2	4	183
GILBERTS	60136								1	1	4	23		2		14		45
HAMPSHIRE	60140		7			1		4	4	11	3	7	3	4	1	9	4	58
HARVARD	60033	6	119	124	6	198	8	249	181	32	87	8	5	76	27	9	71	1206
HEBRON	60034	18	40	23	33	55	2	37	44	5	19		3	14	16		22	325
HOFFMAN ESTATES	60192		1					1			1		2	2		9		16
	60169										1	1	1			7		10
	60010											1						1
HUNTLEY	60142		50	39	5	52		44	44	71	66	149	27	57	6	176	35	821
INGLESIDE	60041	10	2		20	7	13	4	3	2	3	4	3	2	12	1	1	87
ISLAND LAKE	60042	3	1	6	26	4	24	17	12	33	42	9	17	8	9	20	1	232
JOHNSBURG	60051	61	9	7	93	24	92	23	13	30	43	2	11	1	50	10	8	477
	60050	2			8	1	9		1	1	2		1					25
LAKE BARRINGTON	60010							5		6	9	9	16		1	28	1	75
	60084							1					1					2
LAKE GENEVA	53147	18	7	2	19	14	2	6	7	1	3		4	3	10		3	105
LAKE IN THE HILLS	60156	1	30	17	4	29	10	86	53	153	185	290	26	27	7	262	19	1199
	60102									1		1						2
LAKE VILLA	60046	4			11		7	1	3		5			1				32
Lake Zurich	60047	1	1		3	1		1	7	2	1	10	5	2	2	47		83
LAKEMOOR	60051	9	4	1	54	2	35	18	2	21	28		6	2	23	3	1	209
	60050					1	2	2			1		1	2				9
MARENGO	60152		150	75	5	135	3	106	150	24	68	18	8	129	9	25	96	1001
MCCULLOM LAKE	60050	1	1	2	8	6	4	3	2	2	8				1		3	41
MCHENRY	60050	102	75	70	505	131	297	173	146	253	356	20	61	68	283	34	40	2614
	60051	88	13	22	152	25	89	58	46	59	99	9	19	17	91	25	10	812
OAKWOOD HILLS	60013		1		2		1	4	3	7	13		11	1	1	10		54
	60014											1						1
PALATINE	60067		1		3	3			1	1	6	7	7	1	1	10	2	43
	60074							3	2		3	4				11		23
PINGREE GROVE	60140		4	4		2	1	4	2	4	9	8		1	1	15		55
POPLAR GROVE	61065		9	6		11		4	10	2	2			8			1	53
PRAIRIE GROVE	60012			2	2		2	3	1	3	6		11		5	2		37
RICHMOND	60071	225	13	2	166	11	13	7	20	15	28	1	1	10	92	2	3	609
	23225						1											1
RINGWOOD	60072	13		2	21	3	8	2	7	3	5	1		3	13	2	5	86
ROCKFORD			6	1		7		7	5	2	4	7		1	1	8	5	54
ROUND LAKE	60073		1		12	3	10	3	4	7	5	1	2		3	7		58
ROUND LAKE BEACH	60073			2	11	2	8	2	1	2		2			3			33
SCHAUMBURG	60193		1			1		3	3	2		1	1		1	5		18
	60194			1					1		2	1	1			5		11
	60173									1		1		1		5		8
	60195					4		2	1									7
SPRING GROVE	60081	149	2		204	18	31	12	14	13	33	5	11	6	103	14	7	620
TWIN LAKES	53181	46	1	1	48	6	13	6	3	2	15		1	5	25	2	1	175
UNION	60180		16	8		14		21	22	2	6	5	1	12		15	15	137
	60083		1			1			1								1	4
VILLAGE OF LAKEWOOD	60014		6		2	6		12	4	10	15	7	10	6		11		89
VOLO	60073	1	2	1	8		4	1	1		1		1	1	2	1		24
	60020		2		1		4				1	1	2			4		15
WAUCONDA	60084			1	12	1	1	2	6	12	10	7	14	4	3	35	1	109
WEST DUNDEE	60118		2		1	1			2	5	10	27		3		35		86
WONDER LAKE	60097	36	88	72	136	126	69	81	154	72	139	5	13	96	90	8	72	1267
WOODSTOCK	60098	22	767	645	63	909	21	580	1081	213	401	17	36	561	85	33	609	6063
All Other Zip Codes w/ Total Panel <25		62	58	26	59	65	20	89	76	81	100	88	55	65	26	164	33	1067
Grand Total		**996**	**1706**	**1310**	**1915**	**2258**	**908**	**2429**	**2471**	**2436**	**3102**	**1559**	**1296**	**1460**	**1154**	**2394**	**1252**	**28440**

Attachment 20

A second table summarizes the distribution by zip code of the aggregated 28,440 patients in the office practice panels. 70% of the residents reside within Planning Area defined by 30 minute travel times. As a result, the proposed new hospital will serve primarily residents of the Planning Area.

Patient Origin of Projected Medical Admissions to Mercy Crystal Lake Hospital and Medical Center

	Zip Code	Patients in panels of 16 physician practices*	Equivalent Admissions	Percent of Total	Cumulative Percent
Woodstock	60098	6063	196.4	21.3%	21.3%
Crystal Lake	60014	3253	105.4	11.4%	32.8%
McHenry	60050	2614	84.7	9.2%	41.9%
Cary	60013	1340	43.4	4.7%	46.7%
Algonquin	60102	1264	41.0	4.4%	51.1%
Lake in the Hills	60156	1199	38.8	4.2%	55.3%
Huntley	60142	821	26.6	2.9%	58.2%
McHenry	60051	812	26.3	2.9%	61.1%
Crystal Lake	60012	677	21.9	2.4%	63.4%
Carpentersville	60110	302	9.8	1.1%	64.5%
Island Lake	60042	232	7.5	0.8%	65.3%
Barrington	60010	186	6.0	0.7%	66.0%
Fox River Grove	60021	180	5.8	0.6%	66.6%
Union	60180	137	4.4	0.5%	67.1%
Fox Lake	60020	126	4.1	0.4%	67.5%
Wauconda	60084	109	3.5	0.4%	67.9%
Ingleside	60041	87	2.8	0.3%	68.2%
Ringwood	60072	86	2.8	0.3%	68.5%
Lake Zurich	60047	83	2.7	0.3%	68.8%
Round Lake	60073	58	1.9	0.2%	69.0%
Elgin	60123	52	1.7	0.2%	69.2%
Gillberts	60136	45	1.5	0.2%	69.4%
Palatine	60067	43	1.4	0.2%	69.5%
Crystal Lake	60039	37	1.2	0.1%	69.6%
Elgin	60120	23	0.7	0.1%	69.7%
Palatine	60074	23	0.7	0.1%	69.8%
Mundelein	60060	17	0.6	0.1%	69.9%
Elgin	60124	14	0.5	0.0%	69.9%
Wonder Lake	60097	11	0.4	0.0%	70.0%
Dundee	60118	7	0.2	0.0%	70.0%
	Subtotal	19901	644.8	70%	70%
Remainder of Patients in zip codes with total panels <25 or beyond 30 min drive time		8539	276.7	30%	30%
TOTAL		28440	921.5	100%	100%

*32.4 in patient medical admisions per 1,000 individuals in physician practice panel

The following table shows the information on expected admissions by the 16 primary care physicians and the two orthopedic surgeons. The projected admissions for the primary care physicians are below their estimated historic experience; the projected admissions by the two orthopedic surgeons are below their historic levels for 2016. These data are recorded in their individual letters in Appendix 1.

	Size of Panel	**Current Admissions (Panel × 0.0324)**	**Estimated Admissions at New Hospital (80% of current)**
Primary Care Physicians			
Family Practice			
Kim Albright, MD	996	32	26
Graziella Bistriceanu, MD	1,706	55	44
Roshi Gulati, MD	1,310	42	34
Syed Hassan, MD	1,915	62	50
Nathan Kakish, MD	2,258	73	59
Heijin Kang, MD	908	29	24
Mabria Loqman, MD	2,423	79	63
Shahariar Hossion Saikh, MD	2,471	80	64
Krishanthi Seneviratne, MD	2,436	79	63
Emily Shen, MD	3,102	101	80
Internal Medicine			
Steven Campau, MD	1,559	51	40
Joseph Foijtik, MD	1,096	36	28
Monica Gavran, MD	1,460	47	38
Velislava Lozeva, MD	1,154	37	30
Camelia Marian, MD	2,394	78	62
Bibiano Ronquillo, MD	1,252	41	32
Subtotal	**28,440**	**921**	**737**
Surgeons			
Orthopedic Surgeons			
Paul DeHaan, MD		89 actual	36
Dana Tarandy, MD		133 actual	7
Subtotal			**43**
TOTAL			**780**

Also included in Appendix 2 are letters from 19 additional surgeons committing to perform outpatient surgeries at the new facility in Crystal Lake. Their specialties include otorhinolaryngology, gastroenterology, OB/gyn, ophthalmology, orthopedics and podiatry. Their volumes are used in documenting the caseloads for projected utilization of the ORs and special procedure rooms (Project Services Utilization – Surgery).

1110.530(c)(5) Planning Area Need - Service Accessibility

While none of the following conditions apply:

- absence of the clinical service
- payor limitations
- restricted admissions practices by area providers
- excessive waiting times at area providers
- high utilization of area providers

there is an inability of patients of Mercyhealth physicians to receive care in an optimized manner. Without an acute care hospital, continuity of care is not optimized for patients of Mercyhealth physicians when they are hospitalized within another system. Further, sometimes tests are unnecessarily repeated due to lack of a complete record of previous care provided.

The proposed hospital will be a part of a fully integrated health care delivery system. The construction of the proposed hospital allows Mercyhealth to provide care utilizing its full integration model, which is based on the Mayo Clinic model, where hospital and physician offices are part of the same organizational entity. Patients will have all the benefits of a multi-specialty clinic, as well as access to diagnostic services, emergency services, surgery suites and other hospital-based services. As part of the integrated health care system, Mercyhealth patients will receive care across the continuum of care. In addition, such integrated services also greatly benefit emergency room patients that require attention by a pediatrician, cardiologist, ear nose and throat specialist, orthopedic surgeon or other specialists who are present on-site in the clinic or on call at the time the patient is seen in the emergency room.

1110.530(d)(1) Unnecessary Duplication of Services

The tables in this section present a listing of all zip codes and hospitals in the planning area. There is a total population in the Planning area of 791,469, and the hospitals in the Planning Area contain a total of 577 medical/surgical beds and 100 ICU beds.

The relocation of 11 medical/surgical beds and two ICU beds from Mercy Harvard Hospital in the same Planning Area A-10 does not result in a duplication of existing beds.

Mercy Crystal Lake Hospital and Medical Center, Inc. - Service Area Population, Growth, Distance (in miles), Travel Time and Adjusted Travel Time

Zip	2010 Census*	2015 Estimate**	Population Growth 2010-2015***	Distance (in miles)	Travel Time (in minutes)****	Adjusted Travel Time
Algonquin -- 60102	32,193	32,813	1.93%	2.6	3.0	3.45
Barrington -- 60010	44,095	44,331	0.54%	8.1	14.0	16.1
Carpentersville -- 60110	38,557	39,334	2.02%	10.0	7.0	8.05
Cary -- 60013	26,872	26,242	-2.34%	1.3	2.0	2.3
Crystal Lake -- 60012	11,120	10,960	-1.44%			
Crystal Lake -- 60014	48,550	48,868	0.65%			
Crystal Lake - 60039	19,570	19,447	-0.65%	37	1.20	0.1%
Dundee -- 60118	15,851	15,681	-1.07%	5.1	7.0	8.05
Elgin -- 60120	50,955	50,564	-0.77%	11.9	21.0	24.15
Elgin -- 60123	47,405	48,890	3.13%	11.4	19.0	21.85
Elgin -- 60124	18,935	20,912	10.44%	10.8	18.0	20.7
Fox Lake -- 60020	9,825	9,875	0.51%	14.4	22.0	25.3
Fox River Grove -- 60021	5,545	5,455	-1.62%	3.7	9.0	10.35
Gilberts -- 60136	7,013	7,338	4.63%	11.7	19.0	21.85
Huntley -- 60142	26,447	27,080	2.39%	8.2	14.0	16.1
Ingleside -- 60041	9,250	9,192	-0.63%	13.0	21.0	24.15
Island Lake -- 60042	8,547	8,603	0.66%	7.4	15.0	17.25
Lake In The Hills -- 60156	28,987	28,900	-0.30%	2.1	4.0	4.6
Lake Zurich -- 60047	41,669	42,330	1.59%	9.6	17.0	19.55
McHenry -- 60050	31,620	31,809	0.60%	5.1	7.0	8.05
McHenry -- 60051	25,192	24,769	-1.68%	6.3	9.0	10.35
Mundelein -- 60060	37,189	38,138	2.55%	13.4	22.0	25.3
Palatine -- 60067	38,585	37,899	-1.78%	13.0	22.0	25.3
Palatine -- 60074	38,985	39,757	1.98%	13.0	22.0	25.3
Ringwood -- 60072	928	910	-1.94%	12.8	21.0	24.15
Round Lake -- 60073	60,002	61,118	1.86%	11.7	19.0	21.85
Union -- 60180	1,694	1,582	-6.61%	13.4	22.0	25.3
Wauconda -- 60084	16,771	15,695	-6.42%	9.2	14.0	16.1
Wonder Lake -- 60097	11,250	10,623	-5.57%	12.8	21.0	24.15
Woodstock -- 60098	32,228	32,354	0.39%	6.9	13.0	14.95
TOTAL	**766,260**	791,469	**3.05%**			

** US Census, 2010 Demographic Profile*
** 2015 estimate from: U.S. Census, 2011-2015 American Community Survey 5-Year Estimates
*** Formula: (2015 estimate – 2010 census) / 2010 census
****MapQuest

Mercy Crystal Lake Hospital and Medical Center, Inc. - Hospitals within Travel Time

Zip Code	Name of Hospital Providing Med/Surgery	Address	Distance from Site (in miles)	Travel Time (in minutes)	Adjusted Travel Time (Travel time x 1.15)	Med/Surg Occupancy*	ICU Occupancy*
Barrington -- 60010	Advocate - Good Shepherd Hospital	450 West Highway #22	6.3	11	12.65	112	32
Elgin -- 60123	Advocate Sherman Hospital	1425 Randall Road	12.6	21	24.15	189	30
Huntley -- 60142	Centegra Hospital – Huntley – (opened Aug. 9, 2016)	10400 Haligus Road	8.8	14	16.1	100**	8**
McHenry -- 60050	Centegra Hospital – McHenry	4201 Medical Center Drive	7.2	11	12.65	116	18
Woodstock -- 60098	Centegra Hospital - Woodstock	3701 Doty Road	8.1	16	18.4	60	12
Totals						**577**	**100**

**Bed source info from Ill. Health Facilities & Services Review Board, Hospital Profiles & Annual Bed Reports – 2014 Hospital Profiles (revised Nov. 19, 2015).* http://www.idph.state.il.us/about/hfpb/HospProf_ABR.htm

*** Since this hospital opened this year it was not listed in the IHFSRB document, so the bed number came from this article:* Mahdu Krishnamurthy, *Centegra's Huntley Hospital to Open Aug. 9,* Daily Herald, June 1, 2016, *http://www.dailyherald.com/article/20160601/news/160609862/.*

1110.530(d)(2) Maldistribution

The proposed establishment of a new hospital in Crystal Lake will not result in maldistribution of services. The requested 11 medical/surgical beds and two ICU beds will be taken from the inventory at Mercy Harvard Hospital, leaving four medical/surgical beds and one ICU bed at that site.

The tables in this section present a listing of all hospitals in the planning area. The hospitals contain a total of 577 medical/surgical beds and 100 ICU beds. One method for determining maldistribution is to compare the availability of medical/surgical and ICU beds per 1,000 population in the planning area to the number of medical/surgical and ICU beds per 1,000 population in the State. The tables in this section show that there is a total of 20,522 medical/surgical beds in the state of Illinois, a ratio of 1.581 medical/surgical beds per 1,000 population. There is also a total of 3,510 ICU beds in the state of Illinois, a ratio of .270 ICU beds per 1,000 population. That being said, there is a total of 577 medical/surgical beds in the planning area, a ratio of 0.729 medical/surgical beds per 1,000 population. There is also a total of 100 ICU beds in the GSA, a ratio of .126 ICU beds per 1,000 population. These data show that there is a lower ratio of both medical/surgical and ICU beds to population in the planning area of the project than is the case in the entire State of Illinois. Because the proposed project is the relocation of 11 of the existing 15 medical/surgical beds and 2 of the 3 ICU beds at Mercy Harvard Hospital in the same State Planning Area A-10, there is no increase or change in beds in the area due to the project. This assessment and supports the finding that the project does not result in the maldistribution of service.

	State of Illinois	**Planning Area**
Year 2015 Estimated Population	12,978,800 (1)	791,469 (2)
Medical Surgical Beds		
Number of Beds	20,522 (4)	577 (3)
Ratio per 1,000 population	1.581	0.729
ICU Beds		
Number of Beds	3,510 (4)	100 (3)
Ratio per 1,000 population	0.270	0.126

Footnotes:

(1) *Population Projections: Illinois, Chicago and Illinois Counties by Age and Sex: July 1, 2020 to July 1, 2025.* Table 1 (2014 Edition) released by IDPH, Office of Health Informatics, Illinois Center for Health Informatics, February, 2015.

(2) See attached chart entitled "*Mercy Crystal Lake Hospital and Medical Center, Inc. - Service Area Population, Growth, Distance (in miles), Travel Time and Adjusted Travel Time*" based on *US Census, 2010 Demographic Profile.*

(3) See attached chart entitled "Mercy Crystal Lake Hospital and Medical Center, Inc. - Hospitals within Travel Time." Bed source info from Ill. Health Facilities & Services Review Board, Hospital Profiles & Annual Bed Reports – 2014 Hospital Profiles (revised Nov. 19, 2015). http://www.idph.state.il.us/about/hfpb/HospProf_ABR.htm.

(4) Bed source info from Ill. Health Facilities & Services Review Board, State Hospital Data Summary, 2014 http://www.idph.state.il.us/about/hfpb/pdf/2014%20Hospital%20State%20Summary%2011-19-15.pdf

1110.530(d)(3) Impact on other Area Providers

The project will allow patients of Mercyhealth physicians to receive local inpatient care within the Mercyhealth system. While they are receiving inpatient care at area hospitals, there is a lack of continuity of care that results in less than efficient care, duplicated testing, and lack of communication with patient's primary care physicians. A projected annual total of 780 cases (737 inpatient medical and 43 inpatient surgery cases) would be shifted to the proposed new hospital. This is an average diversion of 156 patients from each of the five hospitals in the planning area. As a result, while there is an impact, it is minimal.

1110.530(f) Staffing Availability

The staffing levels at the proposed Crystal Lake hospital and attached medical office building will meet, and in most cases exceed, all applicable licensure standards and Joint Commission staffing requirements. Specifically, Mercyhealth plans to hire 150 FTEs to staff the new hospital.

Mercyhealth currently employs approximately 8,000 staff and 600 W-2 partner physicians to support its facilities in Illinois and Wisconsin. Mercyhealth uses a continuous staffing plan in order to fill new positions or replace individuals who have left employment. Open positions are quickly and efficiently filled through the use of newspaper advertising, trade magazine web sites, job fairs, colleges and technical training schools. Mercyhealth's experience in Illinois has shown that there are ample interested applicants for every job.

Mercy will employ this proven process to fully staff the new facility. The staffing process will begin with the recruitment of physicians (e.g., primary care, general surgery, hematology/oncology, gastroenterology, hospitalists, emergency medicine, and anesthesiology) immediately upon approval of the project due to the long planning timeline necessary for physician employment. For other staff positions, recruitment will begin one year prior to opening. All staff positions will be filled one month prior to opening so that Mercyhealth's comprehensive training program can be completed and trial operation can begin prior to opening.

In addition to the approach described above, it is anticipated that, as multispecialty clinics are re-located to the proposed medical office building, staff currently employed for those clinics will similarly relocate.

1110.530(g) Performance Requirements

The minimum bed capacity for a new medical-surgical category of service is 100 beds and the minimum unit size for an intensive care unit is four beds. The proposed project will not meet these thresholds because this project is the shifting of beds being relocated from an existing hospital more so than the establishment of a new hospital.

Further, the proposed hospital was intentionally designed as a micro hospital to appropriately meet the needs of the planning area. Although Crystal Lake and the immediate surrounding communites of Cary, Algonquin, Lake in the Hills and Fox River Grove lack a hospital, construction of a full-service hospital with the minimum number of beds is not consistent with the needs of the planning area. The micro hospital approach, with 11 medical-surgical beds and two intensive care unit beds, will best meet the actual needs of the planning area.

1110.530(g) Assurances

A letter from Javon Bea, CEO of Mercy Health Corporation, is attached. In the letter, Mr. Bea attests that, by the second year of operation after the project completion, the Crystal Lake Hospital & Medical Center will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for the medical/surgical category of service involved in the proposal.

Mercyhealth™
A passion for making lives better.™

Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

Office of the President

January 18, 2017

Illinois Health Facilities and Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: Compliance with IHFSRB's Second Year Target Utilization Rate

To Whom It May Concern:

This letter is being written for inclusion in Mercy Crystal Lake Hospital and Medical Center, Inc. and Mercy Health Corporation's Certificate of Need applications addressing the establishment of a new hospital and medical office building located on property in Crystal Lake on the Southeast Corner of IL 31 and Three Oaks Road. Please be advised that it is my expectation and understanding that by the second year following the project's completion, the medical/surgical category of service addressed in the filed Certificate of Need application will be operating at the IHFSRB's target utilization rate, and that it will, at minimum, maintain this level of utilization thereafter.

Sincerely,

Javon R. Bea
President / Chief Executive Officer
Mercy Crystal Lake Hospital and Medical Center, Inc. and Mercy Health Corporation

State of Illinois)
: SS
Winnebago County)

This instrument was acknowledged before me on the 18th day of January, 2017, by Javon R. Bea.

[Seal]

OFFICIAL SEAL
DIANA L. MAHORSKI
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires Feb. 17, 2017

Name of Notary: Diana L. Mahorski
Notary Public: State of Illinois
My commission expires on: February 17, 2017

CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE

1110.3030 (b) (1) and (3) Background of the Applicant

This information is provided in Attachments 1, 3, 4 and 11.

1110.3030 (c) Need Determination – Establishment

The Clinical Service Areas that are not categories of service are:

- Diagnostic Imaging
  - x-ray, fluoroscopy, and DEXA/bone densitometry
  - MRI (mobile)
  - CT
  - Nuclear Medicine
  - Ultrasound
  - Mammography
  - ECHO and stress testing
- Emergency Services
- Surgery
  - Operating Rooms
  - Procedure Rooms
- Laboratory
- Inpatient Pharmacy
- Sleep Center

1. Service to Planning Area Residents. The distribution of patients utilizing these services is comparable to the medical/surgical inpatients' admissions analysis. As demonstrated in Service Demand – Establishment of Planning Area Need 1110.530(c)(2) and (c)(3), 70% of patients come from 30 zip codes within a 30 minute travel time area. This is defined as the Planning Area, based on the patient origin of residence of 28,440 panel members in the office practices of Mercyhealth physicians. The service area for each of the clinical service areas listed above is presumed to be the same as for medical/surgical admissions.

2. Service Demand. The following table shows the information on expected admissions by the 16 primary care physicians and the two orthopedic surgeons. The projected admissions for the primary care physicians are below their estimated historic experience; the projected admissions by the two orthopedic surgeons are below their historic levels for 2016. These data are recorded in their individual letters in Appendix 1.

	Size of Panel	Current Admissions (Panel × 0.0324)	Estimated Admissions at New Hospital (80% of current)
Primary Care Physicians			
Family Practice			
Kim Albright, MD	996	32	26
Graziella Bistriceanu, MD	1,706	55	44
Roshi Gulati, MD	1,310	42	34
Syed Hassan, MD	1,915	62	50
Nathan Kakish, MD	2,258	73	59
Heijin Kang, MD	908	29	24
Mabria Loqman, MD	2,423	79	63
Shahariar Hossion Saikh, MD	2,471	80	64
Krishanthi Seneviratne, MD	2,436	79	63
Emily Shen, MD	3,102	101	80
Internal Medicine			
Steven Campau, MD	1,559	51	40
Joseph Foijtik, MD	1,096	36	28
Monica Gavran, MD	1,460	47	38
Velislava Lozeva, MD	1,154	37	30
Camelia Marian, MD	2,394	78	62
Bibiano Ronquillo, MD	1,252	41	32
Subtotal	**28,440**	**921**	**737**
Surgeons			
Orthopedic Surgeons			
Paul DeHaan, MD		89 actual	36
Dana Tarandy, MD		133 actual	7
Subtotal			**43**
TOTAL			**780**

The projected utilization of diagnostic imaging and other clinical services are based on experience at Rockford Memorial Hospital and the application of rates of imaging, testing and treatment to comparable patients at that facility. These experienced rates are then applied to the medical admissions levels associated with primary care physician panels and surgical admissions at the proposed new facility.

