17-045 Original



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

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

RECEIVED
SEP 01 2017
HEALTH FACILITIES & SERVICES REVIEW BOARD

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

### Facility/Project Identification

| | | |
|---|---|---|
| Facility Name: **PROCTOR COMMUNITY HOSPITAL** | | |
| Street Address: 5409 N. Knoxville Ave. | | |
| City and Zip Code: Peoria, 61614 | | |
| County: Peoria | Health Service Area: 2 | Health Planning Area: C-1 |

### Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

| |
|---|
| Exact Legal Name: PROCTOR COMMUNITY HOSPITAL |
| Street Address: 5409 N. Knoxville Avenue |
| City and Zip Code: Peoria, 61614 |
| Name of Registered Agent: Deborah Simon |
| Registered Agent Street Address: 221 NE Glen Oak Avenue |
| Registered Agent City and Zip Code: Peoria, 61636 |
| Name of Chief Executive Officer: Deborah Simon |
| CEO Street Address: 221 NE Glen Oak Avenue |
| CEO City and Zip Code: Peoria, 61636 |
| CEO Telephone Number: 309-672-5929 |

### Type of Ownership of Applicants

- ☒ 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 they are 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.**

**See ATTACHMENT 1**

### Primary Contact [Person to receive ALL correspondence or inquiries]

| |
|---|
| Name: Terry Waters |
| Title: Vice President, Strategy and Development |
| Company Name: Methodist Health Services Corporation |
| Address: 221 NE Glen Oak Avenue |
| Telephone Number: 309-672-4521 |
| E-mail Address: Terry.Waters @unitypoint.org |
| Fax Number: 309-672-5952 |

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

| |
|---|
| Name: N/A |
| Title: |
| Company Name: |
| Address: |
| Telephone Number: |
| E-mail Address: |
| Fax Number: |

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

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

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

### Facility/Project Identification

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|---|---|---|
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| Street Address: 5409 N. Knoxville Ave. | | |
| City and Zip Code: Peoria, 61614 | | |
| County: Peoria | Health Service Area: 2 | Health Planning Area: C-1 |

### Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

| |
|---|
| Exact Legal Name: IOWA HEALTH SYSTEM |
| Street Address: 1776 West Lakes Parkway |
| City and Zip Code: West Des Moines, IA 50266 |
| Name of Registered Agent: Kevin Vermeer |
| Registered Agent Street Address: 1776 West Lakes Parkway |
| Registered Agent City and Zip Code: West Des Moines, IA 50266 |
| Name of Chief Executive Officer: Kevin Vermeer |
| CEO Street Address: 1776 West Lakes Parkway |
| CEO City and Zip Code: West Des Moines, IA 50266 |
| CEO Telephone Number: 515-241-6161 |

### Type of Ownership of Applicants

- ☒ 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 they are organized and the name and address of each partner specifying whether each is a general or limited partner.

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| Name: Terry Waters |
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| Company Name: Methodist Health Services Corporation |
| Address: 221 NE Glen Oak Avenue |
| Telephone Number: 309-672-4521 |
| E-mail Address: Terry.Waters @unitypoint.org |
| Fax Number: 309-672-5952 |

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

| |
|---|
| Name: N/A |
| Title: |
| Company Name: |
| Address: |
| Telephone Number: |
| E-mail Address: |
| Fax Number: |

## 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: Keith Knepp, M.D. |
| Title: President |
| Company Name: Proctor Community Hospital |
| Address: 5409 N. Knoxville Avenue |
| Telephone Number: 309-672-2528 |
| E-mail Address: Keith.Knepp@unitypoint.org |
| Fax Number: 309-672-5952 |

## Site Ownership

[Provide this information for each applicable site]

| |
|---|
| Exact Legal Name of Site Owner: Methodist Services, Inc. |
| Address of Site Owner: 5401 N. Knoxville Avenue, Peoria, IL 61614 |
| Street Address or Legal Description of the Site:<br>**Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, 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.** |

**See ATTACHMENT 2**

## Operating Identity/Licensee

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

| |
|---|
| Exact Legal Name: |
| Address: |
| ☒ Non-profit Corporation ☐ Partnership<br>☐ For-profit Corporation ☐ Governmental<br>☐ Limited Liability Company ☐ Sole Proprietorship ☐ Other<br><br>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.<br>o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.<br>o **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.** |
| **APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.** |

**See ATTACHMENT 3**

## Organizational Relationships

| |
|---|
| Provide (for each 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.** |

**See ATTACHMENT 4**

## Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 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 #2006-5 **(http://www.hfsrb.illinois.gov)**.

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

**See ATTACHMENT 5**

## 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.**

**See ATTACHMENT 6**

## DESCRIPTION OF PROJECT

### 1. Project Classification

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

Part 1110 Classification:

☒ Substantive

☐ Non-substantive

4

## 2. Narrative Description

In the space below, provide 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.