The table below summarizes the projected utilization of these clinical services. Methodologies for projecting utilization for each of these services are included in Attachment 15 and are not repeated here. Each of these services is consistent with State standards for clinical service utilization, with the exception of ICU. The small volume rounds up to justifying just one unit. However, it is anticipated that a second ICU room will be needed to accommodate a second patient, which is projected to occur between 25 and 30 times per year.

	Projected Utilization		State Standard	Met Standard?
	Year 1	Year 2		
	2021	2022		
Categories of Service				
Medical/Surgical (pt days)(11 beds)	3,640 (91%)	3,640 (91%)	80%	Yes
ICU (pt days)(2 beds)	126 (17%)	126(17%)	60%	No
Clinical Areas Other than Categories of Service				
Diagnostic Imaging				
- General Radiology				
X-ray (1)	10,269	10,269	8000 visits/unit/yr	Yes
Fluoroscopy (1)	Volume included in xray		6500 visits/unit/yr	Yes
DEXA bone densitometry (1)	891	891	6500 visits/unit/yr	Yes
- MRI (1)	1,747	1,747	2500 procedures	Yes
- CT (1)	3,828	3,828	7000 visits/unit/yr	Yes
- Nuclear medicine (1)	523	523	2000 visits/unit/yr	Yes
- Ultrasound (1)	3,128	3,128	3100 visits/unit/yr	Yes
- Mammography (1)	5,526	5,526	5000 visits/unit/yr	Yes
- Cardiac testing (1)				
ECHO (1)	4,636	4,636	none	NA
Stress testing (1)	187	187	none	NA
Emergency Department	16,868	16,868	2000 visits/stat/yr	Yes
Surgery				
- Operating Rooms (2)	2,666	2,746	1500 hours/OR/yr	Yes
- Procedure Rooms (2)	1,783	1,836	1500 hrs/room/yr	Yes
Laboratory	126,200	126,200	none	NA
Pharmacy (inpatient)	97,632	97,632	none	NA
Sleep Center	321	321	none	NA

3. Impact of the Proposed Project on Other Area Providers. The scale of operations at the proposed micro hospital is modest, compared to the establishment of a full service hospital. The impact on any hospital or clinic provider of inpatient/outpatient surgery, emergency care, diagnostic imaging and other services due to a shift of service to the proposed new hospital is minimal.

4. Utilization. Each of these services is consistent with State standards for clinical service utilization, with the exception of ICU, as shown in the table above. The small volume rounds up to justifying just one unit. However, it is anticipated that a second ICU room will be needed to accommodate a second patient, which is projected to occur between 25 and 30 times per year.

AVAILABILITY OF FUNDS

Audited financial statements of Mercy Health Corporation are attached.

Mercy Health Corporation

Rockford, Illinois

Consolidated Financial Statements and Supplementary Information

Year ended June 30, 2016

WIPFLi LLP

Independent Auditor's Report

Board of Directors
Mercy Health Corporation
Rockford, Illinois

We have audited the accompanying consolidated financial statements of Mercy Health Corporation, which comprise the consolidated balance sheet as of June 30, 2016, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mercy Health Corporation as of June 30, 2016, and the results of its operations, changes in nets assets, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Wipfli LLP

Wipfli LLP

August 16, 2016
Milwaukee, Wisconsin

Mercy Health Corporation

Consolidated Balance Sheet

June 30, 2016

Assets	(In Thousands)
Current assets:	
Cash and cash equivalents	$ 119,609
Patient accounts receivable - Net	162,574
Supplies	24,447
Prepaid expenses	12,599
Current portion of assets limited as to use	13,421
Other receivables	14,872
Total current assets	347,522
Assets limited as to use, less current portion	959,111
Property and equipment - Net	445,498
Other assets:	
Investment in joint ventures	12,141
Other	16,902
Total other assets	29,043
TOTAL ASSETS	$ 1,781,174

Liabilities and Net Assets	(In Thousands)
Current liabilities:	
Current maturities of long-term debt	$ 7,155
Accounts payable	25,979
Due to third-party payors	19,103
Accrued salaries, wages, and payroll taxes	63,887
Other accrued expenses	43,038
Total current liabilities	159,162
Long-term liabilities:	
Long-term debt, less current maturities	722,495
Accrued liabilities under self-insurance program	80,243
Deferred compensation	15,428
Pension obligations	63,579
Accrued post retirement medical benefits	6,657
Other liabilities	2,276
Total long-term liabilities	890,678
Total liabilities	1,049,840
Net assets:	
Unrestricted	709,822
Temporarily restricted	13,263
Permanently restricted	8,249
Total net assets	731,334
TOTAL LIABILITIES AND NET ASSETS	$ 1,781,174

See accompanying notes to consolidated financial statements.

Mercy Health Corporation

Consolidated Statement of Operations

Year Ended June 30, 2016

	(In Thousands)
Revenue:	
Patient service revenue (net of contractual allowances and discounts)	$ 973,880
Provision for bad debts	(42,574)
Net patient service revenue less provision for bad debts	931,306
Premium revenue	84,064
Other operating revenue	26,590
Total revenue	1,041,960
Expenses:	
Salaries and wages	497,760
Employee benefits	79,633
Professional fees and purchased services	103,395
Medical claims and capitation payments	18,166
Medical supplies, other supplies, and drugs	165,308
Insurance	14,552
Provider tax assessment	20,825
Other	26,518
Depreciation and amortization	51,722
Interest	11,645
Total expenses	989,524
Income from operations	52,436
Nonoperating income (expense):	
Loss on early retirement of debt	(3,077)
Other nonoperating income	184
Investment loss - Net	(2,395)
Total nonoperating expense - Net	(5,288)
Excess of revenue over expenses	47,148
Other changes in unrestricted net assets:	
Changes in pension obligation other than pension expense and post retirement medical benefit adjustment	(36,647)
Other	419
Increase in unrestricted net assets	$ 10,920

See accompanying notes to consolidated financial statements.

Mercy Health Corporation

Consolidated Statement of Changes in Net Assets

Year Ended June 30, 2016

	(In Thousands)
Unrestricted net assets:	
Excess of revenue over expenses	$ 47,148
Changes in pension obligation other than pension expense and post retirement medical benefit adjustment	(36,647)
Other	419
Increase in unrestricted net assets	10,920
Temporarily restricted net assets:	
Contributions	618
Investment income - Net	237
Net change in beneficial interest in trusts	(659)
Net assets released from restriction	(995)
Decrease in temporarily restricted net assets	(799)
Decrease in permanently restricted net assets - Net change in beneficial interest in trusts	(159)
Change in net assets	9,962
Net assets at beginning	721,372
Net assets at end	$ 731,334

See accompanying notes to consolidated financial statements.

Mercy Health Corporation

Consolidated Statement of Cash Flows

Year Ended June 30, 2016

	(In Thousands)
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Change in net assets	$ 9,962
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Provision for bad debt	42,574
Equity gains in joint ventures	(4,782)
Changes in pension obligation other than pension expense and post retirement medical benefit adjustment	36,647
Net realized and unrealized gains and losses on investments	8,444
Depreciation and amortization	51,368
Loss on sale of property and equipment	239
Loss on early retirement of debt	3,077
Changes in operating assets and liabilities:	
Patient accounts receivable	(49,321)
Supplies and other assets	1,426
Accounts payable	(251)
Accrued liabilities and other	131
Due to/from third-party payors	518
Net cash provided by operating activities	100,032
Cash flows from investing activities:	
Increase in assets limited as to use	(452,370)
Purchases of property and equipment	(54,478)
Proceeds from sale of property and equipment	24
Proceeds received from joint ventures	4,710
Net cash used in investing activities	(502,114)
Cash flows from financing activities:	
Principal payments on long-term debt	(109,414)
Proceeds from issuance of long-term debt	541,752
Loss on early retirement of debt	(2,702)
Payments of deferred financing fees	(3,824)
Net cash provided by financing activities	425,812
Net increase in cash and cash equivalents	23,730
Cash and cash equivalents at beginning	95,879
Cash and cash equivalents at end	$ 119,609
Supplemental cash flow information:	
Cash paid for interest	$ 10,589

See accompanying notes to consolidated financial statements.

Mercy Health Corporation
Notes to Consolidated Financial Statements (In Thousands)

Note 1: Summary of Significant Accounting Policies

Principles of Consolidation

Mercy Health Corporation (MHC) is a not-for-profit entity that serves as the parent corporation and supports the operations of the health system with the goal of providing integrated primary, secondary, and advanced tertiary medical and surgical services for the benefits of the residents of the combined service area.

Mercy Health Corporation consists of the following affiliated entities:

- Mercy Health System Corporation (MHSC), which operates a 240-bed hospital in Janesville, Wisconsin, and approximately 43 physician clinics in southern Wisconsin and northern Illinois; a skilled nursing facility (SNF) that operates as a subacute care unit of the hospital; and Mercy Walworth Hospital and Medical Center (MWH), which operates a 25-bed hospital facility in Walworth County, Wisconsin; Mercy Foundation, Inc. (MFI), whose primary activity is fund-raising for MHSC and its programs in accordance with its by-laws; and MercyCare Insurance Company (MCIC), which is an indemnity insurance company that contracts with local employers. MCIC has a wholly owned subsidiary, MercyCare HMO, which operates as a health maintenance organization (HMO) under Wisconsin statutes. MCIC and MercyCare HMO contract for services with affiliates and other providers.

- Mercy Assisted Care, Inc. (MAC) operates Mercy Homecare, a supplier of durable medical equipment and coordinates home care and hospice services through nurses, physical therapists, and speech therapists.

- Mercy Harvard Hospital, Inc. (MHH) operates a hospital with 25 acute and 45 long-term care beds located in Harvard, Illinois; and MHH also has a controlled affiliate, Harvard Memorial Hospital Foundation, whose purpose is to support the programs of MHH.

- Rockford Memorial Hospital (RMH) provides inpatient, outpatient, and emergency care services to residents of Rockford, Illinois and the surrounding communities. Rockford Health System Ventures, LLC (RHSV) is a wholly owned subsidiary of RMH and was created to manage the RMH's investments in joint ventures. RHS Regional Health Network (RRHN) is an accountable care organization. Rockford Health Insurance Ltd. (RHIL) is a wholly owned subsidiary of RMH, is incorporated under the laws of Bermuda, and provides the affiliated entities with excess professional and general liability insurance.

- Rockford Health Physicians (RHPH) provides physician and ambulatory care services at several sites.

- Rockford Memorial Development Foundation (RMDF) is organized to promote education and scientific and charitable health care activities.

- Vsiting Nurses Association of Rockford (VNA) provides home health nursing services and rents medical equipment to residents of Rockford, Illinois and the surrounding communities.

Note 1: Summary of Significant Accounting Policies (Continued)

Principles of Consolidation (Continued)

The consolidated financial statements include the accounts and operations of Mercy Health Corporation, including MHSC, MAC, MHH, RMH, RHPH, RMDF, VNA, and their wholly owned subsidiaries (collectively the "Corporation"). All significant intercompany accounts and transactions have been eliminated in consolidation. The Corporation eliminates patient service revenue generated from employees participating in the self-insured health plan.

Financial Statement Presentation

The Corporation follows accounting standards set by 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) to be applied to nongovernmental entities in the preparation of financial statements in conformity with GAAP.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make certain 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. Estimates also affect 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 which include the valuation of accounts receivable (including contractual allowances and allowance for doubtful accounts), estimated third-party settlements, reserves for losses and expenses related to self-insurance for employee health care claims and malpractice claims, valuation of the pension liability and postretirement medical benefits, and reserves for unpaid claims for participants in MCIC and MercyCare HMO insurance programs.

Cash Equivalents

Highly liquid debt instruments with an original maturity of three months or less are considered to be cash equivalents, excluding amounts limited as to use and amounts held by pension plans. Highly-liquid debt instruments with an original maturity of three months or less are considered to be cash equivalents, excluding amounts limited as to use.

Note 1: Summary of Significant Accounting Policies (Continued)

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 patients' behalf, or if a patient is uninsured, that 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.

Patient accounts receivable are recorded in the accompanying consolidated balance sheet net of contractual adjustments and discounts and an allowance for doubtful accounts which reflects management's best estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements and uninsured patient discounts through a reduction of gross revenue and a credit to patient accounts receivable. In evaluating the collectibility of patient accounts receivable, the Corporation analyzes historical loss experience on revenue from all payors. Using the loss experience rate, the Corporation 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 against the allowance for doubtful accounts.

Supplies

Supplies are valued at the lower of cost, or market.

Investments, Assets Limited as to Use and Investment Income

Investments, including assets limited as to use, are measured at fair value in the accompanying consolidated balance sheet. Investments have been designated as trading securities. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in nonoperating income unless the income is restricted by donor or law. Realized gains and losses are determined by specific identification.

Assets limited as to use include assets the Board of Directors has designated for future capital improvements and expansion over which the Board retains control and may at its discretion subsequently use for other purposes, amounts set aside for compensation agreements and for professional liability programs, amounts set aside for regulatory requirements and compliance, assets held by a trustee under bond indenture agreements, and temporarily restricted and donor restricted endowment funds, except interests in beneficial trusts, which are recorded in other assets. Amounts required to meet current liabilities have been classified as current assets.

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

GAAP specifies a three-tier fair value hierarchy, which prioritizes the inputs used in estimating fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exits, therefore, requiring an entity to develop its own assumptions.

The asset 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 used maximize the use of observable inputs and minimize the use of unobservable inputs.

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement.* This ASU amends Accounting Standards Codification (ASC) Topic 820 and removes the requirements to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share practical expedient. This ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The guidance in this ASU is effective for the Corporation's year ending June 30, 2017; however, the Corporation chose to early adopt this new guidance for the year ended June 30, 2016.

Property, Equipment and Depreciation

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Leasehold improvements are amortized over the shorter period of the estimated useful life or the remaining term of the lease. Estimated useful lives range from 2 to 20 years for land improvements, 5 to 20 years for leasehold improvements, 5 to 25 years for building and improvements, and 3 to 20 years for major moveable equipment.

Unamortized Debt Issuance Costs and Bond Premiums

Bond issuance costs and original issue premiums related to the issuance of long-term debt are amortized over the life of the related debt using the effective interest method and are included with interest expense in the accompanying consolidated statement of operations.

Note 1: Summary of Significant Accounting Policies (Continued)

Asset Retirement Obligation

ASC Topic 410-20, *Accounting for Conditional Asset Retirement Obligation*, clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation. Management 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. Management believes that 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, management cannot reasonably estimate the liability related to these asset retirement activities as of June 30, 2016.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an impairment has occurred, a loss will be recognized. No impairment losses were recognized in 2016.

Net Assets

Unrestricted net assets are neither temporarily nor permanently restricted by 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.

Self-Insurance

Accrued liabilities under self-insurance programs include estimates of the ultimate cost for known claims as well as incurred but not reported claims as of the consolidated balance sheet date.

Note 1: Summary of Significant Accounting Policies (Continued)

Patient Service Revenue

The Corporation recognizes patient service revenue associated with services provided to patients who have third-party payor coverage primarily on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Corporation recognizes revenue on the basis of discounted rates established under the Corporation's uninsured patient policy. The provision for contractual allowances (that is, the difference 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). Based on the historical experience of the Corporation, a significant portion of uninsured patients will be unwilling or unable to pay for services provided. Thus, the Corporation records a provision for bad debts related to uninsured patients in the period the services are provided. 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 Corporation 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.

Premium Revenue and Claims Payable

Premiums are billed monthly for coverage in the following month and are recognized as revenue in the month for which insurance protection is provided. Claims payable, included in other accrued expenses in the accompanying consolidated balance sheet, are determined using statistical analyses and represent estimates of the ultimate net cost of all reported and unreported claims that are unpaid at the end of each accounting period. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the liabilities for claims are adequate. The estimates are reviewed periodically, and as adjustments to these liabilities become necessary, such adjustments are reflected in current operations. The Corporation has recorded a provision of $8,474 at June 30, 2016 for claims payable.

Hospital Assessments

Wisconsin state regulations require eligible hospitals to pay the state an annual assessment. The assessment period is the state's fiscal year, which runs from July 1 to June 30. The assessment is based on each hospital's gross revenues, as defined. The revenue generated from the assessment is to be used, in part, to increase overall reimbursement under the Wisconsin Medicaid program.

The state of Illinois has a hospital assessment program to improve Medicaid reimbursement for Illinois hospitals and access to hospital services for qualifying patients. The program requires hospitals to pay an assessment based on inpatient and outpatient utilization factors, primarily on occupied bed days and revenue, respectively. The funds raised from the assessments are matched by the federal government and distributions are made to hospitals based on certain factors, including Medicaid inpatient and outpatient utilization. The assessment program is currently effective through June 30, 2018.

Note 1: Summary of Significant Accounting Policies (Continued)

Hospital Assessments (Continued)

Provider tax assessments and payments are recognized in the period to which they apply and are included in the accompanying consolidated statement of operations.

Excess of Revenue Over Expenses

The accompanying consolidated statements of operations and changes in net assets include excess of revenue over 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, changes in pension obligation other than pension expense, post retirement medical benefits adjustments, permanent transfer of assets to and from affiliates for other than goods and services, and contributions of long-lived assets.

Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because collection is not pursued on amounts determined to qualify as charity care, these amounts are not included in net patient service revenue less provision for bad debts in the accompanying consolidated statement of operations.

The estimated cost of providing care to patients under the Corporation's charity care policy is calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charity care charges. The cost to provide Corporation's charity care was approximately $4,442 in 2016.

Promise to Give

Contributions are considered to be available for unrestricted uses unless specifically restricted by the donor.

Unconditional promises to give cash and other assets 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 restricted or permanently restricted support if they are received with donor stipulations that limit the use of donated assets. Donor-imposed contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying consolidated financial statements.

Advertising Costs

Advertising costs are expensed as incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Corporation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Corporation is also exempt from state income taxes on related income.

Federal and state income taxes are paid on nonexempt unrelated business income in accordance with the Code.

MCIC and MercyCare HMO are taxable entities for both federal and Wisconsin income tax purposes and file returns on a calendar year basis. Deferred income taxes have been provided under the asset and liability method. Deferred tax assets and liabilities are determined based upon the difference between the financial statement and tax bases of assets and liabilities, as measured by the enacted tax rates which are to be in effect when these differences are expected to reverse. Income tax expense is not significant in relation to the consolidated financial statements.

Subsequent Events

Subsequent events have been evaluated through August 16, 2016, which is the date the consolidated financial statements were issued.

Note 2: Reimbursement Arrangements With Third-Party Payors

Agreements are maintained 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:

Government Payors

Prospective Payment

Medicare - Inpatient hospital acute care 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, clinic, home health, and subacute care services are reimbursed primarily on a prospective payment methodology based upon a patient classification system or fixed fee schedules.

Medicaid - Inpatient and outpatient services are reimbursed primarily based upon prospectively determined rates. Clinic services are reimbursed primarily on a fixed fee schedule.

Note 2: Reimbursement Arrangements With Third-Party Payors (Continued)

Cost-Reimbursed

MHH and MWH are critical access hospitals (CAH). Under the CAH designation, inpatient and outpatient hospital services rendered to Medicare and Wisconsin Medicaid beneficiaries are paid based upon a cost-reimbursement methodology. Hospital services rendered to Illinois Medicaid beneficiaries are paid at prospectively determined rates based on a patient classification system. Clinic services are reimbursed primarily on a fixed fee schedule.

Other Payors

The Corporation has entered into payment agreements with commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee schedules, and prospectively determined daily rates.

Accounting for Contractual Arrangements

Certain Medicare and Medicaid charges are reimbursed at tentative rates, with final settlements determined after audit of the related annual cost reports. The cost reports have been audited by the Medicare and Medicaid fiscal intermediaries through December 31, 2012.

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. Allegations concerning possible violations by health care providers of regulations could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services. Management believes the Corporation is in substantial compliance with current laws and regulations.

The Centers for Medicare and Medicaid Services (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 June 30, 2016, the Corporation has received notices from the RAC of certain claims identified by the RAC as inaccurate. The Corporation is appealing a number of these adjustments and management believes any reimbursement adjustments related to these claims will not be significant.

Note 2: Reimbursement Arrangements With Third-Party Payors (Continued)

Electronic Health Record Payments

The Corporation recognizes revenue for electronic health records (EHR) incentive payments issued under the American Recovery and Reinvestment Act of 2009 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 CMS. Amounts recognized under the Medicare and Medicaid EHR incentive programs for non-CAH providers 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. Incentive payments to CAH providers are based on the cost of the EHR technology for which the CAH has demonstrated meaningful use. In addition, the Corporation's compliance with the meaningful use criteria is subject to audit by the federal government or its designee.

The Corporation recorded approximately $3,516 in EHR incentive revenue from the Medicare and Medicaid programs in 2016, which is recorded in other operating revenue in the accompanying consolidated statement of operations.

Note 3: Patient Accounts Receivable

Patient accounts receivable consisted of the following at June 30, 2016:

Patient accounts receivable	$	437,758
Less:		
Contractual adjustments and discounts		223,715
Allowance for doubtful accounts		51,469
Paitent accounts receivable - Net	$	162,574

Note 4: Assets Limited as to Use

The composition of assets limited as to use was as follows at June 30, 2016:

Held by trustee under bond indenture agreements	$	458,415
Held by Treasurer of State of Wisconsin for regulatory requirements		4,912
Donor-restricted and endowment funds		9,921
Internally designated:		
Deferred compensation		15,388
Expansion and capital improvements		395,560
Professional liability		64,739
Regulatory compliance		23,597
Total assets limited as to use		972,532
Less: Current portion		13,421
Assets limited as to use, less current portion	$	959,111

Investment income (loss) was comprised of the following in 2016:

Interest and dividends	$	6,049
Realized gain on sale of investments		34,796
Change in net unrealized gains and losses on investments		(43,240)
Investment loss - Net	$	(2,395)

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Note 5: Fair Value Measurements

The following is a description of the valuation methodologies used for assets measured at fair value, including assets held in the Corporation's defined benefit retirement plan (Note 9).

Cash equivalents: Valued at cost which approximates fair value.

Money market funds: Valued using a NAV of $1.

Marketable equity securities: Valued at the closing price reported in the active market in which the individual securities are traded.

Note 5: Fair Value Measurements (Continued)

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Corporation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held are deemed to be actively traded.

U.S. government and agency obligations, municipal obligations, corporate obligations, and foreign obligations: Valued using the closing price reported in the active market in which the individual security is traded, or using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Short-term fund (Note 9): Valued using NAV as a practical expedient. There are no commitments or redemption notice periods.

Common trust funds (Note 9): Accounts invested in a single mutual fund are valued at the daily closing price as reported by the mutual fund. Other accounts are valued at the NAV of units of the separate account or fund. The NAV, as provided by the issuer/trustee, is used as a practical expedient in estimating fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. There were no funding commitments associated with the common trust funds, and the common trust funds can be redeemed continously with a 15-day or less notice period.

Limited partnerships: Valued based on the fair value of the underlying assets within the partnership as provided by the investment issuer. The values are then independently assessed by a third party. There were no funding commitments assocated with the partnerships, and partnership units can be redeemed continously with a 15-day notice period.

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.

Mercy Health Corporation
Notes to Consolidated Financial Statements (In Thousands)

Note 5: Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Corporation's assets at fair value as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Assets limited as to use:				
Cash equivalents and money market funds	$ -	$ 73,765	$ -	$ 73,765
U.S. Government and agency obligations	-	52,998	-	52,998
Corporate obligations	-	344,302	-	344,302
Municipal obligations	-	3,699	-	3,699
Foreign obligations	-	82,229	-	82,229
Mutual funds:				
Fixed income	71,914	-	-	71,914
U.S. equities	69,434	-	-	69,434
Foreign and emerging market funds	27,356	-	-	27,356
Marketable equity secruities	48,526	-	-	48,526
Limited partnerships - fixed income	-	58,483	-	58,483
Common trust funds using NAV as an expedient:				
Domestic equity (a)	-	-	-	139,826
Total assets limited as to use	$ 217,230	$ 615,476	$ -	$ 972,532

(a) Invests primarily in stock or shares of ownership of U.S. companies. The objective is to replicate, over an extended period of time, broad measures of the United States large and small-capitalization index markets.

Mercy Health Corporation
Notes to Consolidated Financial Statements (In Thousands)

Note 6: Property and Equipment

Property and equipment consisted of the following at June 30, 2016:

Land	$ 39,737
Land improvements	17,631
Leasehold improvements	5,181
Buildings and improvements	464,787
Equipment	549,145
Total property and equipment	1,076,481
Less - Accumulated depreciation	650,755
Net depreciated value	425,726
Construction in progress	19,772
Total	$ 445,498

Amounts in construction in progress at June 30, 2016, relate to routine capital projects for renovating and updating the Corporation's facilities and computer software. During 2016, the Corporation's signed a construction agreement with a contractor for approximately $16,000 to build a 188-bed hospital and ambulatory care building and medical office building in Rockford, Illinois. The project is estimated to cost $475,000 and is expected to be completed in 2019.

Note 7: Investment in Joint Ventures

The Corporation's investment in joint ventures is recorded on an equity basis. The related income or loss is included in the consolidated statement of operations as other operating revenue. The investment in joint ventures consisted of: a 27% ownership interest in KSB/RMHSC Partnership (KSB), which owns and leases a medical office building, a 50% ownership interest in VanMatre HealthSouth Rehabilitation Hospital (VanMatre), which provides inpatient and outpatient rehabilitation services and a 15% ownership interest in Madison Health Linen, which provides laundry services to medical facilities. The recorded investments at June 30, 2016, as well as the related income or loss reported in 2016 was as follows:

	Joint Venture Investment at June 30, 2016	Joint Venture Income 2016
KSB	$ 265	$ 34
VanMatre	10,570	4,743
Madison Health Linen	1,306	5
Total	$ 12,141	$ 4,782

Mercy Health Corporation
Notes to Consolidated Financial Statements (In Thousands)

Note 8: Long-Term Debt

Long-term debt consisted of the following at June 30, 2016:

Illinois Finance Authority (IFA) Revenue Bonds, Series 2016, fixed rates, maturing at varying amounts beginning 2021 continuing through 2047	$	475,020
Wisconsin Health and Educational Facilities Authority (WHEFA) Revenue Bonds, Series 2012, fixed rates, maturing at varying amounts beginning 2018 continuing through 2039		169,475
WHEFA Revenue Bonds, Series 2010A, fixed rates, maturing at varying amounts through 2020		9,186
Equipment loans and other		5,900
Totals		659,581
Plus - Unamortized bond premiums		75,788
Less - Current maturities		(7,155)
Less - Unamortized debt issuance costs		(5,719)
Long-term portion	$	722,495

Prior to May 2016, the Corporation functioned with two distinct obligated groups: 1) Mercy Health System Obligated Group, which included Mercy Alliance, Inc., whose balances were transferred to MHC in 2016, MAC, MHSC, and MHH and 2) Rockford Health System Obligated Group, which included RMH, RHPH, and RMDF. In May 2016, the two obligated groups were replaced with the Mercy Health Corporation Obligated Group (the "Obligated Group"), which includes MHC, MHSC, RMH, and RHPH. Under the terms of the Mercy Health Corporation Obligated Group Master Trust Indenture, all outstanding debt under the Indenture, including debt issued under the previous obligated groups, is the general, joint, and several obligations of the members of the Obligated Group.

In May 2016, the Obligated Group issued its IFA Series 2016 Revenue Bonds with a total principal value of $475,020, and a net premium of $66,566. The IFA Series 2016 Revenue Bonds were issued with fixed rates that range from 1.50% to 5.00% at June 30, 2016. Principal payments are due annually with final payment due in December 2046. The proceeds from the IFA Series 2016 Revenue Bonds were used to fully refund the IFA Series 2008, IFA Series 2012, and advance refund $13,880 of the WHEFA Series 2010A, and finance costs of acquiring, constructing, renovating, and equipping its facilities, including a 188-bed hospital and ambulatory care building in Rockford, Illinois (Note 6). The IFA Series 2016 Bonds were issued pursuant to a Bond Trust Indenture by and between IFA and U.S. Bank National Association ("U.S. Bank"), as bond trustee, with the proceeds loaned to the Obligated Group pursuant to a Loan Agreement by and between the Obligated Group and IFA. The IFA Series 2016 Bonds were also issued pursuant to a Master Trust Indenture between the Obligated Group and U.S. Bank as Master Trustee. The Obligated Group is liable for all obligations under the Loan Agreement.

Note 8: Long-Term Debt (Continued)

In conjunction with the refinancing of the IFA Series 2008, IFA Series 2012, and a portion of the WHEFA Series 2010A bonds, the Corporation expensed $3,077 of unamortized debt issuance costs, unamortized bond discounts and premiums, and prepayment penalties during 2016, which are included in non-operating income in the accompanying consolidated statement of operations.

The bond indenture agreements require the creation of funds to be held by a trustee for payment of construction costs and bond principal and interest. These funds, which are not available for general purposes, are classified as assets limited as to use in the accompanying consolidated balance sheet. In addition, the bond agreements require maintenance of certain debt service coverage ratios, limit additional borrowings, and require compliance with various other restrictive covenants. Management believes the Corporation is in compliance with all such covenants.

In May 2012, the Obligated Group issued its WHEFA Series 2012 Revenue Bonds with a total principal value of $169,475 and a net premium of $11,030. The proceeds from the WHEFA Series 2012 Revenue Bonds were used to refund previous bonds, and finance costs of acquiring, constructing, renovating, and equipping its facilities. The WHEFA Series 2012 Revenue Bonds were issued with fixed rates that range from 4.38% to 5.00% at June 30, 2016. Principal payments are due semi- annually with final payment due in June 2039.

In May 2012, the Obligated Group issued its IFA Series 2012 Revenue Bonds with a total principal value of $35,075. The IFA Series 2012 Bonds were used to refund previous bonds. The bonds were issued through a direct purchase (private placement) with a fixed rate of 2.79%. Principal payments were due annually with final payment due in August 2021; however, the IFA Series 2012 Bonds were fully refunded with the IFA Series 2016 Bonds in May 2016.

In June 2010, the Obligated Group issued its WHEFA Series 2010A Revenue Bonds with a total principal value of $48,445. The Series 2010A Revenue Bonds were issued with fixed rates that range from 5.00% to 5.50% at June 30, 2016. Principal payments are due annually with final payment due in June 2020. Proceeds of $13,880 from the issuance of the WHEFA Series 2016 Bonds were used to defease a portion of the outstanding principal of the WHEFA Series 2010A Bonds in May 2016.

During 2008, the Obligated Group issued its IFA Series 2008 Variable Rate Demand Revenue Bonds with a total principal value of $60,800. The variable rate demand revenue bonds accrued interest at variable rates which reset weekly. The Series 2008 bonds were fully refunded with the IFA Series 2016 Bonds in May 2016. In 2009, the Rockford Health System Obligated Group entered into an interest rate swap agreement to hedge, or offset, future fluctuations in interest rates relative to the variable rate debt associated with the IFA Series 2008 bonds. The notional value of the swap was $36,500 and was scheduled to terminate in August 2019. Under the terms of the swap agreement, the Rockford Health System Obligated Group made fixed interest payments of 2.435% to a counterparty and received a variable rate based on a percentage of LIBOR. The interest rate swap agreement was terminated prior to its expiration date as part of the issuance of the IFA Series 2016 Bonds. The Corporation settled the amount with the counter party for $2,013. The loss recognized in 2016 for change in fair value of the interest rate swap was $94, which is included in nonoperating income (loss) in the accompanying consolidated statement of operations.

Note 8: Long-Term Debt (Continued)

In December 2014, the Corporation entered into a $10,000 lease line of credit agreement for medical equipment. The credit line may be accessed for a period of one year with rental factors determined at the time of each equipment acquisition. As of June 30, 2016, the Corporation has $978 outstanding on this line of credit which bears interest at 2.26%. Monthly principal and interest installments of $33 will be required through January 2019.

Scheduled payments of principal on long-term debt at June 30, 2016, including current maturities, are summarized as follows:

2017	$	7,155
2018		7,849
2019		5,657
2020		3,067
2021		3,590
Thereafter		632,263
Total	$	659,581

Note 9: Retirement Plans

The Corporation has a defined benefit noncontributory retirement plan (Mercy Pension) which covers employees of MHSC, MAC, and MHH who work more than 1,000 hours annually, in addition to meeting certain eligibility requirements as specified in the plan document. All assets of the plan, principally marketable securities, 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 (ERISA), as amended.

The Corporation also sponsors a noncontributory defined benefit pension plan (Rockford Pension) which covered substantially all full-time employees and regular part-time employees of RMH, RFPH, RMDF and VNA until the plan was frozen in 2003. At that time, employees either elected to stay within the defined benefit pension plan or opt into the defined contribution plan. No new participants were allowed to join the plan after 2003. Effective March 19, 2012, the plan's benefits were frozen and benefits ceased to accrue for plan participants resulting in a curtailment at December 31, 2011. Pension benefits are determined based upon employee earnings, social security benefits, covered compensation, and years of service. The funding policy is to contribute annually the amount required to be funded under provisions of ERISA, as determined by an actuary. The Corporation contributed $4,000 for the defined benefit pension plan in 2016. The Corporation expects to incur expense of $218 for fiscal year 2017.

During 2016, lump-sum benefit payments from the Rockford Pension were $4,137, and exceeded the interest cost for the period. As a result, settlement accounting was triggered resulting in a re-measurement of plan assets and pension obligation, as well as accelerating the recognition of prior service costs. As such, the Rockford Pension recognized $1,741 as settlement charges in 2016. For fiscal year 2017, settlement accounting will be

Note 9: Retirement Plans (Continued)

triggered if lump-sum payouts exceed the interest cost of $3,232.

Defined Benefit Postretirement Medical Plan

The Corporation sponsors a postretirement medical plan with plan changes that were effective January 1, 2004. The defined benefit postretirement medical plan provides medical benefits for salaried and non-salaried employees of RMH and RHPH hired before January 1, 2004. The postretirement medical plan is noncontributory and is unfunded, other than amounts resulting from the timing of deposits to pay benefits. The Corporation recognizes the expected cost of these postretirement benefits during the years the employees render service. Postretirement benefit expense is allocated among the participating entities as determined by an actuary. The expected expense in fiscal year 2017 is $189 for this plan.

The following table provides further information about the plans as of and for the year ended June 30, 2016:

	Mercy Pension	Rockford Pension	Post Retirement Medical
Change in benefit obligation:			
Benefit obligation at beginning of period	$ 128,064	$ 87,981	$ 6,824
Service cost	7,926	-	505
Interest cost	5,208	3,834	268
Settlements	-	(4,137)	-
Participant contributions	-	-	172
Benefits paid	(10,031)	(854)	(385)
Actuarial (gains) losses	8,108	20,831	(253)
Benfit obligation at end of period	139,275	107,655	7,131
Change in assets:			
Fair value of assets at beginning of period	106,306	76,221	-
Actual return on assets	1,665	(1,019)	-
Employer contributions	11,200	4,000	213
Settlements	-	(4,137)	-
Participant contributions	-	-	172
Benefits paid	(10,031)	(854)	(385)
Fair value of assets at end of period	109,140	74,211	-
Funded status	$ (30,135)	$ (33,444)	$ (7,131)
Accumulated benefit obligation	$ 139,275	$ 107,655	$ 7,131

Mercy Health Corporation
Notes to Consolidated Financial Statements (In Thousands)

Note 9: Retirement Plans (Continued)

Amounts recognized in the accompanying consolidated balance sheet at June 30, 2016, consisted of the following:

	Mercy Pension	Rockford Pension	Post Retirement Medical
Current liability - Other accrued expenses	$ -	$ -	$ 474
Long-term liability - Pension obligations	30,135	33,444	6,657
Total	$ 30,135	$ 33,444	$ 7,131
Total net assets - Unrestricted:			
Prior service cost	$ 199	$ -	$ 351
Net actuarial loss	37,069	45,304	3,250
Total amount recognized in net assets	$ 37,268	$ 45,304	$ 3,601

Pension expense for 2016 was comprised of the following:

	Mercy Pension	Rockford Pension	Post Retirement Medical
Pension expense:			
Service cost	$ 7,926	$ -	$ 505
Interest cost	5,208	3,835	268
Expected return on assets	(7,106)	(4,177)	-
Amortization of prior service cost	101	-	(143)
Amortization of unrecognized actuarial loss	1,077	359	(459)
Settlement charges	-	1,741	-
Total pension expense	7,206	1,758	171
Other changes in assets and benefit obligations recognized in other changes in net assets:			
Net actuarial loss	13,549	26,027	(253)
Amortization of actuarial loss	(1,077)	(359)	459
Recognition due to settlements	-	(1,741)	-
Amortization of prior service cost	(101)	-	143
Total recognized in other changes in net assets	12,371	23,927	349
Total recognized as pension expense and other changes in net assets	$ 19,577	$ 25,685	$ 520

Note 9: Retirement Plans (Continued)

The estimated prior service cost and actuarial loss that will be amortized from net assets into pension expense in 2017 will be $2,869.

Weighted average assumptions used at June 30, 2016, the measurement date, in developing the projected benefit obligation are as follows:

	Mercy Pension	Rockford Pension	Post Retirement Medical
Discount rate for obligation	3.40 %	3.15 %	3.05 %
Discount rate for net periodic cost	4.20 %	4.57 %	3.79 %
Expected long-term return on plan assets	6.50 %	5.71 %	N/A

To develop the expected long-term rate of return on assets assumptions, the Corporation considered the historical returns and future expectations for returns in each asset class, as well as targeted allocation percentages within the plans' portfolio.

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 the plans' circumstances, goals, time horizons, and tolerance for risk.

The pension plans' asset allocations are as follows at June 30, 2016:

	Mercy Pension	Rockford Pension
Asset category:		
Cash equivalents	1 %	7 %
Equity securities and equity mutual funds	-	38 %
Fixed income, fixed income mutual funds, and short-term funds	-	55 %
Common trust funds:	-	-
Fixed income	57 %	-
Domestic equity	18 %	-
International equity	18 %	-
International real estate	6 %	-
Total	100 %	100 %

Mercy Health Corporation
Notes to Consolidated Financial Statements (In Thousands)

Note 9: Retirement Plans (Continued)

The following table sets forth by level, within the fair value hierarchy, the Corporation's plan assets at fair value as of June 30, 2016:

	Level 1	Level2	Level 3	Total
Cash equivalents	$ -	$ 6,219	$ -	$ 6,219
Equity securities	11,394	-	-	11,394
Mutual funds:				
Equity	16,670	-	-	16,670
Fixed income	8,722	-	-	8,722
U.S government and agency obligations	-	11,179	-	11,179
Corporate obligations	-	10,636	-	10,636
Short-term fund using NAV as an expedient (e)	-	-	-	10,311
Common trust funds using NAV as an expedient:				
Fixed income (a)	-	-	-	62,646
Domestic equity (b)	-	-	-	20,032
International equity (c)	-	-	-	19,766
International real estate (d)	-	-	-	5,776
Total	$ 36,786	$ 28,034	$ -	$ 183,351

(a) Invests primarily in high yield, high-risk debt securities. The objective is to achieve a high level of current income by investing in a diversified portfolio of debt securities.

(b) See Note 5

(c) Invests in the SSgA Daily MSCI ACWI ex USA Index Non-Lending Fund, which directly or indirectly invests in securities of foreign companies included in the MSCI ACWI Ex-U.S. Index. The objective is to replicate the total return of the MSCI ACWI Ex-U.S. Index.

(d) Invests primarily in companies engaged in the real estate industry. The objective is to outperform, over an extended period of time, broad measures of the global real estate securities market.

(e) Invests in a variety of short term bonds or asset-backed securities.

The Corporation expects to contribute $15,200 to the pension plans and $474 to the post retirement medical benefit plan in fiscal 2017.

Note 9: Retirement Plans (Continued)

Benefit payments are expected to be paid as follows:

	Mercy Pension	Rockford Pension	Post Retirement Medical
2017	$ 9,095	$ 10,096	$ 474
2018	9,331	7,933	571
2019	9,873	7,824	696
2020	10,628	7,872	716
2021	12,185	7,652	680
Years 2022 through 2026	68,526	32,576	3,284

The Corporation also participates in various defined contribution plans covering substantially all employees. The Corporation recognized expense of $9,688 in 2016 related to these plans.

The Corporation also sponsors deferred compensation programs covering certain physicians, officers, and other highly compensated individuals. Investments designated for deferred compensation and corresponding liabilities totaled approximately $15,400 at June 30, 2016, and are included in the accompanying consolidated balance sheet as assets limited as to use and deferred compensation liability.

Note 10: Patient Service Revenue (Net of Contractual Allowances and Discounts)

The following table sets forth the detail of patient service revenue (net of contractual allowances and discounts) for 2016:

Gross patient service revenue	$ 2,460,434
Deductions - Contractual allowances and discounts	
Medicare	709,074
Medicaid	393,408
Managed care and commercial and other	354,604
Uninsured patients	29,468
Patient service revenue (net of contractual allowances and discounts)	$ 973,880

Note 10: Patient Service Revenue (Net of Contractual Allowances and Discounts)
(Continued)

Patient service revenue (net of contractual allowances and discounts) recognized in 2016, from major payor sources is as follows:

Medicare and Medicaid	$	446,223
Managed care, and commercial and other		504,628
Uninsured patients		23,029
Patient service revenue (net of contractual allowances and discounts)	$	973,880

Note 11: Insurance

MHSC, MHH, and MAC manage a self-insurance program for its professional liability on a claims-made basis. The entities retain the first $1,000 per occurrence and $3,000 per year for Wisconsin claims. Coverage against losses in excess of these amounts is maintained through mandatory participation in the Patients' Compensation Fund of the State of Wisconsin. For Illinois claims, the entities generally retain the first $2,000 of loss per claim and has purchased an umbrella policy that provides excess coverage.

RMH, RHPH and VNA have established a self-insurance program on an occurrence basis for professional liability, which provides for both self-insured limits and purchased coverage above such limits. Insurance coverage in excess of the self-insured limits is carried on a claims-made basis. Excess general liability coverage is provided by RHIL, who purchases reinsurance coverage from multiple third-party carriers. At June 30, 2016, there were no receivables for claims paid in excess of self-insured limits.

The Corporation has provided reserves for potential professional liability claims for services provided to patients through June 30, 2016, which have not yet been asserted.

At June 30, 2016, the internally designated investments and self-insurance reserves recorded in the accompanying consolidated balance sheet were as follows:

Assets:		
Current portion of assets limited as to use	$	8,000
Internally designated assets limited as to use		56,739
Total		64,739
Liabilities:		
Other accrued expenses		8,000
Accrued liabilies under self-insurance program		80,243
Total	$	88,243

Note 11: Insurance (Continued)

The Corporation has self-funded health benefit plans covering substantially all of it employees and their dependents. A liability of $6,641 for estimated claims, including claims incurred but not yet reported, has been recorded in other accrued expenses in the accompanying consolidated balance sheet as of June 30, 2016.

Note 12: Restricted Net Assets

Temporarily restricted net assets as of June 30, 2016 were available for the following purposes:

Care for the indigent	$	1,160
Other purposes		12,103
Total	$	13,263

Permanently restricted net assets as of June 30, 2016 were invested for the following purposes:

Care for the indigent	$	2,932
Educational programs		964
General services		4,353
Total	$	8,249

Note 13: Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to credit risk consist principally of accounts receivable and cash deposits in excess of insured limits in financial institutions.

The mix of receivables from patients and third-party payors is a follows at June 30, 2016:

Medicare	26 %
Medicaid	22 %
Other third-party payors	36 %
Patients	16 %
Total	100 %

The Corporation maintains depository relationships with area financial institutions that exceeded federally insured limits at June 30, 2016. The System regularly monitors cash balances along with the financial condition of the financial institutions to minimize this potential risk.

Mercy Health Corporation
Notes to Consolidated Financial Statements (In Thousands)

Note 14: Functional Expenses

The Corporation provides general health care services to residents within its geographic location. Expenses related to providing these services in 2016 are as follows:

Health care services	$	768,119
General and administrative		221,405
Total expenses	$	989,524

WIPFLi LLP

Independent Auditor's Report on Supplementary Information

Board of Directors
Mercy Health Corporation
Rockfor, Illinois

We have audited the consolidated financial statements of Mercy Health Corporation ("the Corporation") as of and for the year ended June 30, 2016, and our report thereon dated August 16, 2016, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating balance sheet, statement of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Wipfli LLP

Wipfli LLP

August 16, 2016
Milwaukee, Wisconsin

Mercy Health Corporation

Consolidating Balance Sheet (In Thousands)

June 30, 2016

Assets	Mercy Health Corporation	Mercy Health System Corporation	Rockford Memorial Hospital	Rockford Health Physicians	Elimination	Obligated Group	Non-Obligated Group	Elimination	Consolidated
Current assets:									
Cash and cash equivalents	$ 1,238	$ 64,973	$ 46,082	$ 99	$ -	$ 112,392	$ 7,217	$ -	$ 119,609
Patient accounts receivable - Net	-	91,187	55,784	12,583	(1,859)	157,695	7,604	(2,725)	162,574
Supplies	-	12,609	9,553	800	-	22,962	1,485	-	24,447
Prepaid expenses	-	3,304	4,310	221	-	7,835	4,764	-	12,599
Current portion of assets limited as to use	-	-	8,000	-	-	8,000	5,421	-	13,421
Other receivables	-	3,996	5,913	146	-	10,055	5,567	(750)	14,872
Due from related party	2,822	6,708	1,643	294	(5,365)	6,102	1,272	(7,374)	-
Total current assets	4,060	182,777	131,285	14,143	(7,224)	325,041	33,330	(10,849)	347,522
Assets limited as to use, less current portion	331,765	17,180	564,241	5,732	-	918,918	40,193	-	959,111
Property and equipment - Net	-	270,180	116,939	42,869	-	429,988	15,510	-	445,498
Other assets:									
Due from related parties, less current portion	731,595	-	-	-	(720,103)	11,492	-	(11,492)	-
Investment in joint ventures	-	1,306	10,570	265	-	12,141	-	-	12,141
Other	-	16,722	5,999	3,237	-	25,958	12,260	(21,316)	16,902
Total other assets	731,595	18,028	16,569	3,502	(720,103)	49,591	12,260	(32,808)	29,043
TOTAL ASSETS	$ 1,067,420	$ 488,165	$ 829,034	$ 66,246	$ (727,327)	$ 1,723,538	$ 101,293	$ (43,657)	$ 1,781,174

Attachment 36

Mercy Health Corporation

Consolidating Balance Sheet (In Thousands) (Continued)

June 30, 2016

Liabilities and Net Assets	Mercy Health Corporation	Mercy Health System Corporation	Rockford Memorial Hospital	Rockford Health Physicians	Elimination	Obligated Group	Non-Obligated Group	Elimination	Consolidated
Current liabilities:									
Current maturities of long-term debt	$ 4,795	$ 1,714	$ 646	$ -	$ -	$ 7,155	$ -	$ -	$ 7,155
Accounts payable	74	9,838	12,510	2,552	-	24,974	1,781	(776)	25,979
Due to third-party payors	-	1,040	16,245	-	-	17,285	1,818	-	19,103
Accrued salaries, wages, and payroll taxes	-	29,081	16,838	15,930	-	61,849	2,038	-	63,887
Other accrued expenses	2,625	10,867	14,057	4,342	(1,859)	30,032	17,880	(4,874)	43,038
Due to related parties	917	-	3,828	620	(5,365)	-	5,199	(5,199)	-
Total current liabilities	8,411	52,540	64,124	23,444	(7,224)	141,295	28,716	(10,849)	159,162
Long-term liabilities:									
Long-term debt, less current maturities	724,673	527	(2,620)	-	-	722,580	(85)	-	722,495
Accrued liabilities under self-insurance program	-	21,784	36,433	21,836	-	80,053	190	-	80,243
Deferred compensation	-	7,375	2,280	5,773	-	15,428	-	-	15,428
Pension obligations	-	30,135	30,231	2,308	-	62,674	905	-	63,579
Accrued post retirement medical benefits	-	-	5,404	1,026	-	6,430	227	-	6,657
Other liabilities	-	-	1,782	244	-	2,026	250	-	2,276
Due to related parties, less current portion	-	195,379	524,724	-	(720,103)	-	11,492	(11,492)	-
Total long-term liabilities	724,673	255,200	598,234	31,187	(720,103)	889,191	12,979	(11,492)	890,678
Total liabilities	733,084	307,740	662,358	54,631	(727,327)	1,030,486	41,695	(22,341)	1,049,840
Net assets:									
Unrestricted	334,336	180,425	156,748	11,615	-	683,124	44,113	(17,415)	709,822
Temporarily restricted	-	-	7,303	-	-	7,303	9,516	(3,556)	13,263
Permanently restricted	-	-	2,625	-	-	2,625	5,969	(345)	8,249
Total net assets	334,336	180,425	166,676	11,615	-	693,052	59,598	(21,316)	731,334
TOTAL LIABILITIES AND NET ASSETS	$ 1,067,420	$ 488,165	$ 829,034	$ 66,246	$ (727,327)	$ 1,723,538	$ 101,293	$ (43,657)	$ 1,781,174

See Independent Auditor's Report on Supplementary Information.