**Proctor Community Hospital is proposing to establish a 14-station in-center hemodialysis facility to be located at 5401 N. Knoxville Avenue, Suite 104, Peoria, Illinois. The proposed facility will include a total area of 5,831 square feet.**

**The project should be classified as substantive because it involves the establishment of a service as defined by the Administrative Code.**

## Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

| 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 | $1,125,000 | | |
| Modernization Contracts | | | |
| Contingencies | 110,000 | | |
| Architectural/Engineering Fees | 110,000 | | |
| Consulting and Other Fees | 10,000 | | |
| Movable or Other Equipment (not in construction contracts) | $603,000 | | |
| Bond Issuance Expense (project related) | | | |
| Net Interest Expense During Construction (project related) | | | |
| Fair Market Value of Leased Space or Equipment | $2,317,823 | | |
| Other Costs To Be Capitalized | 10,000 | | |
| Acquisition of Building or Other Property (excluding land) | | | |
| **TOTAL USES OF FUNDS** | $4,285,823 | | |
| **SOURCE OF FUNDS** | **CLINICAL** | **NONCLINICAL** | **TOTAL** |
| Cash and Securities | $1,968,000 | | |
| Pledges | | | |
| Gifts and Bequests | | | |
| Bond Issues (project related) | | | |
| Mortgages | | | |
| Leases (fair market value) | $2,317,823 | | |
| Governmental Appropriations | | | |
| Grants | | | |
| Other Funds and Sources | | | |
| **TOTAL SOURCES OF FUNDS** | $4,285,823 | | |

**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 $ 210,000.

**Project Status and Completion Schedules**

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

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary
☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): December 31, 2019

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

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☒ Financial Commitment will occur after permit issuance.

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

**See ATTACHMENT 8**

**State Agency Submittals** [Section 1130.620(c)]

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 **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (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** | | | | | | | |
| In-Center Hemodialysis | $4,285,823 | | 5,831 | | 5,831 | | |
| | | | | | | | |
| Total Clinical | $4,285,823 | | 5,831 | | 5,831 | | |
| | | | | | | | |
| **NON REVIEWABLE** | | | | | | | |
| | | | | | | | |
| Total Non-clinical | 0 | | 0 | | 0 | | |
| **TOTAL** | $4,285,823 | | 5,831 | | 5,831 | | |

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

**See ATTACHMENT 9**

## 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 the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is 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: Proctor Community Hospital** | | | **CITY: Peoria, Illinois** | | |
|---|---|---|---|---|---|
| **REPORTING PERIOD DATES:** | | **From: 1/1/2016** | | **to: 12/31/2016** | |
| **Category of Service** | **Authorized Beds** | **Admissions** | **Patient Days** | **Bed Changes** | **Proposed Beds** |
| Medical/Surgical | 151 | 2,900 | 11,452 | 0 | 151 |
| Obstetrics | 0 | 0 | 0 | 0 | 0 |
| Pediatrics | 8 | 0 | 0 | 0 | 8 |
| Intensive Care | 16 | 327 | 1,391 | 0 | 16 |
| Comprehensive Physical Rehabilitation | 0 | 0 | 0 | 0 | 0 |
| Acute/Chronic Mental Illness | 18 | 303 | 4,190 | 0 | 18 |
| Neonatal Intensive Care | 0 | 0 | 0 | 0 | 0 |
| General Long Term Care | 25 | 397 | 6,324 | 0 | 25 |
| Specialized Long Term Care | 0 | 0 | 0 | 0 | 0 |
| Long Term Acute Care | 0 | 0 | 0 | 0 | 0 |
| Other ((identify) | 0 | 0 | 0 | 0 | 0 |
| TOTALS: | 218 | 3,927 | 23,357 | 0 | 218 |

NOTE: Proctor Community Hospital has filed an application to discontinue pediatric beds but has not received approval as of the date of this filing.

## CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives 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 is filed on the behalf of Proctor Community Hospital* 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 on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.**

Deborah R Simon
SIGNATURE

Deborah R. Simon
PRINTED NAME

Pres. / C.E.O.
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 25th day of August

Gwendolyn J. Nash
Signature of Notary

Seal

"OFFICIAL SEAL"
Gwendolyn J Nash
Notary Public, State of Illinois
My Commission Expires 10/20/2019

SIGNATURE

Robert A. Quin
PRINTED NAME

Secretary/Treasurer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 28th day of August

Gwendolyn J. Nash
Signature of Notary

Seal

"OFFICIAL SEAL"
Gwendolyn J Nash
Notary Public, State of Illinois
My Commission Expires 10/20/2019

*Insert the EXACT legal name of the applicant

## CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives 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 is filed on the behalf of Iowa Health System* 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 on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.**

| | |
|---|---|
| SIGNATURE | SIGNATURE |
| Kevin E Vermeer | DENNY DRAKE |
| PRINTED NAME | PRINTED NAME |
| President / CEO | SVP, CORPORATE INTEGRITY AND GENERAL COUNSEL |
| PRINTED TITLE | PRINTED TITLE |
| Notarization: Subscribed and sworn to before me this 29th day of August, 2017 | Notarization: Subscribed and sworn to before me this 29th day of August, 2017 |
| Signature of Notary | Signature of Notary |
| Seal | Seal |

TINA M. PATTEN
Commission Number 183262
My Commission Expires
2/14/2020

*Insert EXACT legal name of the applicant

PAMELA K. HOSKINS
NOTARIAL SEAL
IOWA
Commission Number 179[illegible]
My Comm. Expires May [illegible]

## 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.

### Background

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 that the information was 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.**

**See ATTACHMENT 11**

### Criterion 1110.230 – Purpose of the Project, and Alternatives

**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 relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as 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 Staff 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.**

**See ATTACHMENT 12**

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**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.**

**See ATTACHMENT 13**

## 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 and it shall include the basis used for determining the space and the methodology applied.**

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 and certified by the facility's Medical Director.