Mercy Health Corporation

Consolidating Statement of Operations (In Thousands)

Year Ended June 30, 2016

	Mercy Health Corporation	Mercy Health System Corporation	Rockford Memorial Hospital	Rockford Health Physicians	Elimination	Obligated Group	Non-Obligated Group	Elimination	Consolidated
Revenue:									
Patient service revenue (net of contractual allowances and discounts)	$ -	$ 547,847	$ 381,172	$ 93,693	$ (36,848)	$ 985,864	$ 48,136	$ (60,120)	$ 973,880
Provision for bad debts	-	(21,253)	(15,155)	(3,977)	-	(40,385)	(2,189)	-	(42,574)
Net patient service revenue less provision for bad debts	-	526,594	366,017	89,716	(36,848)	945,479	45,947	(60,120)	931,306
Premium revenue	-	-	-	-	-	-	84,064	-	84,064
Other operating revenue	2,270	1,286	31,602	37,238	(48,954)	23,442	4,029	(881)	26,590
Total revenue	2,270	527,880	397,619	126,954	(85,802)	968,921	134,040	(61,001)	1,041,960
Expenses:									
Salaries and wages	1	263,233	114,962	95,902	3,532	477,630	20,130	-	497,760
Employee benefits	2,636	54,860	35,826	18,576	(37,265)	74,633	5,828	(828)	79,633
Professional fees and purchased services	452	36,147	86,589	25,046	(52,363)	95,871	7,666	(142)	103,395
Medical claims and capitation payments	-	-	-	-	-	-	77,454	(59,288)	18,166
Medical supplies, other supplies, and drugs	20	91,674	60,260	6,986	-	158,940	6,371	(3)	165,308
Insurance	-	6,748	4,301	3,422	-	14,471	81	-	14,552
Provider tax assessment	-	8,219	12,082	-	-	20,301	524	-	20,825
Other	242	9,489	3,975	1,992	294	15,992	10,990	(464)	26,518
Depreciation and amortization	-	26,452	17,870	4,832	-	49,154	2,568	-	51,722
Interest	10	9,083	1,351	773	-	11,217	704	(276)	11,645
Total expenses	3,361	505,905	337,216	157,529	(85,802)	918,209	132,316	(61,001)	989,524
Income (loss) from operations	(1,091)	21,975	60,403	(30,575)	-	50,712	1,724	-	52,436
Nonoperating income (expense):									
Loss on early retirement of debt	-	(1,892)	(663)	(303)	-	(2,858)	(219)	-	(3,077)
Other nonoperating income (expense)	-	(850)	231	(225)	-	(844)	18	1,010	184
Investment income (loss)	(1,174)	3	(518)	34	-	(1,655)	(740)	-	(2,395)
Total nonoperating income (expense)	(1,174)	(2,739)	(950)	(494)	-	(5,357)	(941)	1,010	(5,288)
Excess (deficiency) of revenue over expenses	(2,265)	19,236	59,453	(31,069)	-	45,355	783	1,010	47,148
Other changes in unrestricted net assets:									
Changes in pension obligation other than pension expense and post retirement medical benefit adjustment	-	(12,371)	(21,967)	(1,683)	-	(36,021)	(626)	-	(36,647)
Transfers (to) from affiliates	132,895	(32,895)	(65,198)	65,198	-	100,000	(100,000)	-	-
Other	-	-	472	3	-	475	2	(58)	419
Increase (decrease) in unrestricted net assets	$ 130,630	$ (26,030)	$ (27,240)	$ 32,449	$ -	$ 109,809	$ (99,841)	$ 952	$ 10,920

See Independent Auditor's Report on Supplementary Information.

Mercy Health Corporation

Consolidating Statement of Changes in Net Assets (In Thousands)

Year Ended June 30, 2016

	Mercy Health Corporation	Mercy Health System Corporation	Rockford Memorial Hospital	Rockford Health Physicians	Elimination	Obligated Group	Non-Obligated Group	Elimination	Consolidated
Unrestricted net assets:									
Excess (deficiency) of revenue over expenses	$ (2,265)	$ 19,236	$ 59,453	$ (31,069)	$ -	$ 45,355	$ 783	$ 1,010	$ 47,148
Changes in pension obligation other than pension expense and post retirement medical benefit adjustment	-	(12,372)	(21,967)	(1,682)	-	(36,021)	(626)	-	(36,647)
Transfers (to) from affiliates	132,895	(32,895)	(65,198)	65,198	-	100,000	(100,000)	-	-
Other	-	-	472	3	-	475	2	(58)	419
Increase (decrease) in unrestricted net assets	130,630	(26,031)	(27,240)	32,450	-	109,809	(99,841)	952	10,920
Temporarily restricted net assets:									
Contributions	-	-	-	-	-	-	618	-	618
Investment income - Net	-	-	231	-	-	231	6	-	237
Net change in beneficial interest in trusts	-	-	(380)	-	-	(380)	(659)	380	(659)
Net assets released from restriction	-	-	-	-	-	-	(995)	-	(995)
Decrease in temporarily restricted net assets	-	-	(149)	-	-	(149)	(1,030)	380	(799)
Decrease in permanently restricted net assets - Net change in beneficial interest in trusts	-	-	-	-	-	-	(159)	-	(159)
Change in net assets	130,630	(26,031)	(27,389)	32,450	-	109,660	(101,030)	1,332	9,962
Net assets (deficiencies) at beginning	203,706	206,456	194,065	(20,835)	-	583,392	160,628	(22,648)	721,372
Net assets at end	$ 334,336	$ 180,425	$ 166,676	$ 11,615	$ -	$ 693,052	$ 59,598	$ (21,316)	$ 731,334

See Independent Auditor's Report on Supplementary Information.

FINANCIAL VIABILITY

The following reports are attached:

- Moody's Investor Service 2016 report indicating that Mercy Health Corporation has a rating of A3.
- Fitch's 2016 report indicating that Mercy Health Corporation has a rating of A-.

MOODY'S
INVESTORS SERVICE

7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

April 14, 2016

Mr. John Cook
Senior Vice President Chief Financial Officer
MercyRockford Health System
3401 North Perryville Road, Suite 303
Rockford, IL 61114

Dear Mr. Cook:

We wish to inform you that on April 14, 2016, Moody's Investors Service assigns an A3 to MercyRockford Health System's Series 2016 bonds to be issued through the Illinois Finance Authority. Concurrently, Moody's affirms the A3 issuer rating on MercyRockford Health System and downgrades the legacy entity Mercy Alliance Inc., WI to A3 from A2. The rating outlook is stable.

Credit ratings issued by Moody's Investors Service, Inc. and its affiliates ("Moody's") are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities and are not statements of current or historical fact. Moody's credit ratings address credit risk only and do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility.

This letter uses capitalized terms and rating symbols that are defined or referenced either in *Moody's Definitions and Symbols Guide* or *MIS Code of Professional Conduct* as of the date of this letter, both published on www.moodys.com. The Credit Ratings will be publicly disseminated by Moody's through normal print and electronic media as well as in response to verbal requests to Moody's Rating Desk. Moody's related research and analyses will also be published on www.moodys.com and may be further distributed as otherwise agreed in writing with us.

Moody's Credit Ratings or any corresponding outlook, if assigned, will be subject to revision, suspension or withdrawal, or may be placed on review, by Moody's at any time, without notice, in the sole discretion of Moody's. For the most current Credit Rating, please visit www.moodys.com.

Moody's has not consented and will not consent to being named as an expert under applicable securities laws, such as section 7 of the Securities Act of 1933. The assignment of a rating does not create a fiduciary relationship between Moody's and you or between Moody's and other recipients of a Credit Rating. Moody's Credit Ratings are not and do not provide investment advice or recommendations to purchase, sell or hold particular securities. Moody's issues Credit Ratings with the expectation and understanding that each investor will make its own evaluation of each security that is under consideration for purchase, sale or holding.

Moody's adopts all necessary measures so that the information it uses in assigning a Credit Rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently validate or verify information received in the rating process. Moody's expects and is relying upon you possessing all legal rights and required consents to disclose the information to Moody's, and that such information is not subject to any restrictions that would prevent use by Moody's for its ratings process.

In assigning the Credit Ratings, Moody's has relied upon the truth, accuracy, and completeness of the information supplied by you or on your behalf to Moody's. Moody's expects that you will, and is relying upon you to, on an ongoing basis, promptly provide Moody's with all information necessary in order for Moody's to accurately and timely monitor the Credit Ratings, including current financial and statistical information.

Under no circumstances shall Moody's have any liability (whether in contract, tort or otherwise) to any person or entity for any loss, injury or damage or cost caused by, resulting from, or relating to, in whole or in part, directly or indirectly, any action or error (negligent or otherwise) on the part of, or other circumstance or contingency within or outside the control of, Moody's or any of its or its affiliates' directors, officers, employees or agents in connection with the Credit Ratings. **ALL INFORMATION, INCLUDING THE CREDIT RATING, ANY FEEDBACK OR OTHER COMMUNICATION RELATING THERETO IS PROVIDED "AS IS" WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND. MOODY'S MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH INFORMATION.**

Any non-public information discussed with or revealed to you must be kept confidential and only disclosed either (i) to your legal counsel acting in their capacity as such; (ii) to your other authorized agents acting in their capacity as such with a need to know that have entered into non-disclosure agreements with Moody's in the form provided by Moody's and (iii) as required by applicable law or regulation. You agree to cause your employees, affiliates, agents and advisors to keep non-public information confidential.
If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supercede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact me.

Sincerely,

Beth I. Wexler
Vice President/Senior Credit Officer
Phone: 212-553-1384
Fax: 212-298-7155
Email: beth.wexler@moodys.com

BIW:rl

FitchRatings

33 Whitehall Street
New York, NY 10004

T 212 908 0500 / 800 75 FITCH
www.fitchratings.com

May 3, 2016

Mr. John Cook
Cheif Financial Officer
Mercy Health Corporation
3401 N. Perryville Road
Suite 303
Rockford, IL 61114

Dear Mr. Cook:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed in the attached Notice of Rating Action.

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 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 for public ratings 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 public 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 you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or 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.

The assignment of a rating 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 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 any written letter communicating its 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.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue 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.

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

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

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Jeff Schaub
Managing Director, Operations
U.S. Public Finance /
Global Infrastructure & Project Finance

JS/mb

Enc: Notice of Rating Action
(Doc ID: 201435)

Notice of Rating Action

Bond Description	Rating Type	Action	Rating	Outlook/ Watch	Eff Date	Notes
Illinois Finance Authority (IL) (Mercy Health Corporation) rev bonds ser 2016	Long Term	New Rating	A-	RO:Sta	02-May-2016	
Wisconsin Health & Educational Facilities Authority (WI) (Mercy Alliance, Inc.) rev bonds ser 2010A	Long Term	New Rating	A-	RO:Sta	02-May-2016	
Wisconsin Health & Educational Facilities Authority (WI) (Mercy Alliance, Inc.) rev bonds ser 2012	Long Term	New Rating	A-	RO:Sta	02-May-2016	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

Attachment 37

FINANCIAL VIABILITY WAIVER

Mercy Health Corporation is not required to submit financial viability ratios because it has a bond rating of A3 from Moody's and A- from Fitch's, which both equal the minimum rating of A3 from Moody's and A- from Fitch's to waive the requirement for financial viability ratios. The bond rating was issued within the latest 18 month period. Copies of the most recent rating agency reports are provided in Attachment 37.

ECONOMIC FEASIBILITY

A. Reasonableness of Financing Arrangements

A letter addressing the reasonableness of financing arrangements and the conditions of debt financing is attached.

B. Conditions of Debt Financing

A letter addressing the reasonableness of financing arrangements and the conditions of debt financing is attached.

C. Reasonableness of Project and Related Costs

See tables and supporting narratives on the next pages.

REASONABLENESS OF PROJECT AND RELATED COSTS

Cost and Square Ft. By Department

Department	A	B	C	D	E	F	G	H	I
	Cost/SF		New Const. DGSF		Modernization DGSF		New Const. $	Mod $	Total Cost
	New	Mod	New Const. DGSF	Circ%	Modernization DGSF	Circ%	(A x C)	(B x E)	(G + H)
Clinical									
Patient Care (Med Surg.)	$445.77		7,114	25%			$ 3,171,208		$ 3,171,208
Patient Care (ICU)	$596.58		1,348	25%			$ 804,195		$ 804,195
Emergency Care	$398.60		5,656	25%			$ 2,254,493		$ 2,254,493
Imaging	$461.51		10,100	25%			$ 4,661,277		$ 4,661,277
Lab	$456.53		2,223	25%			$ 1,014,868		$ 1,014,868
Pharmacy Inpatient	$483.27		1,538	25%			$ 743,270		$ 743,270
Sleep Center	$531.85		675	25%			$ 359,000		$ 359,000
Surgery Center	$418.85		14,544	25%			$ 6,091,689		$ 6,091,689
Subtotal Clinical:	**$442.15**		**43,198**	25%			**$ 19,100,000**		**$ 19,100,000**
Clinical Contingency	**$44.12**						**$ 1,906,000**		**$ 1,906,000**
Clinical + Clinical Contingency	**$486.27**						**$ 21,006,000**		**$ 21,006,000**
Non-Clinical									
Administration/Conf. Room	$295.77		9,318	25%			$ 2,755,999		$ 2,755,999
Admitting/Registation	$318.18		2,010	25%			$ 639,550		$ 639,550
Main Lobby/Recept./Public Restrooms	$471.10		8,535	25%			$ 4,020,824		$ 4,020,824
Retail Pharmacy	$491.82		1,000	25%			$ 491,820		$ 491,820
Dietary Services/Cafeteria	$312.19		6,573	25%			$ 2,052,033		$ 2,052,033
Media Records/HIS	$199.40		782	25%			$ 155,930		$ 155,930
Laundry/Linen	$187.26		1,029	25%			$ 192,694		$ 192,694
Material Management	$191.78		4,144	25%			$ 794,718		$ 794,718
Staff Support	$273.68		5,529	25%			$ 1,513,199		$ 1,513,199
Ambulance Garage	$312.23		2,029	25%			$ 633,511		$ 633,511
Communications/Information Services	$193.15		1,964	25%			$ 379,352		$ 379,352
Engineering Services	$191.60		2,743	25%			$ 525,570		$ 525,570
Environmental Services	$194.15		2,035	25%			$ 395,095		$ 395,095
Security/Fire	$200.99		377	25%			$ 75,774		$ 75,774
Storage	$191.08		6,677	25%			$ 1,275,852		$ 1,275,852
Mechanical Equipment Spaces	$200.22		13,403	25%			$ 2,683,579		$ 2,683,579
Subtotal Non-Clinical:	$272.72		**68,148**	25%			**$ 18,585,500**		**$ 18,585,500**
Non-Clinical Contingency	**$25.64**						**$ 1,747,000**		**$ 1,747,000**
Non-Clinical + Non-Clinical Contingency	**$298.36**						**$ 20,332,500**		**$ 20,332,500**
Total Clinical, Non-Clinical & Contingency	**$371.26**		**111,346**				**$ 41,338,500**		**$ 41,338,500**

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	300,000	200,000	500,000
Site Survey and Soil Investigation			
Site Preparation	400,000	1,500,000	1,900,000
Off Site Work	70,000	80,000	150,000
New Construction Contracts	19,100,000	18,585,500	37,685,500
Modernization Contracts			
Contingencies	1,906,000	1,747,000	3,653,000
Architectural/Engineering Fees	1,500,000	1,500,000	3,000,000
Consulting and Other Fees	350,000	350,000	700,000
Movable or Other Equipment (not in construction contracts)	22,475,647	5,908,668	28,384,315
Bond Issuance Expense (project related)	175,000	200,000	375,000
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
IT/low voltage	1,800,000	1,575,000	3,375,000
Furniture, artwork	950,000	850,000	1,800,000
Moving	98,000	89,500	187,500
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	48,124,647	32,585,668	81,710,315
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	29,544,788	19,631,400	49,176,188
Pledges			
Gifts and Bequests			
Bond Issues (project related)	19,579,859	12,954,268	32,534,127
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	49,124,647	32,585,668	81,710,315

Descriptions of Line Items
In Support of Table Project Costs and Sources of Funds

Preplanning Costs - $500,000

Activities include: site assessment, property surveys, legal/bond counsel, environmental impact, site assessment including access planning and traffic evaluation, initial functional programming and space planning, evaluation of alternatives, preliminary cost estimating, financial feasibility assessments, and other miscellaneous.

Site Preparation - $1,900,000

Soil borings, site excavation and grading, drainage and retention, roadway construction, erosion barriers construction, landscaping, utility connections.

Off-site work - $150,000

Concrete pad for MRI mobile unit, parking lot surfacing.

New construction contracts - $37,685,500

A 500+ page document prepared by AECOM describes the construction activities: excavating and removal of material; foundations; vertical & floor/roof structural; exterior cladding; roofing; interior partitions, doors and glazing; floor, wall and ceiling finishes; fixed equipment including code compliance signage, fire systems and loading dock equipment; stairs and vertical transportation, plumbing, HVAC, electrical system, fire protection system. Included are all core and shell costs, general requirements, general conditions, subguard, general liability insurance and contractor's overhead, profit and fee.

Clinical component: $19,100,000; non-clinical: $18,585,500.

Contingencies - $3,653,000

Contingencies not exceeding 10% are included for unforeseen circumstances related to construction.
Clinical contingency: $1,906,000; non-clinical: $1,747,000.

Construction + contingency for the project is $41,338,500 (= $37,685,500 + $3,653,000). For a 111,346 sq. ft. project, cost per sq. ft. is $371.26.

Construction + contingency for the clinical component is $21,006,000 (= $19,100,000 + 1,906,000). For the 43,198 sq. ft. of clinical space, cost per sq. ft. for the clinical component is $486.27. This amount is slightly above the State standard due mostly to the concentration of higher cost clinical space than in a full service community hospital. For example, this project includes concentrated medical/surgical and ICU acute care beds, surgery, emergency room and imaging, all high cost per sq. ft. functions. Without lower facility cost obstetrics and psychiatry

services, the higher clinical costs result in a higher cost per sq. ft. than the comparable standard for all relatively larger sized hospitals.

Architectural/Engineering Fees - $3,000,000

A/E services include site planning, preliminary design, schematic design, design development, bid document preparation, interface with public agencies, project monitoring.

Total A/E fees of $3,000,000 are 7.3% of construction and contingency.
A/E fees for the clinical component are 7.1% of clinical construction and contingency.
These are consistent with the standard of 4.86-7.30% for hospital construction projects.

Consulting and Other Fees - $700,000

Services include interior design, IT planning and consulting, CON application fee and CON legal/consultant, legal, medical equipment planning, food services planning, security systems planning, signage/graphics design, project management and commissioning.

Movable and Medical Equipment - $28,384,315

The cost estimates by department for equipment are as follows:

Med/Surg and ICU beds	$3,039,236
Surgery	$11,475,215
Emergency	$2,731,080
Imaging	$6,757,383
Lab	$1,643,323
Inpatient Pharmacy	$554,502
Retail pharmacy	$32,083
Hospital staff support	$28,375
Facilities	$1,646,522
Public spaces – lobby / admitting	$205,196
Sleep center	$104,908
Administrative	$166,494

Bond Issuance Expense - $375,000

Of the total, $175,000 to clinical; $200,000 to non-clinical.

Other costs to be Capitalized - $5,304,500

These costs include: IT/low voltage, furniture and artwork and capitalized moving costs, as itemized in the table of Project Costs and Sources of Funds.

D. Projected Operating Costs

Project Direct Operating Expenses - for the first full year of operation

	Project
Total Operating Costs	$31,327,037
Equivalent Patient Days	13,326
Direct Cost per Equivalent Patient Days	$1,153

E. Total Effect of the Project on Capital Costs (for first full year of operation)

Total Effect of the Project on Capital Costs (for first full year of operation)

	Project	Entire Mercyhealth (IL)
Equivalent Patient Days	16,326	174,045
Total Project Cost (Capital)	$81,710,315	-----
Useful Life	29.43	-----
Total Annual Depreciation	$4,825,284	$31,127,502
Depreciation Cost per Equivalent Patient Day	$295.56	$178.85

Mercyhealth™
A passion for making lives better.™

Mercyhealth Campus
1000 Mineral Point Ave
Janesville, WI 53548
MercyHealthSystem.org

January 12, 2017

Ms. Kathryn J. Olson
Chairperson
Illinois Health Facilities
and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Dear Ms. Olson:

RE: Criterion 1120.140(a) and (b) - Reasonableness of Financing Arrangements and Conditions of Debt Financing

Mercy Crystal Lake Hospital and Medical Center, Inc., and Mercy Health Corporation (collectively, "Mercyhealth") plan to fund the capital cost of the proposed hospital and medical office building in Crystal Lake with cash, securities and tax-exempt bonds. This strategy recognizes that the market is remarkably favorable for issuing bonds with low rates.

Terms and conditions of financing have not yet been determined. I hereby certify that the selected form of debt financing will be at the lowest net cost available.

If you have any questions, please contact me at 608-756-6642.

Sincerely,

John Cook
Senior Vice President & Chief Financial Officer

Subscribed and sworn to before me this
12 day of January, 2017.

Jennifer L Springbrum
Signature of Notary Public

JENNIFER L. SPRINGBRUM
NOTARY
PUBLIC
STATE OF WISCONSIN

SAFETY NET IMPACT STATEMENT

Mercy Health Corporation ("Mercyhealth") is a provider of safety net services in the communities it serves. Mercyhealth's ability to provide safety net services will be expanded through the proposed Project. As examples to this expanded ability to provide safety net services, and among the pragmatic offerings that Mercyhealth has already committed to through this and the accompanying applications, are:

- To maintain medical/surgical and intensive care services and skilled nursing services at Mercy Harvard Hospital;
- To continue to operate a fully-staffing Emergency Department at Mercy Harvard Hospital;
- To continue to operate with compliant and liberal financial assistance policies, both at Mercy Harvard Hospital and the proposed Crystal Lake hospital; and
- To maintain its commitment to caring for the uninsured and Medicaid recipients, both at Mercy Harvard Hospital and the proposed Crystal Lake hospital.

By their very nature, critical access hospitals, such as Mercy Harvard Hospital, face unique challenges. Since they are sole site for services in their community, they often provide additional services not otherwise accessible to community residents. Rural residents are highly dependent on critical access hospitals, sometimes as the sole source of local care. Further, the older age mix of patients combined with the greater poverty levels in rural communities make rural hospitals highly dependent on public programs.

In 2015, Mercyhealth's charity care as a percentage of net revenue was 9.34% for Mercy Harvard Hospital.

In addition, Mercyhealth is very active in McHenry County. Throughout the year, Mercyhealth provides hundreds of free health screenings, and host dozens of community education classes, physician presentations and health and wellness events. Mercyhealth has strong relationships with area senior centers, and maintains long-standing partnerships with over 200 not-for-profit organizations. Mercyhealth will continue to expand services such as these and host activities at the proposed facility to meet the needs of Crystal Lake and the surrounding communities. Such activities may include Family Fun Nights, Children's Health and Safety Fair, reduced cost physicals and free screenings.

Because Mercyhealth's commitment to continue to operate medical/surgical and intensive care services at Mercy Harvard Hospital, the proposed project will not adversely impact access to safety net services. Rather, through the development of the proposed Crystal Lake hospital, overall access will be improved.

Further, any impact of the project on the ability of another provider or health care system to cross-subsidize safety net services would be relatively small and should not impact their ability to provide any of the safety net services.

Safety Net Information - Mercy Harvard Hospital, Inc.			
CHARITY CARE			
Charity (# of patients)	**FY2013**	**FY2014**	**FY2015**
Inpatient	8	7	3
Outpatient	34	32	10
Total	**42**	**39**	**13**
Charity (cost in dollars)			
Inpatient	73,060	31,838	20,523
Outpatient	77,859	26,138	20,267
Total	**150,919**	**57,976**	**40,790**
Medicaid (# of patients)	**FY2013**	**FY2014**	**FY2015**
Inpatient	21	29	51
Outpatient	4,052	4,260	4,020
Total	4,073	4,289	4,071
Medicaid (revenue)			
Inpatient	471,174	275,953	436,511
Outpatient	1,017,490	1,581,004	1,490,502
Total	1,488,664	1,856,957	1,927,013

Safety Net Information - Rockford Memorial Hospital			
CHARITY CARE			
Charity (# of patients)	**FY2013**	**FY2014**	**FY2015**
Inpatient	973	955	353
Outpatient	4,013	5,686	1,660
Total	**4,986**	**6,641**	**2,013**
Charity (cost in dollars)			
Inpatient	7,462,976	2,456,931	954,060
Outpatient	3,307,849	2,323,022	893,858
Total	**10,770,825**	**4,779,953**	**1,847,918**
Medicaid (# of patients)	**FY2013**	**FY2014**	**FY2015**
Inpatient	3,130	3,986	4,093
Outpatient	26,658	37,749	41,257
Total	**29,788**	**41,735**	**45,350**
Medicaid (revenue)			
Inpatient	52,797,975	63,083,993	61,385,905
Outpatient	11,050,751	20,629,507	7,690,969
Total	**63,848,726**	**83,713,500**	**69,076,874**

CHARITY CARE INFORMATION

It is the policy of Mercy Health Corporation ("Mercyhealth") to provide exceptional health care services to people in the communities it serves, regardless of ability to pay. Mercyhealth extends a variety of financial assistance measures for patients with limited or no ability to pay.

MERCY HARVARD HOSPITAL, INC. CHARITY CARE			
	FY2013	**FY2014**	**FY2015**
Net Patient Revenue	471,174	275,953	436,511
Amount of Charity Care (charges)	1,017,490	1,581,004	1,490,502
Cost of Charity Care	150,919	57,976	40,790

ROCKFORD MEMORIAL HOSPITAL CHARITY CARE			
	FY2013	**FY2014**	**FY2015**
Net Patient Revenue	314,090,683	323,042,795	348,114,412
Amount of Charity Care (charges)	33,923,122	15,219,396	5,330,236
Cost of Charity Care	10,770,825	4,779,953	1,847,918

PROJECTED PATIENT MIX BY PAYOR SOURCE			
	Inpatient	**Outpatient**	**Total**
Medicare	67.9%	69.1%	68.9%
Medicaid	11.0%	8.8%	9.1%
Blue Cross	12.3%	13.3%	13.1%
Managed Care/Commercial	7.4%	7.7%	7.6%
Other	0.9%	0.7%	0.8%
Self Pay	0.5%	0.4%	0.4%

APPENDIX 1

Letters by internal medicine and family practice physicians committing to admit patients from their office practice panels are attached.

Mercyhealth™
A passion for making lives better.™

Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Family Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 996 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 32 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 26 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Kim Albright, M.D.
Mercyhealth Richmond
9715 Prairie Ridge
Richmond, IL 60071

Notarized signature of the physician
Subscribed and swarn before me
the 16th day of January, 2017
Public Notary

"OFFICIAL SEAL"
Margaret L Oefelein
Notary Public, State of Illinois
Commission Expires 8/31/2017

Patient Origin by Zip Code of Residence, FY 2016

Physician: ALBRIGHT, KIM

Row Labels	Patient Panel
RICHMOND	**225**
60071	225
MCHENRY	**190**
60050	102
60051	88
SPRING GROVE	**149**
60081	149
JOHNSBURG	**63**
60051	61
60050	2
GENOA CITY	**56**
53128	56
TWIN LAKES	**46**
53181	46
WONDER LAKE	**36**
60097	36
ANTIOCH	**24**
60002	24
WOODSTOCK	**22**
60098	22
HEBRON	**18**
60034	18
LAKE GENEVA	**18**
53147	18
BURLINGTON	**15**
53105	15
RINGWOOD	**13**
60072	13
INGLESIDE	**10**
60041	10
LAKEMOOR	**9**
60051	9
CRYSTAL LAKE	**7**
60012	4
60014	3
ELKHORN	**6**
53121	6
HARVARD	**6**
60033	6
GARDEN PRAIRIE	**6**
61038	6
CAPRON	**6**
61012	6
PELL LAKE	**5**
53157	5
CARY	**5**
60013	5

Patient Origin by Zip Code of Residence, FY 2016

Physician:	ALBRIGHT, KIM
Row Labels	**Patient Panel**
Subtotal (these Cities/Zips)	935
All Other Cities/Zips	61
TOTAL	**996**

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Corporate Office
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Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Family Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 1,706 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 55 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 44 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Graziella I. Bistriceanu, M.D.
Mercyhealth Woodstock
2000 Lake Avenue
Woodstock, IL 60098

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

Patient Origin by Zip Code of Residence, FY 2016

Physician: BISTRICEANU, GRAZIELLA I

Row Labels	Patient Panel
WOODSTOCK	**767**
60098	767
MARENGO	**150**
60152	150
CRYSTAL LAKE	**133**
60014	109
60012	24
HARVARD	**119**
60033	119
WONDER LAKE	**88**
60097	88
MCHENRY	**88**
60050	75
60051	13
HUNTLEY	**50**
60142	50
HEBRON	**40**
60034	40
LAKE IN THE HILLS	**30**
60156	30
UNION	**17**
60180	16
07083	1
CARY	**15**
60013	15
ALGONQUIN	**15**
60102	15
RICHMOND	**13**
60071	13
BELVIDERE	**10**
61008	10
POPLAR GROVE	**9**
61065	9
JOHNSBURG	**9**
60051	9
BULL VALLEY	**7**
60098	5
60050	1
60097	1
HAMPSHIRE	**7**
60140	7
LAKE GENEVA	**7**
53147	7
FOX LAKE	**6**
60020	6
WALWORTH	**6**
53184	6

Patient Origin by Zip Code of Residence, FY 2016

Physician: BISTRICEANU, GRAZIELLA I

Row Labels	Patient Panel
ROCKFORD	**6**
61107	3
61108	1
61101	1
61104	1
VILLAGE OF LAKEWOOD	**6**
60014	6
CARPENTERSVILLE	**5**
60110	5
CAPRON	**5**
61012	5
Subtotal (these Cities/Zips)	1,608
All Other Cities/Zips	98
TOTAL	**1,706**

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Corporate Office
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Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Internal Medicicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 1,559 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 51 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 40 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Steven A. Campau, M.D.
Mercyhealth Algonquin
2401 Harnish Drive, Suite 101
Algonquin, IL 60102

Notarized signature of the physician
Subscribed and swarn before me
the 16th day of January 2017
Public Notary

"OFFICIAL SEAL"
Margaret L Oefelein
Notary Public, State of Illinois
My Commission Expires 8/31/2017

Patient Origin by Zip Code of Residence, FY 2016

Physician: CAMPAU, STEVEN A

Row Labels	Patient Panel
ALGONQUIN	**418**
60102	418
LAKE IN THE HILLS	**291**
60156	290
60102	1
HUNTLEY	**149**
60142	149
CRYSTAL LAKE	**148**
60014	134
60012	14
CARPENTERSVILLE	**84**
60110	84
CARY	**63**
60013	63
MCHENRY	**29**
60050	20
60051	9
WEST DUNDEE	**27**
60118	27
ELGIN	**25**
60123	18
60124	5
60120	2
GILBERTS	**23**
60136	23
BARRINGTON	**21**
60010	20
60011	1
MARENGO	**18**
60152	18
WOODSTOCK	**17**
60098	17
FOX RIVER GROVE	**12**
60021	12
PALATINE	**11**
60067	7
60074	4
Lake Zurich	**10**
60047	10
SLEEPY HOLLOW	**9**
60118	9
CHICAGO	**9**
60657	1
60618	1
60601	1
60606	1
60630	1

Patient Origin by Zip Code of Residence, FY 2016

Physician: CAMPAU, STEVEN A

Row Labels	Patient Panel
60611	1
60659	1
60613	1
60617	1
ISLAND LAKE	**9**
60042	9
LAKE BARRINGTON	**9**
60010	9
HARVARD	**8**
60033	8
EAST DUNDEE	**8**
60118	8
PINGREE GROVE	**8**
60140	8
VILLAGE OF LAKEWOOD	**7**
60014	7
WAUCONDA	**7**
60084	7
ROCKFORD	**7**
61109	3
61107	2
61102	1
61103	1
HAMPSHIRE	**7**
60140	7
BELVIDERE	**6**
61008	6
WONDER LAKE	**5**
60097	5
SPRING GROVE	**5**
60081	5
UNION	**5**
60180	5
Subtotal (these Cities/Zips)	1,455
All Other Cities/Zips	104
TOTAL	**1,559**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
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MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Internal Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 1,096 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 36 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 28 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

MD, FACP.

Joseph E. Fojtik, M.D.
Mercyhealth McHenry
3922 Mercy Drive
McHenry, IL 60050

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

Patient Origin by Zip Code of Residence, FY 2016

Physician: FOJTIK, JOSEPH E

Row Labels	Patient Panel
CARY	**316**
60013	316
CRYSTAL LAKE	**239**
60014	178
60012	58
60039	3
MCHENRY	**80**
60050	61
60051	19
ALGONQUIN	**51**
60102	51
BARRINGTON	**43**
60010	43
WOODSTOCK	**36**
60098	36
FOX RIVER GROVE	**28**
60021	28
HUNTLEY	**27**
60142	27
LAKE IN THE HILLS	**26**
60156	26
LAKE BARRINGTON	**17**
60010	16
60084	1
ISLAND LAKE	**17**
60042	17
WAUCONDA	**14**
60084	14
WONDER LAKE	**13**
60097	13
JOHNSBURG	**12**
60051	11
60050	1
SPRING GROVE	**11**
60081	11
OAKWOOD HILLS	**11**
60013	11
PRAIRIE GROVE	**11**
60012	11
VILLAGE OF LAKEWOOD	**10**
60014	10
FOX LAKE	**9**
60020	9
MARENGO	**8**
60152	8
LAKEMOOR	**7**
60051	6

Patient Origin by Zip Code of Residence, FY 2016

Physician: FOJTIK, JOSEPH E

Row Labels	Patient Panel
60050	1
PALATINE	**7**
60067	7
INVERNESS	**6**
60067	3
60010	3
Lake Zurich	**5**
60047	5
TROUT VALLEY	**5**
60013	5
CHICAGO	**5**
60645	2
60641	1
60610	1
60639	1
HARVARD	**5**
60033	5
Subtotal (these Cities/Zips)	1,019
All Other Cities/Zips	77
TOTAL	**1,096**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Internal Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 1,460 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 47 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 38 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Monica Gavran, M.D.
Mercyhealth Woodstock
2000 Lake Avenue
Woodstock, IL 60098

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S Hansing

Patient Origin by Zip Code of Residence, FY 2016

Physician: GAVRAN, MONICA E

Row Labels	Patient Panel
WOODSTOCK	**561**
60098	561
CRYSTAL LAKE	**159**
60014	113
60012	45
60039	1
MARENGO	**129**
60152	129
WONDER LAKE	**96**
60097	96
MCHENRY	**85**
60050	68
60051	17
HARVARD	**76**
60033	76
HUNTLEY	**57**
60142	57
LAKE IN THE HILLS	**27**
60156	27
CARY	**27**
60013	27
ALGONQUIN	**16**
60102	16
BULL VALLEY	**15**
60098	11
60097	4
HEBRON	**14**
60034	14
UNION	**12**
60180	12
RICHMOND	**10**
60071	10
LAKE GENEVA	**9**
53147	9
POPLAR GROVE	**8**
61065	8
ISLAND LAKE	**8**
60042	8
CAPRON	**6**
61012	6
GENOA CITY	**6**
53128	6
VILLAGE OF LAKEWOOD	**6**
60014	6
SPRING GROVE	**6**
60081	6
BELVIDERE	**6**

Patient Origin by Zip Code of Residence, FY 2016

Physician:	GAVRAN, MONICA E

Row Labels	Patient Panel
61008	6
TWIN LAKES	**5**
53181	5
FOX LAKE	**5**
60020	5
Subtotal (these Cities/Zips)	1,349
All Other Cities/Zips	111
TOTAL	**1,460**

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Corporate Office
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MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Family Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 1,310 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 42 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 34 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Roshi Gulati, M.D.
Mercyhealth Woodstock
2000 Lake Avenue
Woodstock, IL 60098

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

186

Patient Origin by Zip Code of Residence, FY 2016

Physician: GULATI, ROSHI

Row Labels	Patient Panel
WOODSTOCK	**645**
60098	645
HARVARD	**124**
60033	124
CRYSTAL LAKE	**112**
60014	93
60012	15
60039	4
MCHENRY	**92**
60050	70
60051	22
MARENGO	**75**
60152	75
WONDER LAKE	**72**
60097	72
HUNTLEY	**39**
60142	39
HEBRON	**23**
60034	23
LAKE IN THE HILLS	**17**
60156	17
UNION	**8**
60180	8
ALGONQUIN	**8**
60102	8
JOHNSBURG	**7**
60051	7
CARY	**6**
60013	6
POPLAR GROVE	**6**
61065	6
ISLAND LAKE	**6**
60042	6
Subtotal (these Cities/Zips)	1,240
All Other Cities/Zips	70
TOTAL	**1,310**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Family Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 1,915 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 62 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 50 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Syed O. Hassan, M.D.
Mercyhealth McHenry
3922 Mercy Drive
McHenry, IL 60050

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

Patient Origin by Zip Code of Residence, FY 2016

Physician: HASSAN, SYED O

Row Labels	Patient Panel
MCHENRY	**667**
60050	505
60051	162
SPRING GROVE	**204**
60081	204
RICHMOND	**166**
60071	166
WONDER LAKE	**136**
60097	136
JOHNSBURG	**101**
60051	93
60050	8
CRYSTAL LAKE	**64**
60014	36
60012	28
WOODSTOCK	**63**
60098	63
LAKEMOOR	**54**
60051	54
TWIN LAKES	**48**
53181	48
GENOA CITY	**47**
53128	47
HEBRON	**33**
60034	33
FOX LAKE	**32**
60020	32
ISLAND LAKE	**26**
60042	26
RINGWOOD	**21**
60072	21
INGLESIDE	**20**
60041	20
CARY	**19**
60013	19
LAKE GENEVA	**19**
53147	19
BURLINGTON	**13**
53105	13
ANTIOCH	**13**
60002	13
WAUCONDA	**12**
60084	12
ROUND LAKE	**12**
60073	12
LAKE VILLA	**11**
60046	11

Patient Origin by Zip Code of Residence, FY 2016

Physician: HASSAN, SYED O

Row Labels	Patient Panel
ROUND LAKE BEACH	**11**
60073	11
VOLO	**9**
60073	8
60020	1
MCCULLOM LAKE	**8**
60050	8
HOLIDAY HILLS	**6**
60051	5
60050	1
HARVARD	**6**
60033	6
ALGONQUIN	**5**
60102	5
FOX RIVER GROVE	**5**
60021	5
HUNTLEY	**5**
60142	5
MARENGO	**5**
60152	5
Subtotal (these Cities/Zips)	1,841
All Other Cities/Zips	74
TOTAL	**1,915**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Internal Medicicine/Pediatrics.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 2,258 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 73 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 59 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Nathan M Kakish

Nathan M. Kakish, M.D.
Mercyhealth Woodstock
2000 Lake Avenue
Woodstock, IL 60098

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

Patient Origin by Zip Code of Residence, FY 2016

Physician: KAKISH, NATHAN M

Row Labels	Patient Panel
WOODSTOCK	**929**
60098	929
CRYSTAL LAKE	**236**
60014	199
60012	35
60039	2
HARVARD	**198**
60033	198
MCHENRY	**156**
60050	131
60051	25
MARENGO	**135**
60152	135
WONDER LAKE	**126**
60097	126
HEBRON	**55**
60034	55
HUNTLEY	**52**
60142	52
CARY	**37**
60013	37
LAKE IN THE HILLS	**29**
60156	29
JOHNSBURG	**25**
60051	24
60050	1
CAPRON	**21**
61012	21
SPRING GROVE	**18**
60081	18
UNION	**15**
60180	14
07083	1
LAKE GENEVA	**14**
53147	14
FOX LAKE	**12**
60020	12
ALGONQUIN	**11**
60102	11
POPLAR GROVE	**11**
61065	11
RICHMOND	**11**
60071	11
CARPENTERSVILLE	**9**
60110	9
BELVIDERE	**9**
61008	9

Patient Origin by Zip Code of Residence, FY 2016

Physician: KAKISH, NATHAN M

Row Labels	Patient Panel
INGLESIDE	**7**
60041	7
ROCKFORD	**7**
61101	2
61107	2
61103	2
61114	1
MCCULLOM LAKE	**6**
60050	6
VILLAGE OF LAKEWOOD	**6**
60014	6
TWIN LAKES	**6**
53181	6
FONTANA	**6**
53125	6
SCHAUMBURG	**5**
60195	4
60193	1
Subtotal (these Cities/Zips)	2,152
All Other Cities/Zips	106
TOTAL	**2,258**

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Corporate Office
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Rockford, IL 61114
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January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Family Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 2,423 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 79 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 63 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Mabria Loqman,M.D.
Mercyhealth Crystal Lake East
390 Congress Parkway, Ste. M
Crystal Lake, IL 60014

Notarized signature of the physician
Subscribed and swarn before me
the 16th day of January 2017
Public Notary

Patient Origin by Zip Code of Residence, FY 2016

Physician: LOQMAN, MABRIA

Row Labels	Patient Panel
WOODSTOCK	**580**
60098	580
CRYSTAL LAKE	**510**
60014	439
60012	67
60039	4
HARVARD	**249**
60033	249
MCHENRY	**211**
60050	173
60051	38
MARENGO	**106**
60152	106
CARY	**101**
60013	101
LAKE IN THE HILLS	**86**
60156	86
WONDER LAKE	**81**
60097	81
HUNTLEY	**44**
60142	44
HEBRON	**37**
60034	37
ALGONQUIN	**27**
60102	27
CARPENTERSVILLE	**23**
60110	23
JOHNSBURG	**23**
60051	23
CAPRON	**22**
61012	22
UNION	**21**
60180	21
LAKEMOOR	**20**
60051	18
60050	2
ISLAND LAKE	**17**
60042	17
VILLAGE OF LAKEWOOD	**12**
60014	12
SPRING GROVE	**12**
60081	12
CHICAGO	**12**
60646	6
60656	2
60657	1
60623	1

Patient Origin by Zip Code of Residence, FY 2016

Physician: LOQMAN, MABRIA

Row Labels	Patient Panel
60618	1
60634	1
FOX RIVER GROVE	**11**
60021	11
BARRINGTON	**8**
60010	8
GENOA CITY	**8**
53128	8
ELGIN	**7**
60123	4
60120	3
RICHMOND	**7**
60071	7
ROCKFORD	**7**
61108	3
61109	3
61114	1
LAKE BARRINGTON	**6**
60010	5
60084	1
LAKE GENEVA	**6**
53147	6
TWIN LAKES	**6**
53181	6
	5
	5
WALWORTH	**5**
53184	5
BELVIDERE	**5**
61008	5
SCHAUMBURG	**5**
60193	3
60195	2
BULL VALLEY	**5**
60050	3
60098	2
Subtotal (these Cities/Zips)	2,285
All Other Cities/Zips	138
TOTAL	**2,423**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Internal Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 1,154 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 37 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 30 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Velislava Lozeva, D.O.
Mercyhealth McHenry
3922 Mercy Drive
McHenry, IL 60050

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

197

Patient Origin by Zip Code of Residence, FY 2016

Physician: LOZEVA, VELISLAVA V

Row Labels	Patient Panel
MCHENRY	**374**
60050	283
60051	91
SPRING GROVE	**101**
60081	101
RICHMOND	**92**
60071	92
WONDER LAKE	**90**
60097	90
WOODSTOCK	**85**
60098	85
JOHNSBURG	**50**
60051	50
CRYSTAL LAKE	**46**
60014	32
60012	14
GENOA CITY	**35**
53128	35
HARVARD	**27**
60033	27
CARY	**27**
60013	27
TWIN LAKES	**25**
53181	25
LAKEMOOR	**23**
60051	23
HEBRON	**16**
60034	16
ANTIOCH	**15**
60002	15
FOX LAKE	**14**
60020	14
INGLESIDE	**12**
60041	12
RINGWOOD	**11**
60072	11
LAKE GENEVA	**10**
53147	10
MARENGO	**9**
60152	9
ISLAND LAKE	**9**
60042	9
LAKE IN THE HILLS	**7**
60156	7
ALGONQUIN	**7**
60102	7
HUNTLEY	**6**

Patient Origin by Zip Code of Residence, FY 2016

Physician: LOZEVA, VELISLAVA V

Row Labels	Patient Panel
60142	6
BULL VALLEY	**5**
60098	4
60097	1
PRAIRIE GROVE	**5**
60012	5
Subtotal (these Cities/Zips)	1,101
All Other Cities/Zips	53
TOTAL	**1,154**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Internal Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 2,394 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 78 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 62 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Camelia E. Marian, M.D.
Mercyhealth Algonquin
2401 Harnish Drive, Suite 101
Algonquin, IL 60102

Notarized signature of the physician
Subscribed and swarn before me
the 16th day of January 2017
Public Notary

"OFFICIAL SEAL"
Margaret L Oefelein
Notary Public, State of Illinois
My Commission Expires 8/31/2017

Patient Origin by Zip Code of Residence, FY 2016

Physician: MARIAN, CAMELIA E

Row Labels	Patient Panel
ALGONQUIN	**519**
60102	518
60156	1
CRYSTAL LAKE	**295**
60014	245
60012	50
LAKE IN THE HILLS	**262**
60156	262
HUNTLEY	**176**
60142	176
CARY	**156**
60013	156
CARPENTERSVILLE	**113**
60110	113
BARRINGTON	**92**
60010	92
FOX RIVER GROVE	**64**
60021	64
MCHENRY	**59**
60050	34
60051	25
Lake Zurich	**47**
60047	47
WEST DUNDEE	**35**
60118	35
WAUCONDA	**35**
60084	35
WOODSTOCK	**33**
60098	33
LAKE BARRINGTON	**28**
60010	28
MARENGO	**25**
60152	25
ELGIN	**22**
60123	12
60124	5
60120	5
PALATINE	**21**
60074	11
60067	10
ISLAND LAKE	**20**
60042	20
HOFFMAN ESTATES	**16**
60192	9
60169	7
EAST DUNDEE	**16**
60118	16

Patient Origin by Zip Code of Residence, FY 2016

Physician: MARIAN, CAMELIA E

Row Labels	Patient Panel
SCHAUMBURG	**15**
60173	5
60194	5
60193	5
UNION	**15**
60180	15
PINGREE GROVE	**15**
60140	15
GILBERTS	**14**
60136	14
CHICAGO	**14**
60614	4
60647	3
60611	2
60657	2
60613	2
60660	1
SPRING GROVE	**14**
60081	14
NORTH BARRINGTON	**12**
60010	12
VILLAGE OF LAKEWOOD	**11**
60014	11
JOHNSBURG	**10**
60051	10
OAKWOOD HILLS	**10**
60013	10
HARVARD	**9**
60033	9
HAMPSHIRE	**9**
60140	9
WONDER LAKE	**8**
60097	8
ARLINGTON HEIGHTS	**8**
60004	5
60005	3
ROCKFORD	**8**
61107	3
61109	2
61103	2
61104	1
STREAMWOOD	**7**
60107	7
HAWTHORN WOODS	**7**
60047	7

Patient Origin by Zip Code of Residence, FY 2016

Physician: MARIAN, CAMELIA E

Row Labels	Patient Panel
FOX LAKE	**7**
60020	7
MUNDELEIN	**7**
60060	7
PORT BARRINGTON	**7**
60010	7
INVERNESS	**7**
60010	7
ROUND LAKE	**7**
60073	7
SOUTH BARRINGTON	**7**
60010	7
DEER PARK	**6**
60010	6
N BARRINGTON	**6**
60010	6
TOWER LAKES	**5**
60010	5
DUNDEE	**5**
60118	5
VOLO	**5**
60020	4
60073	1
SLEEPY HOLLOW	**5**
60118	5
WHEELING	**5**
60090	5
Subtotal (these Cities/Zips)	2,299
All Other Cities/Zips	95
TOTAL	**2,394**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Internal Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 1,252 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 41 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 32 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Bibiano C. Ronquillo, III, M.D.
Mercyhealth Woodstock
2000 Lake Avenue
Woodstock, IL 60098

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

204

Patient Origin by Zip Code of Residence, FY 2016

Physician: RONQUILLO, BIBIANO

Row Labels	Patient Panel
WOODSTOCK	**609**
60098	609
CRYSTAL LAKE	**122**
60014	98
60012	24
MARENGO	**96**
60152	96
WONDER LAKE	**72**
60097	72
HARVARD	**71**
60033	71
MCHENRY	**50**
60050	40
60051	10
HUNTLEY	**35**
60142	35
HEBRON	**22**
60034	22
LAKE IN THE HILLS	**19**
60156	19
UNION	**16**
60180	15
07083	1
CARY	**14**
60013	14
BELVIDERE	**10**
61008	10
ALGONQUIN	**9**
60102	9
CAPRON	**8**
61012	8
JOHNSBURG	**8**
60051	8
SPRING GROVE	**7**
60081	7
RINGWOOD	**5**
60072	5
ROCKFORD	**5**
61107	2
61108	2
61109	1
Subtotal (these Cities/Zips)	1,178
All Other Cities/Zips	74
TOTAL	**1,252**