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.

   c. The project involves the conversion of existing space that results in excess square footage.

   d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

**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.

**See ATTACHMENT 14**

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 | MEET STANDARD? |
| YEAR 1 | | | | | |
| YEAR 2 | | | | | |

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

**See ATTACHMENT 15**

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**UNFINISHED OR SHELL SPACE:**

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.
2. The anticipated use of the shell space, specifying the proposed GSF to 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 is 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.**

NOT APPLICABLE

**ASSURANCES:**

Submit the following:

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

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

NOT APPLICABLE

## F. Criterion 1110.1430 - In-Center Hemodialysis

| Category of Service | # Existing Stations | # Proposed Stations |
|---|---|---|
| ☒ In-Center Hemodialysis | 0 | 14 |

1. Applicants proposing to establish, expand and/or modernize the In-Center Hemodialysis category of service must submit the following information:

2. Indicate station capacity changes by Service: Indicate # of stations changed by action(s):

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

| APPLICABLE REVIEW CRITERIA | Establish | Expand | Modernize |
|---|---|---|---|
| 1110.1430(c)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation) | X | | |
| 1110.1430(c)(2) - Planning Area Need - Service to Planning Area Residents | X | X | |
| 1110.1430(c)(3) - Planning Area Need - Service Demand - Establishment of Category of Service | X | | |
| 1110.1430(c)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service | | X | |
| 1110.1430(c)(5) - Planning Area Need - Service Accessibility | X | | |
| 1110.1430(d)(1) - Unnecessary Duplication of Services | X | | |
| 1110.1430(d)(2) - Maldistribution | X | | |
| 1110.1430(d)(3) - Impact of Project on Other Area Providers | X | | |
| 1110.1430(e)(1), (2), and (3) - Deteriorated Facilities and Documentation | | | X |
| 1110.1430(f) - Staffing | X | X | |
| 1110.1430(g) - Support Services | X | X | X |
| 1110.1430(h) - Minimum Number of Stations | X | | |
| 1110.1430(i) - Continuity of Care | X | | |
| 1110.1430(j) - Relocation (if applicable) | X | | |
| 1110.1430(k) - Assurances | X | X | |

**APPEND DOCUMENTATION AS <u>ATTACHMENT 24,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

4. **Projects for relocation** of a facility from one location in a planning area to another in the same planning area must address the requirements listed in subsection (a)(1) for the "Establishment of Services or Facilities", as well as the requirements in Section 1130.525 – "Requirements for Exemptions Involving the Discontinuation of a Health Care Facility or Category of Service" and subsection 1110.1430(j) - Relocation of an in-center hemodialysis facility.

**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)**

## VII. 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]:**

| | | |
|---|---|---|
| 1,968,000 | a) | Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:<br>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<br>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; |
| 2,317,823 | 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:<br>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;<br>2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;<br>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.;<br>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;<br>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. |
| $4,285,823 | **TOTAL FUNDS AVAILABLE** |

**APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

## SECTION VIII. 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 35, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**See ATTACHMENT 35**

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.

| | Historical 3 Years | | | Projected |
|---|---|---|---|---|
| **Enter Historical and/or Projected Years:** | | | | |
| Current Ratio | N/A | N/A | N/A | N/A |
| Net Margin Percentage | N/A | N/A | N/A | N/A |
| Percent Debt to Total Capitalization | N/A | N/A | N/A | N/A |
| Projected Debt Service Coverage | N/A | N/A | N/A | N/A |
| Days Cash on Hand | N/A | N/A | N/A | N/A |
| Cushion Ratio | N/A | N/A | N/A | N/A |

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.

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 36, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

## SECTION IX. 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 | Mod. | Gross Sq. Ft. New | Circ.* | Gross Sq. Ft. Mod. | Circ.* | Const. $ (A x C) | Mod. $ (B x E) | |
| | | | | | | | | | |
| Contingency | | | | | | | | | |
| TOTALS | | | | | | | | | |

* Include the percentage (%) of space for circulation

**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 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**See ATTACHMENT 37**

## SECTION X. SAFETY NET IMPACT STATEMENT

**SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:**

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 38.**

| 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** | | | |
| **Medicaid (# of patients)** | **Year** | **Year** | **Year** |
| Inpatient | | | |
| Outpatient | | | |
| **Total** | | | |
| **Medicaid (revenue)** | | | |
| Inpatient | | | |
| Outpatient | | | |
| **Total** | | | |