205

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Family Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 2,471 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 80 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 64 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

Shahariar H. Saikh, M.D.
Mercyhealth Woodstock
2000 Lake Avenue
Woodstock, IL 60098

206

Patient Origin by Zip Code of Residence, FY 2016

Physician: SAIKH, SHAHARIAR HOSSION

Row Labels	Patient Panel
WOODSTOCK	**1,081**
60098	1,081
MCHENRY	**192**
60050	146
60051	46
CRYSTAL LAKE	**191**
60014	152
60012	36
60039	3
HARVARD	**181**
60033	181
WONDER LAKE	**164**
60097	164
MARENGO	**150**
60152	150
LAKE IN THE HILLS	**53**
60156	53
HEBRON	**44**
60034	44
HUNTLEY	**44**
60142	44
CARY	**33**
60013	33
UNION	**23**
60180	22
07083	1
RICHMOND	**20**
60071	20
CARPENTERSVILLE	**14**
60110	14
SPRING GROVE	**14**
60081	14
ALGONQUIN	**14**
60102	14
JOHNSBURG	**14**
60051	13
60050	1
BELVIDERE	**13**
61008	13
ISLAND LAKE	**12**
60042	12
CAPRON	**12**
61012	12
POPLAR GROVE	**10**
61065	10
BULL VALLEY	**9**
60098	8

Patient Origin by Zip Code of Residence, FY 2016

Physician: SAIKH, SHAHARIAR HOSSION

Row Labels	Patient Panel
60097	1
FOX RIVER GROVE	**8**
60021	8
GENOA CITY	**7**
53128	7
CHICAGO	**7**
60618	2
60646	1
60640	1
60631	1
60656	1
60639	1
Lake Zurich	**7**
60047	7
LAKE GENEVA	**7**
53147	7
RINGWOOD	**7**
60072	7
WAUCONDA	**6**
60084	6
ROCKFORD	**5**
61107	1
61101	1
61109	1
61102	1
61103	1
GENOA	**5**
60135	5
SCHAUMBURG	**5**
60193	3
60195	1
60194	1
Subtotal (these Cities/Zips)	2,352
All Other Cities/Zips	119
TOTAL	**2,471**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Family Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 2,436 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 79 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 63 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Krishanthi Seneviratne, M.D.
Mercyhealth Crystal Lake South
415-A Congress Parkway
Crystal Lake, IL 60014

Notarized signature of the physician
Subscribed and swarn before me
the 16th day of January 2017
Public Notary

Margaret L Oefelein

"OFFICIAL SEAL"
Margaret L. Oefelein
Notary Public State of Illinois
My Commission Expires 8/31/2017

Patient Origin by Zip Code of Residence, FY 2016

Physician: SENEVIRATNE, KRISHANTHI D

Row Labels	Patient Panel
CRYSTAL LAKE	**825**
60014	708
60012	108
60039	9
MCHENRY	**312**
60050	253
60051	59
CARY	**294**
60013	294
WOODSTOCK	**213**
60098	213
LAKE IN THE HILLS	**154**
60156	153
60102	1
ALGONQUIN	**78**
60102	76
60156	2
WONDER LAKE	**72**
60097	72
HUNTLEY	**71**
60142	71
ISLAND LAKE	**33**
60042	33
HARVARD	**32**
60033	32
JOHNSBURG	**31**
60051	30
60050	1
FOX RIVER GROVE	**29**
60021	29
MARENGO	**24**
60152	24
LAKEMOOR	**21**
60051	21
CARPENTERSVILLE	**17**
60110	17
RICHMOND	**15**
60071	15
SPRING GROVE	**13**
60081	13
WAUCONDA	**12**
60084	12
HAMPSHIRE	**11**
60140	11
VILLAGE OF LAKEWOOD	**10**
60014	10
ROUND LAKE	**7**

Patient Origin by Zip Code of Residence, FY 2016

Physician: SENEVIRATNE, KRISHANTHI D

Row Labels	Patient Panel
60073	7
OAKWOOD HILLS	**7**
60013	7
HAWTHORN WOODS	**6**
60047	6
CAPRON	**6**
61012	6
LAKE BARRINGTON	**6**
60010	6
HEBRON	**5**
60034	5
PORT BARRINGTON	**5**
60010	5
GURNEE	**5**
60031	5
WEST DUNDEE	**5**
60118	5
Subtotal (these Cities/Zips)	2,319
All Other Cities/Zips	117
TOTAL	**2,436**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake. I am a physician affiliated with Mercyhealth. My specialty is Family Medicine.

During FY 2016, I referred patients for admission to existing area hospitals. There are times when my patients are admitted by hospitalist physicians at those hospitals. I am not able to provide specific documentation of the total number of admissions for my patients.

Instead, I attest that I have a panel size of about 3,102 patients whom I care for in my office practice. The attached table shows the distribution of those patients by zip code of their residence.

A method for estimating the number of patients admitted through my practice utilizes information from Mercyhealth's Walworth Hospital and Medical Center. Mercyhealth Walworth is a hospital in south central Wisconsin similar in size to the proposed facility in Crystal Lake. Based on ratios of admissions from similarly sized physician panels for physicians at that hospital, it is estimated that last year, 101 patients in my practice were admitted. I believe this is a reasonable estimate.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will admit an estimated 80 patients per year to that hospital, which accounts for 80% of my total estimated admissions due to patients electing another facility.

I attest that I have not committed to refer patients in my office practice in support of another pending or approved Certificate of Need permit application. Thank you for considering my input regarding this proposed project.

Sincerely,

Emily Shen, MD

Emily Shen, M.D.
Mercyhealth Crystal Lake South
415-A Congress Parkway
Crystal Lake, IL 60014

Notarized signature of the physician
Subscribed and swarn before me
the 16th day of January 2017
Public Notary

Margaret L Oefelein

"OFFICIAL SEAL"
Margaret L Oefelein
Notary Public, State of Illinois
My Commission Expires 8/31/2017

Patient Origin by Zip Code of Residence, FY 2016

Physician: SHEN, EMILY YI

Row Labels	Patient Panel
CRYSTAL LAKE	**835**
60014	689
60012	135
60039	11
MCHENRY	**455**
60050	356
60051	99
WOODSTOCK	**401**
60098	401
CARY	**219**
60013	219
LAKE IN THE HILLS	**185**
60156	185
WONDER LAKE	**139**
60097	139
HARVARD	**87**
60033	87
ALGONQUIN	**84**
60102	83
60156	1
MARENGO	**68**
60152	68
HUNTLEY	**66**
60142	66
JOHNSBURG	**45**
60051	43
60050	2
ISLAND LAKE	**42**
60042	42
SPRING GROVE	**33**
60081	33
LAKEMOOR	**29**
60051	28
60050	1
RICHMOND	**28**
60071	28
CARPENTERSVILLE	**23**
60110	23
CHICAGO	**17**
60614	5
60634	3
60647	2
60659	2
60645	1
60657	1
60630	1
60608	1

Patient Origin by Zip Code of Residence, FY 2016

Physician: SHEN, EMILY YI

Row Labels	Patient Panel
60641	1
TWIN LAKES	**15**
53181	15
VILLAGE OF LAKEWOOD	**15**
60014	15
ELGIN	**15**
60120	7
60123	7
60121	1
HEBRON	**13**
60034	13
OAKWOOD HILLS	**13**
60013	13
FOX LAKE	**13**
60020	13
FOX RIVER GROVE	**12**
60021	12
BARRINGTON	**11**
60010	11
WAUCONDA	**10**
60084	10
WEST DUNDEE	**10**
60118	10
CAPRON	**10**
61012	10
LAKE BARRINGTON	**9**
60010	9
PALATINE	**9**
60067	6
60074	3
PINGREE GROVE	**9**
60140	9
MCCULLOM LAKE	**8**
60050	8
BULL VALLEY	**8**
60098	4
60050	3
60097	1
PRAIRIE GROVE	**6**
60012	6
UNION	**6**
60180	6
BELVIDERE	**6**
61008	6
SOUTH BARRINGTON	**5**
60010	5

Patient Origin by Zip Code of Residence, FY 2016

Physician: SHEN, EMILY YI

Row Labels	Patient Panel
ROUND LAKE	**5**
60073	5
SOUTH ELGIN	**5**
60177	5
HAWTHORN WOODS	**5**
60047	5
LONG GROVE	**5**
60047	4
60049	1
RINGWOOD	**5**
60072	5
LAKE VILLA	**5**
60046	5
Subtotal (these Cities/Zips)	2,989
All Other Cities/Zips	113
TOTAL	**3,102**

APPENDIX 2

Letters by Mercyhealth affiliated surgeons indicating their commitment to conduct outpatient surgeries at the proposed new hospital are attached.

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Corporate Office
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Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Obstetrics & Gynecology.

In FY 2016, I performed a total of 232 inpatient surgeries and obstetrical procedures at existing area hospitals. In addition, I performed 38 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries, 0 obstetrical procedures and 5 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Richard O. Cook

Richard O. Cook, M.D.
Mercyhealth Woodstock
2000 Lake Avenue
Woodstock, IL 60098

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

217

Patient Origin by Zip Code of Residence, FY 2016

Physician: COOK, RICHARD O

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
WOODSTOCK	**77**	**33.2%**	**11**	**28.9%**
60098	77	33.2%	11	28.9%
HARVARD	**42**	**18.1%**	**8**	**21.1%**
60033	42	18.1%	8	21.1%
CRYSTAL LAKE	**27**	**11.6%**	**4**	**10.5%**
60014	27	11.6%	4	10.5%
MARENGO	**9**	**3.9%**	**4**	**10.5%**
60152	9	3.9%	4	10.5%
WONDER LAKE	**9**	**3.9%**	**3**	**7.9%**
60097	9	3.9%	3	7.9%
LAKE IN THE HILLS	**5**	**2.2%**	**2**	**5.3%**
60156	5	2.2%	2	5.3%
MCHENRY	**11**	**4.7%**	**2**	**5.3%**
60050	9	3.9%	2	5.3%
60051	2	0.9%		0.0%
LAKEMOOR	**2**	**0.9%**	**1**	**2.6%**
60051	2	0.9%	1	2.6%
BUFFALO GROVE		**0.0%**	**1**	**2.6%**
60089		0.0%	1	2.6%
CARPENTERSVILLE		**0.0%**	**1**	**2.6%**
60110		0.0%	1	2.6%
BELVIDERE		**0.0%**	**1**	**2.6%**
61008		0.0%	1	2.6%
FOX RIVER GROVE	**1**	**0.4%**		**0.0%**
60021	1	0.4%		0.0%
ROLLING MEADOWS	**1**	**0.4%**		**0.0%**
60008	1	0.4%		0.0%
PORT BARRINGTON	**2**	**0.9%**		**0.0%**
60010	2	0.9%		0.0%
ALGONQUIN	**7**	**3.0%**		**0.0%**
60102	7	3.0%		0.0%
FOX LAKE	**1**	**0.4%**		**0.0%**
60020	1	0.4%		0.0%
CARY	**11**	**4.7%**	**0**	**0.0%**
60013	11	4.7%	0	0.0%
Subtotal (these Cities/Zips)	205	88.4%	38	100.0%
All Other Cities/Zips	27	11.6%	0	0.0%
TOTAL	**232**	**100.0%**	**38**	**100.0%**

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January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Otorhinolaryngology.

In FY 2016, I performed a total of 63 inpatient surgeries at existing area hospitals. In addition, I performed 496 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries and 166 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Jason G. Cundiff, M.D.
Mercyhealth Crystal Lake East
390 Congress Parkway, Ste. M
Crystal Lake, IL 60014

Notarized signature of the physician
Subscribed and swarn before me
the 16th day of January 2017
Public Notary

Margaret L Oefelein

"OFFICIAL SEAL"
Margaret L Oefelein
Notary Public, State of Illinois
My Commission Expires 8/31/2017

Patient Origin by Zip Code of Residence, FY 2016

Physician: CUNDIFF, JASON G

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
CRYSTAL LAKE	**8**	**12.7%**	**79**	**15.9%**
60012	2	3.2%	18	3.6%
60014	6	9.5%	61	12.3%
MCHENRY	**4**	**6.3%**	**68**	**13.7%**
60050	4	6.3%	51	10.3%
60051		0.0%	17	3.4%
LAKE IN THE HILLS		**0.0%**	**30**	**6.0%**
60156		0.0%	30	6.0%
CARY	**2**	**3.2%**	**27**	**5.4%**
60013	2	3.2%	27	5.4%
WOODSTOCK	**3**	**4.8%**	**26**	**5.2%**
60098	3	4.8%	26	5.2%
BARRINGTON	**8**	**12.7%**	**25**	**5.0%**
60010	8	12.7%	25	5.0%
HUNTLEY	**2**	**3.2%**	**20**	**4.0%**
60142	2	3.2%	20	4.0%
ALGONQUIN	**3**	**4.8%**	**17**	**3.4%**
60102	3	4.8%	17	3.4%
WONDER LAKE	**1**	**1.6%**	**16**	**3.2%**
60097	1	1.6%	16	3.2%
WAUCONDA	**2**	**3.2%**	**15**	**3.0%**
60084	2	3.2%	15	3.0%
LAKE ZURICH	**7**	**11.1%**	**15**	**3.0%**
60047	7	11.1%	15	3.0%
HARVARD		**0.0%**	**13**	**2.6%**
60033		0.0%	13	2.6%
MARENGO	**1**	**1.6%**	**12**	**2.4%**
60152	1	1.6%	12	2.4%
CARPENTERSVILLE	**1**	**1.6%**	**11**	**2.2%**
60110	1	1.6%	11	2.2%
JOHNSBURG		**0.0%**	**10**	**2.0%**
60050		0.0%	1	0.2%
60051		0.0%	9	1.8%
SPRING GROVE	**1**	**1.6%**	**9**	**1.8%**
60081	1	1.6%	9	1.8%
ISLAND LAKE	**3**	**4.8%**	**9**	**1.8%**
60042	3	4.8%	9	1.8%
LAKEMOOR	**1**	**1.6%**	**7**	**1.4%**
60051	1	1.6%	7	1.4%
FOX RIVER GROVE		**0.0%**	**6**	**1.2%**
60021		0.0%	6	1.2%
LAKE BARRINGTON	**2**	**3.2%**	**6**	**1.2%**
60010	2	3.2%	6	1.2%
GILBERTS		**0.0%**	**5**	**1.0%**
60136		0.0%	5	1.0%

Patient Origin by Zip Code of Residence, FY 2016

Physician: CUNDIFF, JASON G

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
CRYSTAL LAKE	**8**	**12.7%**	**79**	**15.9%**
PALATINE	**1**	**1.6%**	**5**	**1.0%**
60067		0.0%	4	0.8%
60074	1	1.6%	1	0.2%
VILLAGE OF LAKEWOOD		**0.0%**	**5**	**1.0%**
60014		0.0%	5	1.0%
Subtotal (these Cities/Zips)	50	79.4%	436	87.9%
All Other Cities/Zips	13	20.6%	60	12.1%
TOTAL	**63**	**100.0%**	**496**	**100.0%**

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MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Orthopedic Surgery.

In FY 2016, I performed a total of 89 inpatient surgeries at existing area hospitals. In addition, I performed 85 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients. In addition, I am assuming the practice of Marko Krpan, D.O., who is relocating his practice to a Mercyhealth facility in Rockford. In FY 2016, he performed 97 inpatient surgeries and 246 outpatient surgeries (table also attached).

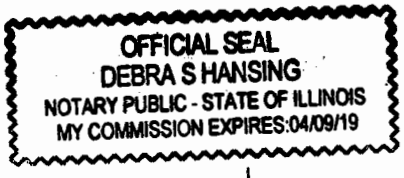
I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 36 inpatient surgeries and 67 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter. These estimates include cases anticipated from incorporating Dr. Krpan's practice.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017



Debra S. Hansing

Paul H. DeHaan, M.D.
Mercyhealth McHenry
3922 Mercy Drive
McHenry, IL 60050

Patient Origin by Zip Code of Residence, FY 2016

Physician: DEHAAN, PAUL H

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
MCHENRY	**14**	**15.7%**	**22**	**25.9%**
60050	11	12.4%	17	20.0%
60051	3	3.4%	5	5.9%
WONDER LAKE	**6**	**6.7%**	**9**	**10.6%**
60097	6	6.7%	9	10.6%
SPRING GROVE	**6**	**6.7%**	**7**	**8.2%**
60081	6	6.7%	7	8.2%
WOODSTOCK	**7**	**7.9%**	**7**	**8.2%**
60098	7	7.9%	7	8.2%
RICHMOND	**7**	**7.9%**	**5**	**5.9%**
60071	7	7.9%	5	5.9%
CRYSTAL LAKE	**13**	**14.6%**	**5**	**5.9%**
60012	5	5.6%	1	1.2%
60014	8	9.0%	4	4.7%
WAUCONDA		**0.0%**	**4**	**4.7%**
60084		0.0%	4	4.7%
HARVARD	**8**	**9.0%**	**3**	**3.5%**
60033	8	9.0%	3	3.5%
ALGONQUIN	**3**	**3.4%**	**2**	**2.4%**
60102	3	3.4%	2	2.4%
CAPRON	**3**	**3.4%**	**2**	**2.4%**
61012	3	3.4%	2	2.4%
ROCKTON		**0.0%**	**2**	**2.4%**
61072		0.0%	2	2.4%
LAKE IN THE HILLS	**1**	**1.1%**	**2**	**2.4%**
60156	1	1.1%	2	2.4%
CARY	**1**	**1.1%**	**2**	**2.4%**
60013	1	1.1%	2	2.4%
Subtotal (these Cities/Zips)	69	77.5%	72	84.7%
All Other Cities/Zips	20	22.5%	13	15.3%
TOTAL	**89**	**100.0%**	**85**	**100.0%**

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Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Otorhinolaryngology.

In FY 2016, I performed a total of 49 inpatient surgeries at existing area hospitals. In addition, I performed 335 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries and 129 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

David A. Goodman, M.D.
Mercyhealth Crystal Lake East
390 Congress Parkway, Ste. M
Crystal Lake, IL 60014

Notarized signature of the physician
Subscribed and swarn before me
the 16th day of January 2017
Public Notary

"OFFICIAL SEAL"
Margaret L Oefelein
Notary Public, State of Illinois
My Commission Expires 8/31/2017

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Patient Origin by Zip Code of Residence, FY 2016

Physician: GOODMAN, DAVID A

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
CRYSTAL LAKE	**2**	**4.1%**	**56**	**16.7%**
60012		0.0%	10	3.0%
60014	2	4.1%	46	13.7%
WOODSTOCK	**5**	**10.2%**	**36**	**10.7%**
60098	5	10.2%	36	10.7%
MCHENRY	**6**	**12.2%**	**30**	**9.0%**
60050	6	12.2%	21	6.3%
60051		0.0%	9	2.7%
CARY	**5**	**10.2%**	**24**	**7.2%**
60013	5	10.2%	24	7.2%
LAKE IN THE HILLS	**1**	**2.0%**	**21**	**6.3%**
60156	1	2.0%	21	6.3%
ALGONQUIN		**0.0%**	**20**	**6.0%**
60102		0.0%	20	6.0%
HARVARD		**0.0%**	**17**	**5.1%**
60033		0.0%	17	5.1%
BARRINGTON	**5**	**10.2%**	**12**	**3.6%**
60010	5	10.2%	12	3.6%
MARENGO	**1**	**2.0%**	**11**	**3.3%**
60152	1	2.0%	11	3.3%
JOHNSBURG		**0.0%**	**10**	**3.0%**
60051		0.0%	10	3.0%
CARPENTERSVILLE	**1**	**2.0%**	**10**	**3.0%**
60110	1	2.0%	10	3.0%
HUNTLEY	**1**	**2.0%**	**10**	**3.0%**
60142	1	2.0%	10	3.0%
WONDER LAKE	**3**	**6.1%**	**7**	**2.1%**
60097	3	6.1%	7	2.1%
ISLAND LAKE	**5**	**10.2%**	**6**	**1.8%**
60042	5	10.2%	6	1.8%
SPRING GROVE		**0.0%**	**5**	**1.5%**
60081		0.0%	5	1.5%
LAKE BARRINGTON	**2**	**4.1%**	**5**	**1.5%**
60010	2	4.1%	5	1.5%
LAKE ZURICH		**0.0%**	**5**	**1.5%**
60047		0.0%	5	1.5%
RICHMOND		**0.0%**	**4**	**1.2%**
60071		0.0%	4	1.2%
WEST DUNDEE		**0.0%**	**3**	**0.9%**
60118		0.0%	3	0.9%
WAUCONDA	**3**	**6.1%**	**3**	**0.9%**
60084	3	6.1%	3	0.9%
NORTH BARRINGTON		**0.0%**	**3**	**0.9%**
60010		0.0%	3	0.9%
VILLAGE OF LAKEWOOD		**0.0%**	**3**	**0.9%**
60014		0.0%	3	0.9%
HAMPSHIRE		**0.0%**	**3**	**0.9%**
60140		0.0%	3	0.9%
ROUND LAKE		**0.0%**	**2**	**0.6%**

Patient Origin by Zip Code of Residence, FY 2016

Physician: GOODMAN, DAVID A

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
60073		0.0%	2	0.6%
RINGWOOD		**0.0%**	**2**	**0.6%**
60072		0.0%	2	0.6%
PALATINE	**1**	**2.0%**	**2**	**0.6%**
60067	1	2.0%	2	0.6%
LAKEMOOR		**0.0%**	**2**	**0.6%**
60051		0.0%	2	0.6%
INVERNESS		**0.0%**	**1**	**0.3%**
60010		0.0%	1	0.3%
LK IN THE HLS		**0.0%**	**1**	**0.3%**
60156		0.0%	1	0.3%
VOLO		**0.0%**	**1**	**0.3%**
60073		0.0%	1	0.3%
ELGIN		**0.0%**	**1**	**0.3%**
60124		0.0%	1	0.3%
SOUTH BARRINGTON		**0.0%**	**1**	**0.3%**
60010		0.0%	1	0.3%
NAPERVILLE		**0.0%**	**1**	**0.3%**
60563		0.0%	1	0.3%
BULL VALLEY		**0.0%**	**1**	**0.3%**
60050		0.0%	1	0.3%
OAKWOOD HILLS		**0.0%**	**1**	**0.3%**
60013		0.0%	1	0.3%
DEER PARK		**0.0%**	**1**	**0.3%**
60010		0.0%	1	0.3%
ARLINGTON HEIGHTS		**0.0%**	**1**	**0.3%**
60005		0.0%	1	0.3%
SLEEPY HOLLOW		**0.0%**	**1**	**0.3%**
60118		0.0%	1	0.3%
PRAIRIE GROVE		**0.0%**	**1**	**0.3%**
60012		0.0%	1	0.3%
SOUTH ELGIN		**0.0%**	**1**	**0.3%**
60177		0.0%	1	0.3%
PT BARRINGTON		**0.0%**	**1**	**0.3%**
60010		0.0%	1	0.3%
VILLA PARK		**0.0%**	**1**	**0.3%**
60181		0.0%	1	0.3%
FOX RIVER GROVE	**2**	**4.1%**	**1**	**0.3%**
60021	2	4.1%	1	0.3%
Subtotal (these Cities/Zips)	43	87.8%	328	97.9%
All Other Cities/Zips	6	12.2%	7	2.1%
TOTAL	**49**	**100.0%**	**335**	**100.0%**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Gastroenterology.

In FY 2016, I performed a total of 17 inpatient surgeries at existing area hospitals. In addition, I performed 332 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries and 2 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

Yasmin Hussain, M.D.
Mercyhealth Woodstock
2000 Lake Avenue
Woodstock, IL 60098

Patient Origin by Zip Code of Residence, FY 2016

Physician: HUSSAIN, YASMIN

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
HARVARD	**12**	**70.6%**	**89**	**26.8%**
60033	12	70.6%	89	26.8%
WOODSTOCK	**3**	**17.6%**	**55**	**16.6%**
60098	3	17.6%	55	16.6%
CRYSTAL LAKE		**0.0%**	**52**	**15.7%**
60012		0.0%	6	1.8%
60014		0.0%	46	13.9%
MCHENRY		**0.0%**	**26**	**7.8%**
60050		0.0%	22	6.6%
60051		0.0%	4	1.2%
MARENGO		**0.0%**	**17**	**5.1%**
60152		0.0%	17	5.1%
WONDER LAKE		**0.0%**	**17**	**5.1%**
60097		0.0%	17	5.1%
HUNTLEY		**0.0%**	**11**	**3.3%**
60142		0.0%	11	3.3%
SPRING GROVE		**0.0%**	**7**	**2.1%**
60081		0.0%	7	2.1%
RICHMOND		**0.0%**	**7**	**2.1%**
60071		0.0%	7	2.1%
POPLAR GROVE		**0.0%**	**7**	**2.1%**
61065		0.0%	7	2.1%
CARY		**0.0%**	**7**	**2.1%**
60013		0.0%	7	2.1%
CAPRON		**0.0%**	**6**	**1.8%**
61012		0.0%	6	1.8%
HEBRON		**0.0%**	**4**	**1.2%**
60034		0.0%	4	1.2%
LAKE IN THE HILLS		**0.0%**	**4**	**1.2%**
60156		0.0%	4	1.2%
ALGONQUIN		**0.0%**	**3**	**0.9%**
60102		0.0%	3	0.9%
Subtotal (these Cities/Zips)	15	88.2%	312	94.0%
All Other Cities/Zips	2	11.8%	20	6.0%
TOTAL	**17**	**100.0%**	**332**	**100.0%**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Ophthalmology.