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

**See ATTACHMENT 38**

## SECTION XI. CHARITY CARE INFORMATION

**Charity Care information MUST be furnished for ALL projects [1120.20(c)].**

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 39.**

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

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

**See ATTACHMENT 39**

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

## INDEX OF ATTACHMENTS


| ATTACHMENT NO. | | PAGES |
|---|---|---|
| 1 | Applicant Identification including Certificate of Good Standing | 25-26 |
| 2 | Site Ownership | 27-28 |
| 3 | Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. | 29-30 |
| 4 | Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc. | 31-33 |
| 5 | Flood Plain Requirements | 34-36 |
| 6 | Historic Preservation Act Requirements | 37-41 |
| 7 | Project and Sources of Funds Itemization | N/A |
| 8 | Financial Commitment Document if required | 42 |
| 9 | Cost Space Requirements | 43 |
| 10 | Discontinuation | N/A |
| 11 | Background of the Applicant | 44-46 |
| 12 | Purpose of the Project | 47-50 |
| 13 | Alternatives to the Project | 51 |
| 14 | Size of the Project | 52 |
| 15 | Project Service Utilization | 53 |
| 16 | Unfinished or Shell Space | N/A |
| 17 | Assurances for Unfinished/Shell Space | N/A |
| 18 | Master Design Project | N/A |
| | | |
| | **Service Specific:** | |
| 19 | Medical Surgical Pediatrics, Obstetrics, ICU | N/A |
| 20 | Comprehensive Physical Rehabilitation | N/A |
| 21 | Acute Mental Illness | N/A |
| 22 | Open Heart Surgery | N/A |
| 23 | Cardiac Catheterization | N/A |
| 24 | In-Center Hemodialysis | 54-89 |
| 25 | Non-Hospital Based Ambulatory Surgery | N/A |
| 26 | Selected Organ Transplantation | N/A |
| 27 | Kidney Transplantation | N/A |
| 28 | Subacute Care Hospital Model | N/A |
| 29 | Community-Based Residential Rehabilitation Center | N/A |
| 30 | Long Term Acute Care Hospital | N/A |
| 31 | Clinical Service Areas Other than Categories of Service | N/A |
| 32 | Freestanding Emergency Center Medical Services | N/A |
| 33 | Birth Center | N/A |
| | | |
| | **Financial and Economic Feasibility:** | |
| 34 | Availability of Funds | 90-119 |
| 35 | Financial Waiver | 120-132 |
| 36 | Financial Viability | N/A |
| 37 | Economic Feasibility | 133-135 |
| 38 | Safety Net Impact Statement | 136-138 |
| 39 | Charity Care Information | 139-143 |

*File Number* 3779-346-9

## *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*

PROCTOR HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 19, 1958, 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* 18TH *day of* APRIL *A.D.* 2017 .

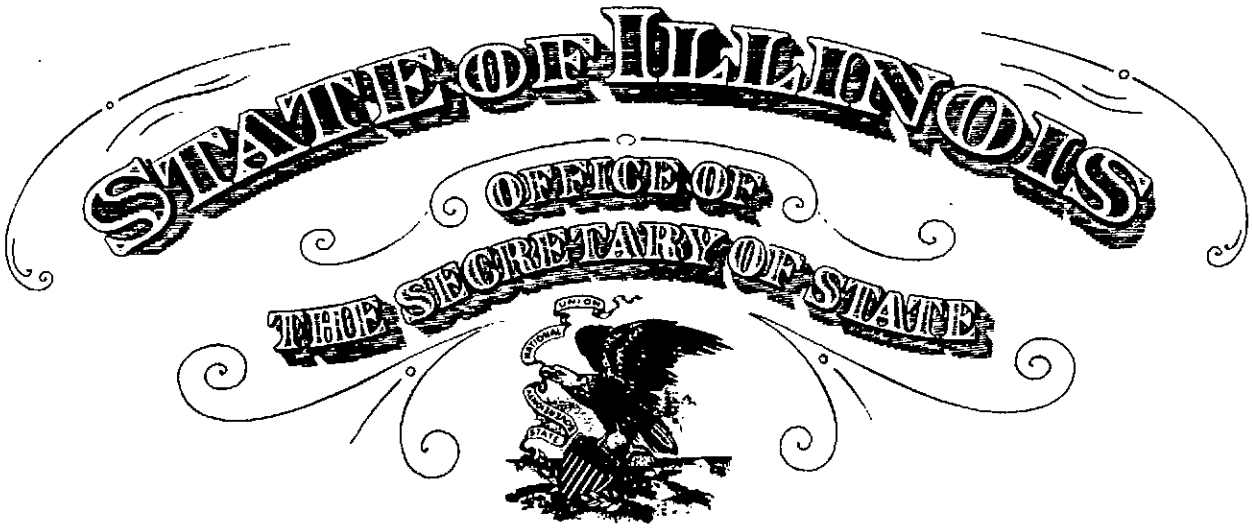
Authentication #: 1710802704 verifiable until 04/18/2018
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE



**ATTACHMENT 1**

*File Number* 6720-693-2

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Authentication #: 1722102084 verifiable until 08/09/2018
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE



**ATTACHMENT 1**

# Site Ownership

The proposed dialysis center will be located within the Proctor Professional Building on the Proctor Hospital campus. Title to the property is held by Methodist Services, Inc., the real estate holding company of Methodist Health Services Corporation. The Peoria County real estate bill is attached as evidence of site ownership.

# 2016 PEORIA COUNTY REAL ESTATE TAX BILL

**PEORIA COUNTY COLLECTOR**
**NICOLE DEMETREAS**
**Office Hours 8:30am - 5:00pm M-F**
**Phone: 309-672-6065**

| First Installment Due Date | 06/06/2017 | Second Installment Due Date | 09/06/2017 | Parcel Number | 14-21-126-014 |
|---|---|---|---|---|---|
| Amount | $129,743.38 | Amount | $129,743.38 | Township | City of Peoria |

Your township collector is:
Patrick A Nichting
419 Fulton Street, Room 100
Peoria, IL 61602

**Legal Description**
HILLIS SUB NW 1/4 SEC 21-9N-8E 2.00 AC BEG 444.29' SW OF SW COR LOT 13
BELCREST CT EXT'D:SW 39.02' SE 119.06' S 15.39' SW 118.9' 128.25' SE 30.94' NE 7 0.08'SE
133.42'S 9.9 SW 81.81'SE 171.92' TO POB HILLIS SUB NW 1/4 SEC 21-9-8E 2 AC BEG

**Site Address**
314 W BELCREST DR
PEORIA, IL 61614

**Owner Name**
METHODIST SERVICES INC

**Mailing Address**
METHODIST SERVICES INC
ATTN DEBORAH SIMON
221 NE GLEN OAK
PEORIA IL 61636-

79898

REMITTANCE ADDRESS ON BACK OF COUPON

| | |
|---|---|
| Tax Code | 001 |
| **Tax Computation** | |
| Fair Prop. Value | 8,136,390 |
| Total Value | 2,711,860 |
| HIE Exemption - | 0 |
| State Multiplier x | 1.0000 |
| State Equalized = | 2,711,860 |
| Senior Freeze Expt - | 0 |
| Owner Occ. Expt - | 0 |
| Senior Expt - | 0 |
| Frat. / Vet. Expt. - | 0 |
| Dis Vet Homestd - | 0 |
| Dis Person Expt - | 0 |
| Returning Vet Expt - | 0 |
| Net Taxable Value = | 2,711,860 |
| Tax Rate x | 9.56859 |
| EZ Abatement - | 0.00 |
| Current Tax= | $259,486.76 |
| Fees/Liens/SSA+ | $0.00 |
| Total Tax Due = | $259,486.76 |

| Taxing Body | Prior Year Rate | Prior Year Tax | Current Rate | Current Tax | Pension Amount |
|---|---|---|---|---|---|
| PEORIA COUNTY | 0.80500 | $21,402.46 | 0.82410 | $22,348.42 | $6,200.12 |
| PEORIA COUNTY SOIL & WATER | 0.00033 | $8.77 | 0.00032 | $8.68 | $0.00 |
| I C C J C #514 | 0.49301 | $13,107.61 | 0.49032 | $13,296.79 | $213.43 |
| CITY OF PEORIA | 1.12223 | $29,836.62 | 1.12107 | $30,401.85 | $22,931.79 |
| PEORIA LIBRARY | 0.43966 | $11,689.20 | 0.43032 | $11,669.68 | $0.00 |
| PEORIA TWP | 0.14742 | $3,919.44 | 0.14895 | $4,039.32 | $121.22 |
| GREATER METRO AIRPORT AUTH | 0.21120 | $5,615.15 | 0.21516 | $5,834.84 | $59.93 |
| GREATER PEORIA M T D | 0.22744 | $6,046.92 | 0.23109 | $6,266.84 | $2,448.53 |
| GREATER PEO SAN DIST | 0.00000 | $0.00 | 0.00000 | $0.00 | $0.00 |
| PLEASURE DRIVEWY PKD | 0.82884 | $22,036.29 | 0.82432 | $22,354.40 | $2,339.79 |
| PEORIA USD #150 | 5.28414 | $140,488.90 | 5.28294 | $143,265.94 | $12,149.09 |
| **Totals** | **9.55927** | **$254,151.36** | **9.56859** | **$259,486.76** | **$46,463.90** |

RETURN THIS PORTION WITH PAYMENT

**2016 FIRST INSTALLMENT**

| Parcel Number | 14-21-126-014 | | |
|---|---|---|---|
| First Installment Due Date | 06/06/2017 | Amount | $129,743.38 |

| IF POSTMARKED AFTER THESE DATES | THE AMOUNT BELOW INCLUDES THE PER MONTH PENALTY | Penalty Amount |
|---|---|---|
| 06/06/2017 | 131,689.53 | 1,946.15 |
| 07/06/2017 | 133,635.68 | 3,892.30 |
| 08/06/2017 | 135,581.83 | 5,838.45 |
| 09/06/2017 | 137,527.98 | 7,784.60 |
| 10/06/2017 | 139,474.13 | 9,738.75 |

METHODIST SERVICES INC
ATTN DEBORAH SIMON
221 NE GLEN OAK
PEORIA IL 61636-

RETURN THIS PORTION WITH PAYMENT

**2016 SECOND INSTALLMENT**

| Parcel Number | 14-21-126-014 | | |
|---|---|---|---|
| Second Installment Due Date | 09/06/2017 | Amount | $129,743.38 |

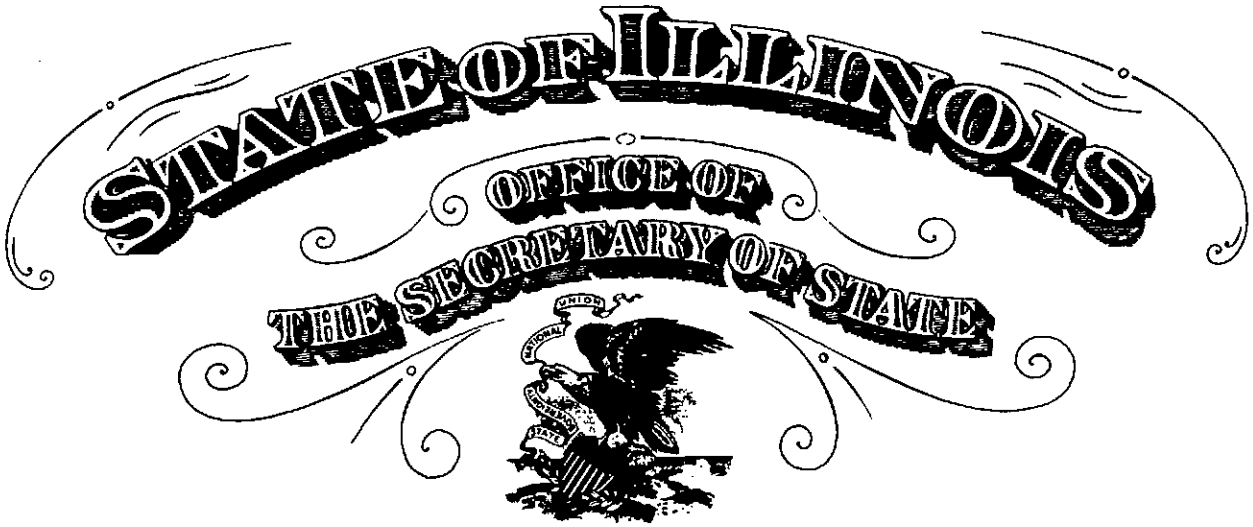
| IF POSTMARKED AFTER THESE DATES | THE AMOUNT BELOW INCLUDES THE PER MONTH PENALTY | Penalty Amount |
|---|---|---|
| 09/06/2017 | 131,689.53 | 1,946.15 |
| 10/06/2017 | 133,635.68 | 3,892.30 |