In FY 2016, I performed a total of 0 inpatient surgeries at existing area hospitals. In addition, I performed 310 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries and 42 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Jeffrey Kershaw, M.D.
Mercyhealth Woodstock
2000 Lake Avenue
Woodstock, IL 60098

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

Patient Origin by Zip Code of Residence, FY 2016

Physician: KERSHAW, JEFFREY

Row Labels	OP # Surgeries	% of Total Surgeries
WOODSTOCK	**130**	**41.9%**
60098	130	41.9%
HARVARD	**34**	**11.0%**
60033	34	11.0%
CRYSTAL LAKE	**30**	**9.7%**
60012	10	3.2%
60014	18	5.8%
60039	2	0.6%
MARENGO	**24**	**7.7%**
60152	24	7.7%
HUNTLEY	**17**	**5.5%**
60142	17	5.5%
MCHENRY	**12**	**3.9%**
60050	8	2.6%
60051	4	1.3%
LAKE IN THE HILLS	**10**	**3.2%**
60156	10	3.2%
UNION	**9**	**2.9%**
60180	9	2.9%
WONDER LAKE	**7**	**2.3%**
60097	7	2.3%
CARY	**5**	**1.6%**
60013	5	1.6%
JOHNSBURG	**5**	**1.6%**
60051	5	1.6%
Crest Hill	**3**	**1.0%**
60403	3	1.0%
RINGWOOD	**2**	**0.6%**
60072	2	0.6%
LONG GROVE	**2**	**0.6%**
60047	2	0.6%
WEST DUNDEE	**2**	**0.6%**
60118	2	0.6%
HAMPSHIRE	**2**	**0.6%**
60140	2	0.6%
ALGONQUIN	**2**	**0.6%**
60102	2	0.6%
Subtotal (these Cities/Zips)	296	95.5%
All Other Cities/Zips	14	4.5%
TOTAL	**310**	**100.0%**

Note: Did not perform any inpatient surgeries in FY 2016.

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Orthopedic Surgery.

In FY 2016, I performed a total of 97 inpatient surgeries at existing area hospitals. In addition, I performed 246 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

Although I am relocating my Mercyhealth practice to Rockford, I know my practice will be assumed by a newly hired provider. In the interim, my practice will be assumed by Dr. Paul DeHaan. Anticipated surgeries to be performed at the hospital in Crystal Lake are attested to in a separate letter from Dr. DeHaan.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Marko F. Krpan, D.O.
Mercyhealth Crystal Lake South
415-A Congress Parkway
Crystal Lake, IL 60014

Notarized signature of the physician
Subscribed and sworn before me
The 18th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

Patient Origin by Zip Code of Residence, FY 2016

Physician: KRPAN, MARKO F

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
WOODSTOCK	**14**	**14.4%**	**43**	**17.5%**
60098	14	14.4%	43	17.5%
MCHENRY	**13**	**13.4%**	**40**	**16.3%**
60050	12	12.4%	30	12.2%
60051	1	1.0%	10	4.1%
CRYSTAL LAKE	**13**	**13.4%**	**34**	**13.8%**
60012	4	4.1%	6	2.4%
60014	9	9.3%	28	11.4%
HARVARD	**15**	**15.5%**	**22**	**8.9%**
60033	15	15.5%	22	8.9%
CARY	**4**	**4.1%**	**13**	**5.3%**
60013	4	4.1%	13	5.3%
WONDER LAKE	**3**	**3.1%**	**11**	**4.5%**
60097	3	3.1%	11	4.5%
SPRING GROVE	**4**	**4.1%**	**9**	**3.7%**
60081	4	4.1%	9	3.7%
HEBRON		**0.0%**	**7**	**2.8%**
60034		0.0%	7	2.8%
HUNTLEY	**1**	**1.0%**	**7**	**2.8%**
60142	1	1.0%	7	2.8%
LAKEMOOR		**0.0%**	**5**	**2.0%**
60051		0.0%	5	2.0%
LAKE IN THE HILLS	**4**	**4.1%**	**5**	**2.0%**
60156	4	4.1%	5	2.0%
RICHMOND	**3**	**3.1%**	**5**	**2.0%**
60071	3	3.1%	5	2.0%
INGLESIDE		**0.0%**	**5**	**2.0%**
60041		0.0%	5	2.0%
POPLAR GROVE		**0.0%**	**4**	**1.6%**
61065		0.0%	4	1.6%
FOX LAKE	**3**	**3.1%**	**3**	**1.2%**
60020	3	3.1%	3	1.2%
ISLAND LAKE	**1**	**1.0%**	**3**	**1.2%**
60042	1	1.0%	3	1.2%
ALGONQUIN	**2**	**2.1%**	**3**	**1.2%**
Subtotal (these Cities/Zips)	80	82.5%	219	89.0%
All Other Cities/Zips	17	17.5%	27	11.0%
TOTAL	**97**	**100.0%**	**246**	**100.0%**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Podiatry.

In FY 2016, I performed a total of 12 inpatient surgeries at existing area hospitals. In addition, I performed 99 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries and 3 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Mykola Lisowsky, D.P.M.
Mercyhealth Crystal Lake South
415-A Congress Parkway
Crystal Lake, IL 60014

Notarized signature of the physician
Subscribed and swarn before me
the 16th day of January 2017
Public Notary

"OFFICIAL SEAL"
Margaret L Oefelein
Notary Public, State of Illinois
My Commission Expires 8/31/2017

233

Patient Origin by Zip Code of Residence, FY 2016

Physician: LISOWSKY, MYKOLA

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
MCHENRY	**2**	**16.7%**	**21**	**21.2%**
60050	2	16.7%	12	12.1%
60051		0.0%	9	9.1%
HARVARD	**1**	**8.3%**	**21**	**21.2%**
60033	1	8.3%	21	21.2%
WOODSTOCK	**5**	**41.7%**	**16**	**16.2%**
60098	5	41.7%	16	16.2%
CRYSTAL LAKE		**0.0%**	**10**	**10.1%**
60012		0.0%	2	2.0%
60014		0.0%	8	8.1%
MARENGO	**1**	**8.3%**	**5**	**5.1%**
60152	1	8.3%	5	5.1%
JOHNSBURG		**0.0%**	**4**	**4.0%**
60051		0.0%	4	4.0%
SPRING GROVE	**2**	**16.7%**	**3**	**3.0%**
60081	2	16.7%	3	3.0%
UNION		**0.0%**	**3**	**3.0%**
60180		0.0%	3	3.0%
ISLAND LAKE		**0.0%**	**3**	**3.0%**
60042		0.0%	3	3.0%
WONDER LAKE		**0.0%**	**3**	**3.0%**
60097		0.0%	3	3.0%
LAKE IN THE HILLS		**0.0%**	**2**	**2.0%**
60156		0.0%	2	2.0%
CARY		**0.0%**	**2**	**2.0%**
60013		0.0%	2	2.0%
Subtotal (these Cities/Zips)	11	91.7%	93	93.9%
All Other Cities/Zips	1	8.3%	6	6.1%
TOTAL	**12**	**100.0%**	**99**	**100.0%**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Otorhinolaryngology.

In FY 2016, I performed a total of 76 inpatient surgeries at existing area hospitals. In addition, I performed 398 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries and 118 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Gary L. Livingston, M.D.
Mercyhealth Crystal Lake East
390 Congress Parkway, Ste. M
Crystal Lake, IL 60014

Notarized signature of the physician
Subscribed and swarn before me
the 16th day of January, 2017
Public Notary

"OFFICIAL SEAL"
Margaret L Oefelein
Notary Public, State of Illinois
My Commission Expires 8/31/2017

Patient Origin by Zip Code of Residence, FY 2016

Physician: LIVINGSTON, GARY L

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
MCHENRY	**7**	**9.2%**	**66**	**16.6%**
60050	5	6.6%	53	13.3%
60051	2	2.6%	13	3.3%
CRYSTAL LAKE	**5**	**6.6%**	**61**	**15.3%**
60012	2	2.6%	14	3.5%
60014	3	3.9%	47	11.8%
WOODSTOCK	**3**	**3.9%**	**26**	**6.5%**
60098	3	3.9%	26	6.5%
CARY	**11**	**14.5%**	**24**	**6.0%**
60013	11	14.5%	24	6.0%
BARRINGTON	**6**	**7.9%**	**21**	**5.3%**
60010	6	7.9%	21	5.3%
LAKE ZURICH	**6**	**7.9%**	**16**	**4.0%**
60047	6	7.9%	16	4.0%
ALGONQUIN	**3**	**3.9%**	**16**	**4.0%**
60102	3	3.9%	16	4.0%
WONDER LAKE	**3**	**3.9%**	**15**	**3.8%**
60097	3	3.9%	15	3.8%
HUNTLEY	**2**	**2.6%**	**14**	**3.5%**
60142	2	2.6%	14	3.5%
SPRING GROVE		**0.0%**	**11**	**2.8%**
60081		0.0%	11	2.8%
LAKE IN THE HILLS		**0.0%**	**10**	**2.5%**
60156		0.0%	10	2.5%
WAUCONDA	**6**	**7.9%**	**7**	**1.8%**
60084	6	7.9%	7	1.8%
JOHNSBURG	**1**	**1.3%**	**7**	**1.8%**
60050		0.0%	1	0.3%
60051	1	1.3%	6	1.5%
ISLAND LAKE	**2**	**2.6%**	**7**	**1.8%**
60042	2	2.6%	7	1.8%
PALATINE	**2**	**2.6%**	**6**	**1.5%**
60067		0.0%	4	1.0%
60074	2	2.6%	2	0.5%
MARENGO	**1**	**1.3%**	**6**	**1.5%**
60152	1	1.3%	6	1.5%
HARVARD		**0.0%**	**5**	**1.3%**
60033		0.0%	5	1.3%
LAKEMOOR	**1**	**1.3%**	**5**	**1.3%**
60051	1	1.3%	5	1.3%
ELGIN		**0.0%**	**4**	**1.0%**
60120		0.0%	2	0.5%

Patient Origin by Zip Code of Residence, FY 2016

Physician: LIVINGSTON, GARY L

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
60123		0.0%	1	0.3%
60124		0.0%	1	0.3%
FOX RIVER GROVE	**2**	**2.6%**	**4**	**1.0%**
60021	2	2.6%	4	1.0%
Subtotal (these Cities/Zips)	61	80.3%	331	83.2%
All Other Cities/Zips	15	19.7%	67	16.8%
TOTAL	**76**	**100.0%**	**398**	**100.0%**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Obstetrics & Gynecology.

In FY 2016, I performed a total of 112 inpatient surgeries and obstetrical procedures at existing area hospitals. In addition, I performed 105 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries, 0 obstetrical procedures and 32 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Richard L. Persino, MD

Richard L. Persino, M.D.
Mercyhealth Crystal Lake OB/GYN
750 E. Terra Cotta, Ste. B
Crystal Lake, IL 60014

Notarized signature of the physician
Subscribed and swarn before me
the 16th day of January, 2017
Public Notary

Margaret L Oefelein

"OFFICIAL SEAL"
Margaret L Oefelein
Notary Public, State of Illinois
My Commission Expires 8/31/2017

238

Patient Origin by Zip Code of Residence, FY 2016

Physician: PERSINO, RICHARD L

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
MCHENRY	**24**	**21.4%**	**26**	**24.8%**
60050	21	18.8%	22	21.0%
60051	3	2.7%	4	3.8%
CRYSTAL LAKE	**15**	**13.4%**	**17**	**16.2%**
60012	2	1.8%	4	3.8%
60014	13	11.6%	13	12.4%
WOODSTOCK	**6**	**5.4%**	**10**	**9.5%**
60098	6	5.4%	10	9.5%
CARY	**5**	**4.5%**	**6**	**5.7%**
60013	5	4.5%	6	5.7%
HARVARD		**0.0%**	**6**	**5.7%**
60033		0.0%	6	5.7%
LAKE IN THE HILLS	**12**	**10.7%**	**5**	**4.8%**
60156	12	10.7%	5	4.8%
WONDER LAKE	**9**	**8.0%**	**5**	**4.8%**
60097	9	8.0%	5	4.8%
SPRING GROVE	**1**	**0.9%**	**5**	**4.8%**
60081	1	0.9%	5	4.8%
MARENGO	**2**	**1.8%**	**4**	**3.8%**
60152	2	1.8%	4	3.8%
ALGONQUIN	**2**	**1.8%**	**3**	**2.9%**
60102	2	1.8%	3	2.9%
GURNEE		**0.0%**	**2**	**1.9%**
60031		0.0%	2	1.9%
ROUND LAKE	**1**	**0.9%**	**2**	**1.9%**
60073	1	0.9%	2	1.9%
FOX RIVER GROVE	**2**	**1.8%**	**1**	**1.0%**
60021	2	1.8%	1	1.0%
CHICAGO		**0.0%**	**1**	**1.0%**
60638		0.0%	1	1.0%
LAKEMOOR	**3**	**2.7%**	**1**	**1.0%**
60051	3	2.7%	1	1.0%
HAINESVILLE	**1**	**0.9%**	**1**	**1.0%**
60030	1	0.9%	1	1.0%
MUNDELEIN	**1**	**0.9%**	**1**	**1.0%**
60060	1	0.9%	1	1.0%
SYCAMORE		**0.0%**	**1**	**1.0%**
60178		0.0%	1	1.0%
RINGWOOD	**1**	**0.9%**	**1**	**1.0%**
60072	1	0.9%	1	1.0%
ANTIOCH		**0.0%**	**1**	**1.0%**
60002		0.0%	1	1.0%
CARPENTERSVILLE	**1**	**0.9%**	**1**	**1.0%**
60110	1	0.9%	1	1.0%

Patient Origin by Zip Code of Residence, FY 2016

Physician: PERSINO, RICHARD L

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
HIGHLAND PARK		**0.0%**	**1**	**1.0%**
60035		0.0%	1	1.0%
WAUCONDA		**0.0%**	**1**	**1.0%**
60084		0.0%	1	1.0%
HUNTLEY	**4**	**3.6%**	**1**	**1.0%**
60142	4	3.6%	1	1.0%
INGLESIDE		**0.0%**	**1**	**1.0%**
60041		0.0%	1	1.0%
JOHNSBURG	**4**	**3.6%**	**1**	**1.0%**
60050	1	0.9%		0.0%
60051	3	2.7%	1	1.0%
Subtotal (these Cities/Zips)	94	83.9%	105	100.0%
All Other Cities/Zips	18	16.1%	0	0.0%
TOTAL	**112**	**100.0%**	**105**	**100.0%**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Ophthalmology.

In FY 2016, I performed a total of 4 inpatient surgeries at existing area hospitals. In addition, I performed 277 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients. In addition, I have assumed the practice of Robert Epstein, M.D., who is no longer with Mercyhealth. In FY 2016, he performed 2 inpatient surgeries and 70 outpatient surgeries (table also attached).

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries and 30 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter. These estimates include cases anticipated from incorporating Dr. Epstein's practice.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Jung M. Rhee, M.D.
Mercyhealth McHenry Eye Center
406 N. Front Street, Ste. C
McHenry, IL 60050

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

241 Debra S. Hansing

Patient Origin by Zip Code of Residence, FY 2016

Physician: RHEE, JUNG M

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
MCHENRY	**1**	**25.0%**	**88**	**31.8%**
60050	1	25.0%	57	20.6%
60051		0.0%	31	11.2%
WOODSTOCK	**2**	**50.0%**	**28**	**10.1%**
60098	2	50.0%	28	10.1%
WONDER LAKE		**0.0%**	**19**	**6.9%**
60097		0.0%	19	6.9%
SPRING GROVE		**0.0%**	**18**	**6.5%**
60081		0.0%	18	6.5%
CARY		**0.0%**	**13**	**4.7%**
60013		0.0%	13	4.7%
HARVARD		**0.0%**	**13**	**4.7%**
60033		0.0%	13	4.7%
WAUCONDA		**0.0%**	**11**	**4.0%**
60084		0.0%	11	4.0%
FOX LAKE		**0.0%**	**11**	**4.0%**
60020		0.0%	11	4.0%
CRYSTAL LAKE	**1**	**25.0%**	**9**	**3.2%**
60012		0.0%	1	0.4%
60014	1	25.0%	8	2.9%
JOHNSBURG		**0.0%**	**8**	**2.9%**
60051		0.0%	8	2.9%
INGLESIDE		**0.0%**	**8**	**2.9%**
60041		0.0%	8	2.9%
RICHMOND		**0.0%**	**7**	**2.5%**
60071		0.0%	7	2.5%
HEBRON		**0.0%**	**5**	**1.8%**
60034		0.0%	5	1.8%
FOX RIVER GROVE		**0.0%**	**3**	**1.1%**
60021		0.0%	3	1.1%
ROUND LAKE		**0.0%**	**3**	**1.1%**
60073		0.0%	3	1.1%
ROUND LAKE BEACH		**0.0%**	**3**	**1.1%**
60073		0.0%	3	1.1%
ISLAND LAKE		**0.0%**	**3**	**1.1%**
60042		0.0%	3	1.1%
LAKEMOOR		**0.0%**	**3**	**1.1%**
60051		0.0%	3	1.1%
CHICAGO		**0.0%**	**2**	**0.7%**
60625		0.0%	2	0.7%
BULL VALLEY		**0.0%**	**2**	**0.7%**
60050		0.0%	2	0.7%
GLENVIEW		**0.0%**	**2**	**0.7%**
60025		0.0%	2	0.7%

Patient Origin by Zip Code of Residence, FY 2016

Physician: RHEE, JUNG M

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
OAKWOOD HILLS		**0.0%**	**2**	**0.7%**
60013		0.0%	2	0.7%
LAKE IN THE HILLS		**0.0%**	**2**	**0.7%**
60156		0.0%	2	0.7%
ANTIOCH		**0.0%**	**2**	**0.7%**
60002		0.0%	2	0.7%
RINGWOOD		**0.0%**	**2**	**0.7%**
60072		0.0%	2	0.7%
MARENGO		**0.0%**	**2**	**0.7%**
60152		0.0%	2	0.7%
HOLIDAY HILLS		**0.0%**	**2**	**0.7%**
60051		0.0%	2	0.7%
BARRINGTON		**0.0%**	**1**	**0.4%**
60010		0.0%	1	0.4%
CAPRON		**0.0%**	**1**	**0.4%**
61012		0.0%	1	0.4%
ALGONQUIN		**0.0%**	**1**	**0.4%**
60102		0.0%	1	0.4%
Subtotal (these Cities/Zips)	4	100.0%	274	98.9%
All Other Cities/Zips	0	0.0%	3	1.1%
TOTAL	**4**	**100.0%**	**277**	**100.0%**

Patient Origin by Zip Code of Residence, FY 2016

Physician: EPSTEIN, ROBERT L

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
MCHENRY		**0.0%**	**24**	**34.3%**
60050		0.0%	13	18.6%
60051		0.0%	11	15.7%
SPRING GROVE		**0.0%**	**6**	**8.6%**
60081		0.0%	6	8.6%
CRYSTAL LAKE	**0**	**0.0%**	**5**	**7.1%**
60014	0	0.0%	5	7.1%
WONDER LAKE		**0.0%**	**4**	**5.7%**
60097		0.0%	4	5.7%
WOODSTOCK		**0.0%**	**4**	**5.7%**
60098		0.0%	4	5.7%
ALGONQUIN		**0.0%**	**3**	**4.3%**
60102		0.0%	3	4.3%
HARVARD		**0.0%**	**2**	**2.9%**
60033		0.0%	2	2.9%
WAUCONDA		**0.0%**	**2**	**2.9%**
60084		0.0%	2	2.9%
RICHMOND		**0.0%**	**2**	**2.9%**
60071		0.0%	2	2.9%
ISLAND LAKE		**0.0%**	**2**	**2.9%**
60042		0.0%	2	2.9%
ANTIOCH		**0.0%**	**1**	**1.4%**
60002		0.0%	1	1.4%
LAKE IN THE HILLS		**0.0%**	**1**	**1.4%**
60102		0.0%	1	1.4%
RINGWOOD		**0.0%**	**1**	**1.4%**
60072		0.0%	1	1.4%
HUNTLEY		**0.0%**	**1**	**1.4%**
60142		0.0%	1	1.4%
WHEELING		**0.0%**	**1**	**1.4%**
60090		0.0%	1	1.4%
AURORA	**0**	**0.0%**	**1**	**1.4%**
60506	0	0.0%	1	1.4%
CHICAGO		**0.0%**	**1**	**1.4%**
60641		0.0%	1	1.4%
CARY		**0.0%**	**1**	**1.4%**
60013		0.0%	1	1.4%
Subtotal (these Cities/Zips)	0	0.0%	62	88.6%
All Other Cities/Zips	2	100.0%	8	11.4%
TOTAL	**2**	**100.0%**	**70**	**100.0%**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Obstetrics & Gynecology.

In FY 2016, I performed a total of 151 inpatient surgeries and obstetrical procedures at existing area hospitals. In addition, I performed 38 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries, 0 obstetrical procedures and 10 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Mary T. Riggs, D.O.
Mercyhealth McHenry
3922 Mercy Drive
McHenry, IL 60050

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

Patient Origin by Zip Code of Residence, FY 2016

Physician: RIGGS, MARY T

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
MCHENRY	**44**	**29.1%**	**12**	**31.6%**
60050	41	27.2%	10	26.3%
60051	3	2.0%	2	5.3%
CRYSTAL LAKE	**12**	**7.9%**	**6**	**15.8%**
60012	4	2.6%	1	2.6%
60014	8	5.3%	5	13.2%
JOHNSBURG	**11**	**7.3%**	**5**	**13.2%**
60050	2	1.3%	1	2.6%
60051	9	6.0%	4	10.5%
WOODSTOCK	**12**	**7.9%**	**4**	**10.5%**
60098	12	7.9%	4	10.5%
WONDER LAKE	**6**	**4.0%**	**3**	**7.9%**
60097	6	4.0%	3	7.9%
SPRING GROVE	**4**	**2.6%**	**2**	**5.3%**
60081	4	2.6%	2	5.3%
LAKE IN THE HILLS	**6**	**4.0%**	**2**	**5.3%**
60156	6	4.0%	2	5.3%
PORT BARRINGTON		**0.0%**	**1**	**2.6%**
60010		0.0%	1	2.6%
PINGREE GROVE		**0.0%**	**1**	**2.6%**
60140		0.0%	1	2.6%
CARY		**0.0%**	**1**	**2.6%**
60013		0.0%	1	2.6%
ALGONQUIN	**5**	**3.3%**	**1**	**2.6%**
60102	5	3.3%	1	2.6%
ROUND LAKE BEACH	**1**	**0.7%**		**0.0%**
60073	1	0.7%		0.0%
HARVARD	**1**	**0.7%**		**0.0%**
60033	1	0.7%		0.0%
VILLAGE OF LAKEWOOD	**2**	**1.3%**		**0.0%**
60014	2	1.3%		0.0%
HOLIDAY HILLS	**3**	**2.0%**		**0.0%**
60051	3	2.0%		0.0%
ROCKFORD	**2**	**1.3%**		**0.0%**
61109	2	1.3%		0.0%
HUNTLEY	**5**	**3.3%**		**0.0%**
60142	5	3.3%		0.0%
ST CHARLES	**4**	**2.6%**		**0.0%**
60175	4	2.6%		0.0%
INGLESIDE	**4**	**2.6%**		**0.0%**
60041	4	2.6%		0.0%
HEBRON	**2**	**1.3%**		**0.0%**
60034	2	1.3%		0.0%
GRAYSLAKE	**1**	**0.7%**		**0.0%**
60030	1	0.7%		0.0%

Patient Origin by Zip Code of Residence, FY 2016

Physician: RIGGS, MARY T

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
RINGWOOD	**1**	**0.7%**		**0.0%**
60072	1	0.7%		0.0%
BELVIDERE	**1**	**0.7%**		**0.0%**
61008	1	0.7%		0.0%
ROUND LAKE	**1**	**0.7%**		**0.0%**
60073	1	0.7%		0.0%
ANTIOCH	**1**	**0.7%**		**0.0%**
60002	1	0.7%		0.0%
CARPENTERSVILLE	**2**	**1.3%**		**0.0%**
60110	2	1.3%		0.0%
MARENGO	**2**	**1.3%**		**0.0%**
60152	2	1.3%		0.0%
UNION	**1**	**0.7%**		**0.0%**
60180	1	0.7%		0.0%
FOX LAKE	**5**	**3.3%**		**0.0%**
60020	5	3.3%		0.0%
VOLO	**5**	**3.3%**		**0.0%**
60073	5	3.3%		0.0%
Subtotal (these Cities/Zips)	144	95.4%	38	100.0%
All Other Cities/Zips	7	4.6%	0	0.0%
TOTAL	**151**	**100.0%**	**38**	**100.0%**

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Corporate Office
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MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Obstetrics & Gynecology.