METHODIST SERVICES INC
ATTN DEBORAH SIMON
221 NE GLEN OAK
PEORIA IL 61636-



ATTACHMENT 2

*File Number* 3779-346-9

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PROCTOR HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 19, 1958, 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.

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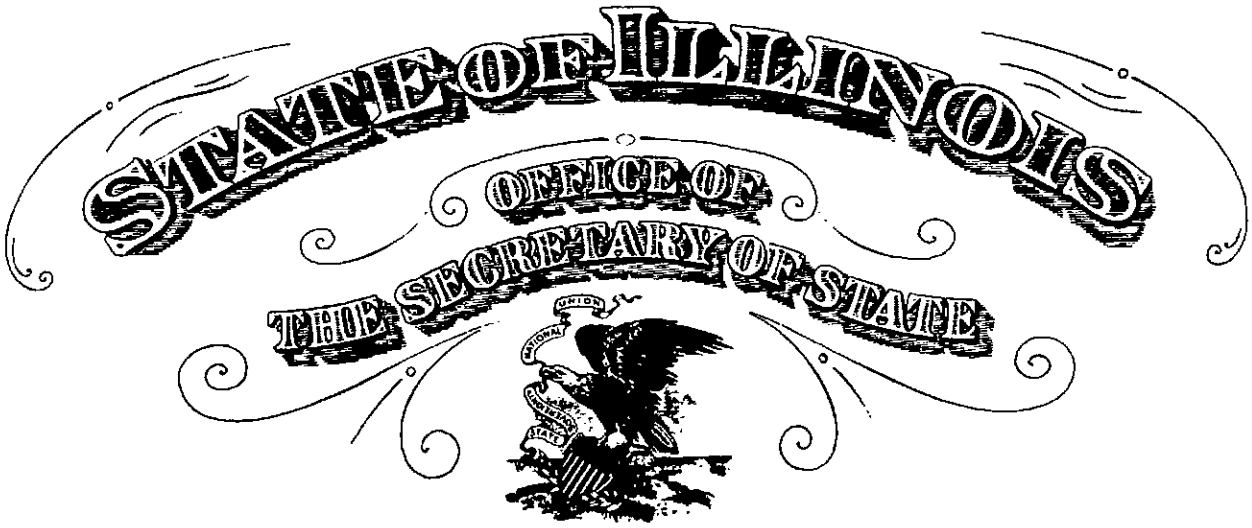
Authentication #: 1710802704 verifiable until 04/18/2018
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE



**ATTACHMENT 3**

*File Number* 6720-693-2

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Authentication #: 1722102084 verifiable until 08/09/2018
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE



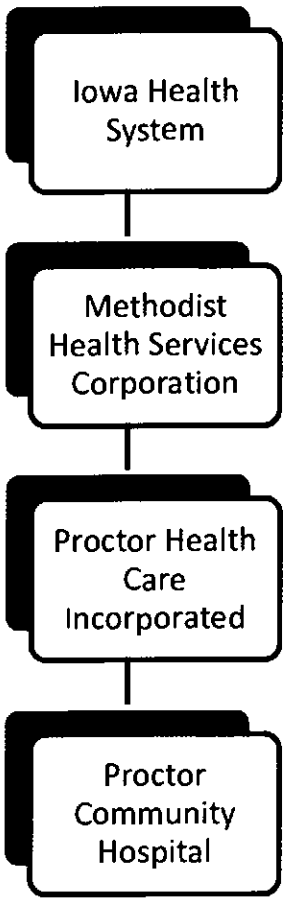
**ATTACHMENT 3**

# Organizational Relationships

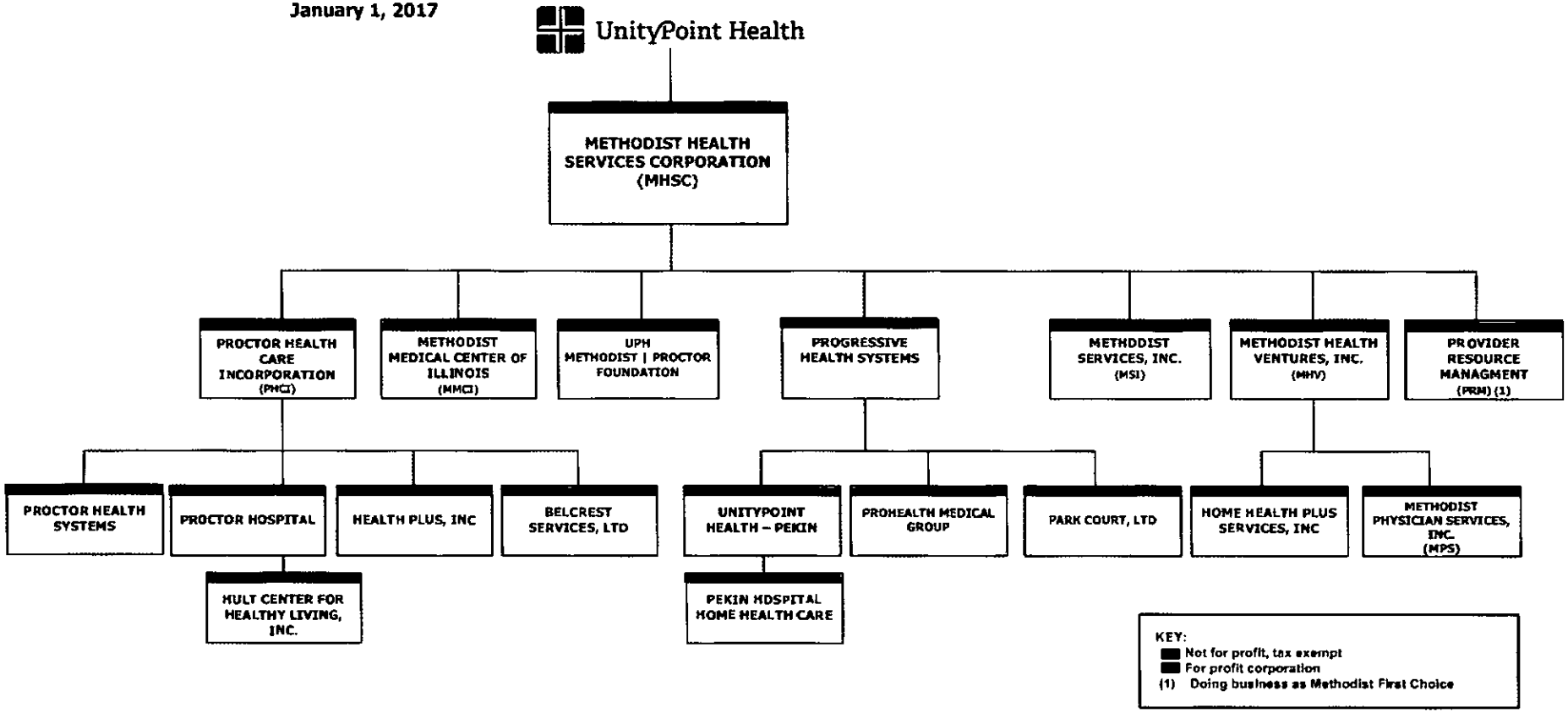
Proctor Community Hospital is a subsidiary corporation of Proctor Health Care Inc., Methodist Health Services Corporation, and Iowa Health System (d/b/a UnityPoint Health). An organizational chart showing the hierarchical relationship is attached. Also attached is an organizational chart of Methodist Health Services Corporation listing all subsidiaries under the control of MHSC. As the parent corporation, Iowa Health System has ultimate control of Proctor Hospital and the programs and services offered by Proctor. The project is being funded in its entirety through cash and investments held by Proctor Community Hospital.

## Organizational Relationships

The following organizational chart shows the hierarchical relationship between the member organizations listed as co-applicants. Iowa Health System (d/b/a UnityPoint Health) has ultimate control.



**Methodist Health Services Corporation**
**Major Operating Entities**
**January 1, 2017**






ATTACHMENT 4

# Flood Plain Requirements

The Proctor Hemodialysis Center will be located on the hospital's campus within the Proctor Professional Building. A flood plain map is provided on the following page. The entire Proctor campus is located outside any known flood plain.

**ATTESTATION**

To the best of my knowledge, the project complies with the requirements of Illinois Executive Order #2006-5.

Terry Waters

Terry Waters
Vice President, Strategy & Development

Subscribed and sworn to before me this 25th day of August, 2017.

Gwendolyn J. Nash

Notary Public

My Commission expires October 20, 2019

ency [US] https://msc.fema.gov/portal/search#searchresultsanchor

# Search Results—Products for **PEORIA, CITY OF**

The flood map for the selected area is number **1705360015B**, effective on **02/01/1980**