In FY 2016, I performed a total of 90 inpatient surgeries and obstetrical procedures at existing area hospitals. In addition, I performed 57 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients. In addition, I have assumed the practice of Michelle Karney, M.D., who is no longer with Mercyhealth. In FY 2016, she performed 1 inpatient surgery and 63 outpatient surgeries (table also attached).

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries, 0 obstetrical procedures and 30 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter. These estimates include cases anticipated from incorporating Dr. Karney's practice.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Stacy M. Syrcle, M.D.
Mercyhealth Woodstock
2000 Lake Avenue
Woodstock, IL 60098

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

Patient Origin by Zip Code of Residence, FY 2016

Physician: SYRCLE, STACY M

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
WOODSTOCK	**18**	**20.0%**	**11**	**19.3%**
60098	18	20.0%	11	19.3%
HARVARD	**17**	**18.9%**	**11**	**19.3%**
60033	17	18.9%	11	19.3%
CRYSTAL LAKE	**11**	**12.2%**	**8**	**14.0%**
60012	1	1.1%	2	3.5%
60014	10	11.1%	6	10.5%
WONDER LAKE	**7**	**7.8%**	**5**	**8.8%**
60097	7	7.8%	5	8.8%
LAKE IN THE HILLS	**2**	**2.2%**	**4**	**7.0%**
60156	2	2.2%	4	7.0%
MARENGO	**6**	**6.7%**	**3**	**5.3%**
60152	6	6.7%	3	5.3%
ALGONQUIN	**1**	**1.1%**	**3**	**5.3%**
60102	1	1.1%	3	5.3%
JOHNSBURG		**0.0%**	**3**	**5.3%**
60051		0.0%	3	5.3%
RICHMOND	**2**	**2.2%**	**2**	**3.5%**
60071	2	2.2%	2	3.5%
MCHENRY	**4**	**4.4%**	**2**	**3.5%**
60050	3	3.3%	2	3.5%
60051	1	1.1%		0.0%
CARPENTERSVILLE		**0.0%**	**1**	**1.8%**
60110		0.0%	1	1.8%
SPRING GROVE	**5**	**5.6%**	**1**	**1.8%**
60081	5	5.6%	1	1.8%
CARY	**2**	**2.2%**	**1**	**1.8%**
60013	2	2.2%	1	1.8%
BELVIDERE		**0.0%**	**1**	**1.8%**
61008		0.0%	1	1.8%
HUNTLEY	**1**	**1.1%**	**1**	**1.8%**
60142	1	1.1%	1	1.8%
Subtotal (these Cities/Zips)	76	84.4%	57	100.0%
All Other Cities/Zips	14	15.6%	0	0.0%
TOTAL	**90**	**100.0%**	**57**	**100.0%**

Patient Origin by Zip Code of Residence, FY 2016

Physician: KARNEY, MICHELLE Y

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
WOODSTOCK		**0.0%**	**16**	**25.4%**
60098		0.0%	16	25.4%
MCHENRY		**0.0%**	**12**	**19.0%**
60050		0.0%	9	14.3%
60051		0.0%	3	4.8%
CRYSTAL LAKE		**0.0%**	**10**	**15.9%**
60012		0.0%	3	4.8%
60014		0.0%	6	9.5%
60039		0.0%	1	1.6%
HARVARD	**1**	**100.0%**	**5**	**7.9%**
60033	1	100.0%	5	7.9%
WONDER LAKE		**0.0%**	**3**	**4.8%**
60097		0.0%	3	4.8%
JOHNSBURG		**0.0%**	**3**	**4.8%**
60051		0.0%	3	4.8%
WAUCONDA		**0.0%**	**2**	**3.2%**
60084		0.0%	2	3.2%
CAPRON		**0.0%**	**2**	**3.2%**
61012		0.0%	2	3.2%
VILLAGE OF LAKEWOOD		**0.0%**	**2**	**3.2%**
60014		0.0%	2	3.2%
MARENGO		**0.0%**	**2**	**3.2%**
60152		0.0%	2	3.2%
BULL VALLEY		**0.0%**	**1**	**1.6%**
60050		0.0%	1	1.6%
CARY		**0.0%**	**1**	**1.6%**
60013		0.0%	1	1.6%
LAKE IN THE HILLS		**0.0%**	**1**	**1.6%**
60156		0.0%	1	1.6%
Subtotal (these Cities/Zips)	1	100.0%	60	95.2%
All Other Cities/Zips	0	0.0%	3	4.8%
TOTAL	**1**	**100.0%**	**63**	**100.0%**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Orthopedic Surgery.

In FY 2016, I performed a total of 133 inpatient surgeries at existing area hospitals. In addition, I performed 289 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 7 inpatient surgeries and 34 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Dana I. Tarandy, M.D.
Mercyhealth Woodstock
2000 Lake Avenue
Woodstock, IL 60098

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

Patient Origin by Zip Code of Residence, FY 2016

Physician: TARANDY, DANA I

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
WOODSTOCK	**28**	**21.1%**	**98**	**33.9%**
60098	28	21.1%	98	33.9%
HARVARD	**21**	**15.8%**	**31**	**10.7%**
60033	21	15.8%	31	10.7%
MARENGO	**15**	**11.3%**	**30**	**10.4%**
60152	15	11.3%	30	10.4%
CRYSTAL LAKE	**4**	**3.0%**	**25**	**8.7%**
60012	1	0.8%	4	1.4%
60014	3	2.3%	21	7.3%
MCHENRY	**17**	**12.8%**	**21**	**7.3%**
60050	15	11.3%	20	6.9%
60051	2	1.5%	1	0.3%
WONDER LAKE	**6**	**4.5%**	**14**	**4.8%**
60097	6	4.5%	14	4.8%
HEBRON	**4**	**3.0%**	**6**	**2.1%**
60034	4	3.0%	6	2.1%
JOHNSBURG	**1**	**0.8%**	**6**	**2.1%**
60051	1	0.8%	6	2.1%
RICHMOND		**0.0%**	**5**	**1.7%**
60071		0.0%	5	1.7%
SPRING GROVE	**7**	**5.3%**	**4**	**1.4%**
60081	7	5.3%	4	1.4%
ELGIN	**1**	**0.8%**	**4**	**1.4%**
60120		0.0%	2	0.7%
60123	1	0.8%	2	0.7%
HUNTLEY	**3**	**2.3%**	**4**	**1.4%**
60142	3	2.3%	4	1.4%
SOUTH BARRINGTON		**0.0%**	**3**	**1.0%**
60010		0.0%	3	1.0%
UNION	**1**	**0.8%**	**3**	**1.0%**
60180	1	0.8%	3	1.0%
ALGONQUIN	**1**	**0.8%**	**3**	**1.0%**
60102	1	0.8%	3	1.0%
LAKE IN THE HILLS	**4**	**3.0%**	**3**	**1.0%**
60156	4	3.0%	3	1.0%
ISLAND LAKE		**0.0%**	**3**	**1.0%**
60042		0.0%	3	1.0%
VILLAGE OF LAKEWOOD		**0.0%**	**2**	**0.7%**
60014		0.0%	2	0.7%
LAKE VILLA	**1**	**0.8%**	**2**	**0.7%**
60046	1	0.8%	2	0.7%
CAPRON		**0.0%**	**2**	**0.7%**
61012		0.0%	2	0.7%
BELVIDERE		**0.0%**	**2**	**0.7%**
61008		0.0%	2	0.7%

Patient Origin by Zip Code of Residence, FY 2016

Physician: TARANDY, DANA I

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
CARPENTERSVILLE		**0.0%**	**1**	**0.3%**
60110		0.0%	1	0.3%
BARRINGTON		**0.0%**	**1**	**0.3%**
60011		0.0%	1	0.3%
ANTIOCH		**0.0%**	**1**	**0.3%**
60002		0.0%	1	0.3%
MACHESNEY PARK		**0.0%**	**1**	**0.3%**
61115		0.0%	1	0.3%
SYCAMORE		**0.0%**	**1**	**0.3%**
60178		0.0%	1	0.3%
CARY	**2**	**1.5%**	**1**	**0.3%**
60013	2	1.5%	1	0.3%
Subtotal (these Cities/Zips)	116	87.2%	277	95.8%
All Other Cities/Zips	17	12.8%	12	4.2%
TOTAL	**133**	**100.0%**	**289**	**100.0%**

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Corporate Office
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MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Podiatry.

I am new to Mercyhealth but I have assumed Dr. Rusthoven's practice, who is no longer with the system. In FY 2016, Dr. Rusthoven performed 0 inpatient surgeries and 20 outpatient surgeries (table attached).

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries and 3 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter. These estimates include cases anticipated from incorporating Dr. Rusthoven's practice.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Jakob Thorud, D.P.M.
Mercyhealth McHenry
3922 Mercy Drive
McHenry, IL 60050

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January, 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

254

Patient Origin by Zip Code of Residence, FY 2016

Physician: RUSTHOVEN, TIMOTHY

Row Labels	OP # Surgeries	% of Total Surgeries
WOODSTOCK	**10**	**50.0%**
60098	10	50.0%
HARVARD	**3**	**15.0%**
60033	3	15.0%
CAPRON	**2**	**10.0%**
61012	2	10.0%
LAKE IN THE HILLS	**2**	**10.0%**
60156	2	10.0%
WONDER LAKE	**1**	**5.0%**
60097	1	5.0%
CRYSTAL LAKE	**1**	**5.0%**
60014	1	5.0%
JOHNSBURG	**1**	**5.0%**
60051	1	5.0%
Grand Total	**20**	**100.0%**
Subtotal (these Cities/Zips)	20	100.0%
All Other Cities/Zips	0	0.0%
TOTAL	**20**	**100.0%**

Note: Did not perform any inpatient surgeries in FY 2016.

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January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Obstetrics & Gynecology.

In FY 2016, I performed a total of 110 inpatient surgeries and obstetrical procedures at existing area hospitals. In addition, I performed 46 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients. In addition, I have assumed the practice of Susan Howey, M.D., who is no longer with Mercyhealth. In FY 2016, she performed 156 inpatient surgeries and 40 outpatient surgeries (table also attached).

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries, 0 obstetrical procedures and 24 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter. These estimates include cases anticipated from incorporating Dr. Howey's practice.

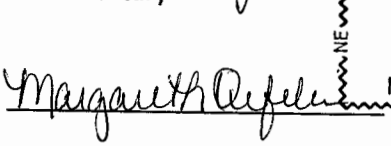
I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Breanna L. Walker, M.D.
Mercyhealth Northwest Women's Group
47 West Acorn Lane
Lake in the Hills, IL 60156

Notarized signature of the physician
Subscribed and swarn before me
the 17th day of January 2017
Public Notary



"OFFICIAL SEAL"
Margaret L Oefelein
Notary Public, State of Illinois
My Commission Expires 8/31/2017

Patient Origin by Zip Code of Residence, FY 2016

Physician: WALKER, BREANNA L

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
MARENGO	**6**	**5.5%**	**8**	**17.4%**
60152	6	5.5%	8	17.4%
CRYSTAL LAKE	**13**	**11.8%**	**8**	**17.4%**
60012	1	0.9%		0.0%
60014	12	10.9%	8	17.4%
HARVARD	**9**	**8.2%**	**6**	**13.0%**
60033	9	8.2%	6	13.0%
WOODSTOCK	**28**	**25.5%**	**6**	**13.0%**
60098	28	25.5%	6	13.0%
MCHENRY	**12**	**10.9%**	**5**	**10.9%**
60050	12	10.9%	3	6.5%
60051		0.0%	2	4.3%
WONDER LAKE	**12**	**10.9%**	**5**	**10.9%**
60097	12	10.9%	5	10.9%
HUNTLEY	**3**	**2.7%**	**2**	**4.3%**
60142	3	2.7%	2	4.3%
ROCKFORD	**1**	**0.9%**	**1**	**2.2%**
61107		0.0%	1	2.2%
61109	1	0.9%		0.0%
WILMINGTON		**0.0%**	**1**	**2.2%**
60481		0.0%	1	2.2%
BARRINGTON		**0.0%**	**1**	**2.2%**
60010		0.0%	1	2.2%
ALGONQUIN		**0.0%**	**1**	**2.2%**
60102		0.0%	1	2.2%
LAKE ZURICH		**0.0%**	**1**	**2.2%**
60047		0.0%	1	2.2%
LOCKPORT		**0.0%**	**1**	**2.2%**
60441		0.0%	1	2.2%
JOHNSBURG	**4**	**3.6%**		**0.0%**
60051	4	3.6%		0.0%
LAKEMOOR	**2**	**1.8%**		**0.0%**
60050	1	0.9%		0.0%
60051	1	0.9%		0.0%
VILLAGE OF LAKEWOOD	**1**	**0.9%**		**0.0%**
60014	1	0.9%		0.0%
MCCULLOM LAKE	**1**	**0.9%**		**0.0%**
60050	1	0.9%		0.0%
CARY	**1**	**0.9%**		**0.0%**
60013	1	0.9%		0.0%
LAKE IN THE HILLS	**5**	**4.5%**		**0.0%**
60156	5	4.5%		0.0%
Subtotal (these Cities/Zips)	98	89.1%	46	100.0%
All Other Cities/Zips	12	10.9%	0	0.0%
TOTAL	**110**	**100.0%**	**46**	**100.0%**

Patient Origin by Zip Code of Residence, FY 2016

Physician: HOWEY, SUSAN M

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
MCHENRY	**16**	**10.3%**	**8**	**20.0%**
60050	15	9.6%	7	17.5%
60051	1	0.6%	1	2.5%
CRYSTAL LAKE	**27**	**17.3%**	**6**	**15.0%**
60012	6	3.8%		0.0%
60014	21	13.5%	6	15.0%
LAKE IN THE HILLS	**26**	**16.7%**	**5**	**12.5%**
60156	26	16.7%	5	12.5%
CARY	**1**	**0.6%**	**3**	**7.5%**
60013	1	0.6%	3	7.5%
WOODSTOCK	**13**	**8.3%**	**3**	**7.5%**
60098	13	8.3%	3	7.5%
ELGIN	**2**	**1.3%**	**2**	**5.0%**
60120	2	1.3%		0.0%
60123		0.0%	1	2.5%
60124		0.0%	1	2.5%
SPRING GROVE	**1**	**0.6%**	**1**	**2.5%**
60081	1	0.6%	1	2.5%
PORT BARRINGTON		**0.0%**	**1**	**2.5%**
60010		0.0%	1	2.5%
HEBRON		**0.0%**	**1**	**2.5%**
60034		0.0%	1	2.5%
MCCULLOM LAKE		**0.0%**	**1**	**2.5%**
60050		0.0%	1	2.5%
HUNTLEY	**18**	**11.5%**	**1**	**2.5%**
60142	18	11.5%	1	2.5%
PINGREE GROVE		**0.0%**	**1**	**2.5%**
60140		0.0%	1	2.5%
WONDER LAKE	**4**	**2.6%**	**1**	**2.5%**
60097	4	2.6%	1	2.5%
ROUND LAKE BEACH		**0.0%**	**1**	**2.5%**
60073		0.0%	1	2.5%
JOHNSBURG	**4**	**2.6%**	**1**	**2.5%**
60050		0.0%	1	2.5%
60051	4	2.6%		0.0%
HAMPSHIRE	**4**	**2.6%**	**1**	**2.5%**
60140	4	2.6%	1	2.5%
ALGONQUIN	**10**	**6.4%**	**1**	**2.5%**
60102	8	5.1%	1	2.5%
60156	2	1.3%		0.0%
ISLAND LAKE	**3**	**1.9%**	**1**	**2.5%**
60042	3	1.9%	1	2.5%

Patient Origin by Zip Code of Residence, FY 2016

Physician: HOWEY, SUSAN M

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
LAKE VILLA		**0.0%**	**1**	**2.5%**
60046		0.0%	1	2.5%
Subtotal (these Cities/Zips)	129	82.7%	40	100.0%
All Other Cities/Zips	27	17.3%	0	0.0%
TOTAL	**156**	**100.0%**	**40**	**100.0%**

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Corporate Office
3401 N. Perryville Rd., Ste. 303
Rockford, IL 61114
MercyHealthSystem.org

January 16, 2017

Ms. Kathryn J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Obstetrics & Gynecology.

In FY 2016, I performed a total of 139 inpatient surgeries and obstetrical procedures at existing area hospitals. In addition, I performed 132 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries, 0 obstetrical procedures and 38 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Randy S. Wittman, M.D.
Mercyhealth Crystal Lake OB/GYN
750 E. Terra Cotta, Ste. B
Crystal Lake, IL 60014

Notarized signature of the physician
Subscribed and swarn before me
the 17th day of January 2017
Public Notary

"OFFICIAL SEAL"
Margaret L Oefelein
Notary Public, State of Illinois
My Commission Expires 8/31/2017

260 Margaret L Oefelein

Patient Origin by Zip Code of Residence, FY 2016

Physician: WITTMAN, RANDY S

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
MCHENRY	**25**	**18.0%**	**28**	**21.2%**
60050	22	15.8%	23	17.4%
60051	3	2.2%	5	3.8%
CRYSTAL LAKE	**27**	**19.4%**	**22**	**16.7%**
60012	3	2.2%	8	6.1%
60014	24	17.3%	14	10.6%
SPRING GROVE	**7**	**5.0%**	**9**	**6.8%**
60081	7	5.0%	9	6.8%
WONDER LAKE	**4**	**2.9%**	**8**	**6.1%**
60097	4	2.9%	8	6.1%
WOODSTOCK	**10**	**7.2%**	**8**	**6.1%**
60098	10	7.2%	8	6.1%
JOHNSBURG	**2**	**1.4%**	**7**	**5.3%**
60051	2	1.4%	7	5.3%
LAKE IN THE HILLS	**10**	**7.2%**	**6**	**4.5%**
60156	10	7.2%	6	4.5%
HUNTLEY	**1**	**0.7%**	**5**	**3.8%**
60142	1	0.7%	5	3.8%
MARENGO	**5**	**3.6%**	**4**	**3.0%**
60152	5	3.6%	4	3.0%
ROUND LAKE		**0.0%**	**3**	**2.3%**
60073		0.0%	3	2.3%
WAUCONDA	**2**	**1.4%**	**3**	**2.3%**
60084	2	1.4%	3	2.3%
FOX RIVER GROVE	**3**	**2.2%**	**3**	**2.3%**
60021	3	2.2%	3	2.3%
CARY	**10**	**7.2%**	**3**	**2.3%**
60013	10	7.2%	3	2.3%
ALGONQUIN	**4**	**2.9%**	**3**	**2.3%**
60102	4	2.9%	3	2.3%
INGLESIDE		**0.0%**	**2**	**1.5%**
60041		0.0%	2	1.5%
HIGHLAND PARK		**0.0%**	**2**	**1.5%**
60035		0.0%	2	1.5%
CARPENTERSVILLE		**0.0%**	**2**	**1.5%**
60110		0.0%	2	1.5%
VOLO	**1**	**0.7%**	**2**	**1.5%**
60020		0.0%	1	0.8%
60073	1	0.7%	1	0.8%
Subtotal (these Cities/Zips)	111	79.9%	120	90.9%
All Other Cities/Zips	28	20.1%	12	9.1%
TOTAL	**139**	**100.0%**	**132**	**100.0%**

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January 16, 2017

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525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Dear Ms. Olson,

I am writing in support of the proposal by Mercyhealth to establish a new hospital in Crystal Lake, serving primarily residents of the communities of Crystal Lake, Cary, Algonquin, Lake in the Hills, and Fox River Grove.

I am a surgeon affiliated with Mercyhealth. My specialty is Obstetrics & Gynecology.

In FY 2016, I performed a total of 176 inpatient surgeries and obstetrical procedures at existing area hospitals. In addition, I performed 44 outpatient surgeries at hospitals and outpatient surgical facilities in the area. The attached table shows the zip codes of residence of those patients.

I pledge that, if Mercyhealth is successful in receiving State approval for a hospital in Crystal Lake, I will conduct 0 inpatient surgeries, 0 obstetrical procedures and 10 outpatient surgeries in the proposed new hospital when it opens in 2020 and annually thereafter.

I attest that the patients in my counts have not been used to support another pending or approved Certificate of Need permit application.

Thank you for considering my input regarding this proposed project.

Sincerely,

Ricca Zaino

Ricca Zaino, M.D.
Mercyhealth Woodstock
2000 Lake Avenue
Woodstock, IL 60098

Notarized signature of the physician
Subscribed and sworn before me
The 16th day of January 2017

OFFICIAL SEAL
DEBRA S HANSING
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/09/19

Debra S. Hansing

Patient Origin by Zip Code of Residence, FY 2016

Physician: ZAINO, RICCA

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
WOODSTOCK	**41**	**23.3%**	**9**	**20.5%**
60098	41	23.3%	9	20.5%
CRYSTAL LAKE	**28**	**15.9%**	**7**	**15.9%**
60012	4	2.3%	1	2.3%
60014	24	13.6%	6	13.6%
HARVARD	**25**	**14.2%**	**6**	**13.6%**
60033	25	14.2%	6	13.6%
MCHENRY	**13**	**7.4%**	**4**	**9.1%**
60050	10	5.7%	4	9.1%
60051	3	1.7%		0.0%
WONDER LAKE	**12**	**6.8%**	**4**	**9.1%**
60097	12	6.8%	4	9.1%
MARENGO	**11**	**6.3%**	**3**	**6.8%**
60152	11	6.3%	3	6.8%
LAKE IN THE HILLS	**7**	**4.0%**	**3**	**6.8%**
60156	7	4.0%	3	6.8%
POPLAR GROVE		**0.0%**	**1**	**2.3%**
61065		0.0%	1	2.3%
HEBRON	**8**	**4.5%**	**1**	**2.3%**
60034	8	4.5%	1	2.3%
OSWEGO		**0.0%**	**1**	**2.3%**
60543		0.0%	1	2.3%
JOHNSBURG		**0.0%**	**1**	**2.3%**
60051		0.0%	1	2.3%
HUNTLEY	**7**	**4.0%**	**1**	**2.3%**
60142	7	4.0%	1	2.3%
GARDEN PRAIRIE	**1**	**0.6%**	**1**	**2.3%**
61038	1	0.6%	1	2.3%
ISLAND LAKE		**0.0%**	**1**	**2.3%**
60042		0.0%	1	2.3%
LAKEMOOR	**1**	**0.6%**	**1**	**2.3%**
60051	1	0.6%	1	2.3%
SCHAUMBURG	**1**	**0.6%**		**0.0%**
60193	1	0.6%		0.0%
CARY	**3**	**1.7%**		**0.0%**
60013	3	1.7%		0.0%
UNION	**1**	**0.6%**		**0.0%**
60180	1	0.6%		0.0%
MONTGOMERY	**1**	**0.6%**		**0.0%**
60538	1	0.6%		0.0%
CAPRON	**1**	**0.6%**		**0.0%**
61012	1	0.6%		0.0%
MUNDELEIN	**1**	**0.6%**		**0.0%**
60060	1	0.6%		0.0%

Patient Origin by Zip Code of Residence, FY 2016

Physician: ZAINO, RICCA

Row Labels	IP # Surgeries	IP % of Total Surgeries	OP # Surgeries	OP % of Total Surgeries
SPRING GROVE	**3**	**1.7%**		**0.0%**
60081	3	1.7%		0.0%
OAKWOOD HILLS	**1**	**0.6%**		**0.0%**
60013	1	0.6%		0.0%
VOLO	**1**	**0.6%**		**0.0%**
60073	1	0.6%		0.0%
ELGIN	**1**	**0.6%**		**0.0%**
60120	1	0.6%		0.0%
BELVIDERE	**3**	**1.7%**		**0.0%**
61008	3	1.7%		0.0%
ALGONQUIN	**1**	**0.6%**		**0.0%**
60102	1	0.6%		0.0%
Subtotal (these Cities/Zips)	172	97.7%	44	100.0%
All Other Cities/Zips	4	2.3%	0	0.0%
TOTAL	**176**	**100.0%**	**44**	**100.0%**