VIEW MAP SAVE MAP

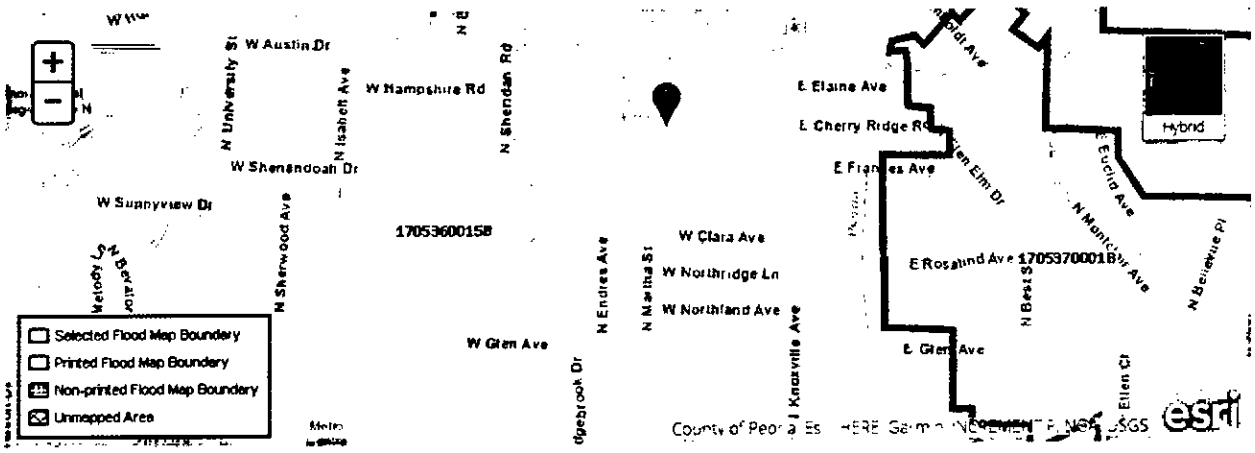
Show **all products** for this area

Letters of Map Change

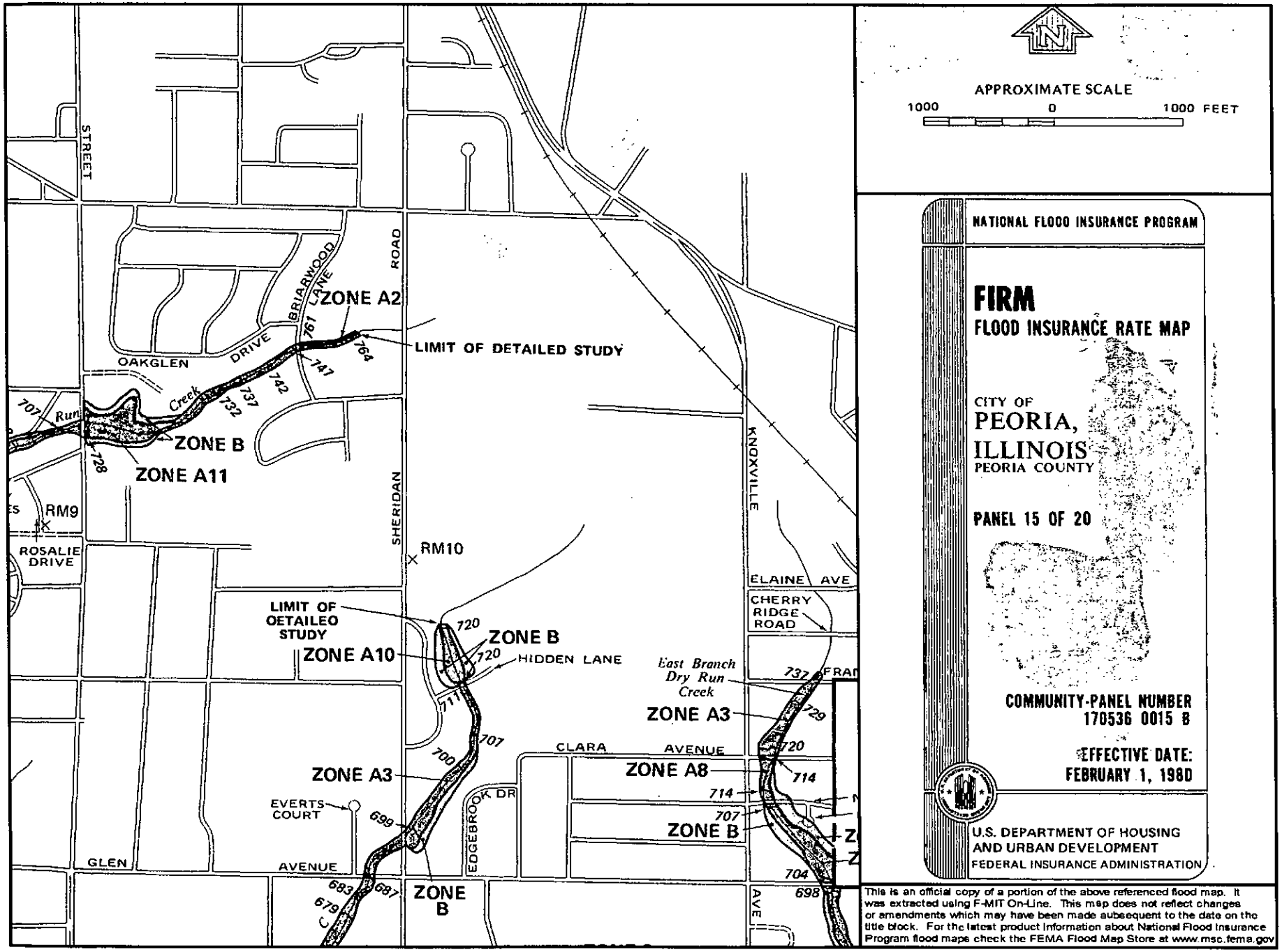
- Revisions (4)
- Amendments (49)
- Revalidations (0)

## Locator Map

PROCTOR PROFESSIONAL BUILDING




**ATTACHMENT 5**




ATTACHMENT 5

## Historic Resources Preservation Act Requirements

The Proctor Professional Building was constructed in 1974, with additions in 1979 and 1984. The building has no historical significance that the applicant is aware of. The inquiry made to the Illinois Historic Preservation Agency is attached. Their response will be forwarded when it is received.

UnityPoint Health
Methodist | Proctor

221 Northeast Glen Oak Avenue
Peoria, Illinois 61636-0002
(309) 672-5522

August 9, 2017

Rachel Leibowitz, Ph.D.
Deputy State Historic Preservation Officer
Preservation Services Division Manager
Illinois Historic Preservation Agency
1 Old State Capitol Plaza
Springfield, IL 62701

Dear Ms. Leibowitz:

Proctor Community Hospital is seeking a Certificate of Need permit to establish a 12-station hemodialysis center in the Proctor Professional Building, located at 5401 N. Knoxville Avenue, Peoria, Illinois. The building was initially built in 1974 with additional phases built in 1979 and 1984. The property is zoned institutional and is appropriate for all medical uses.

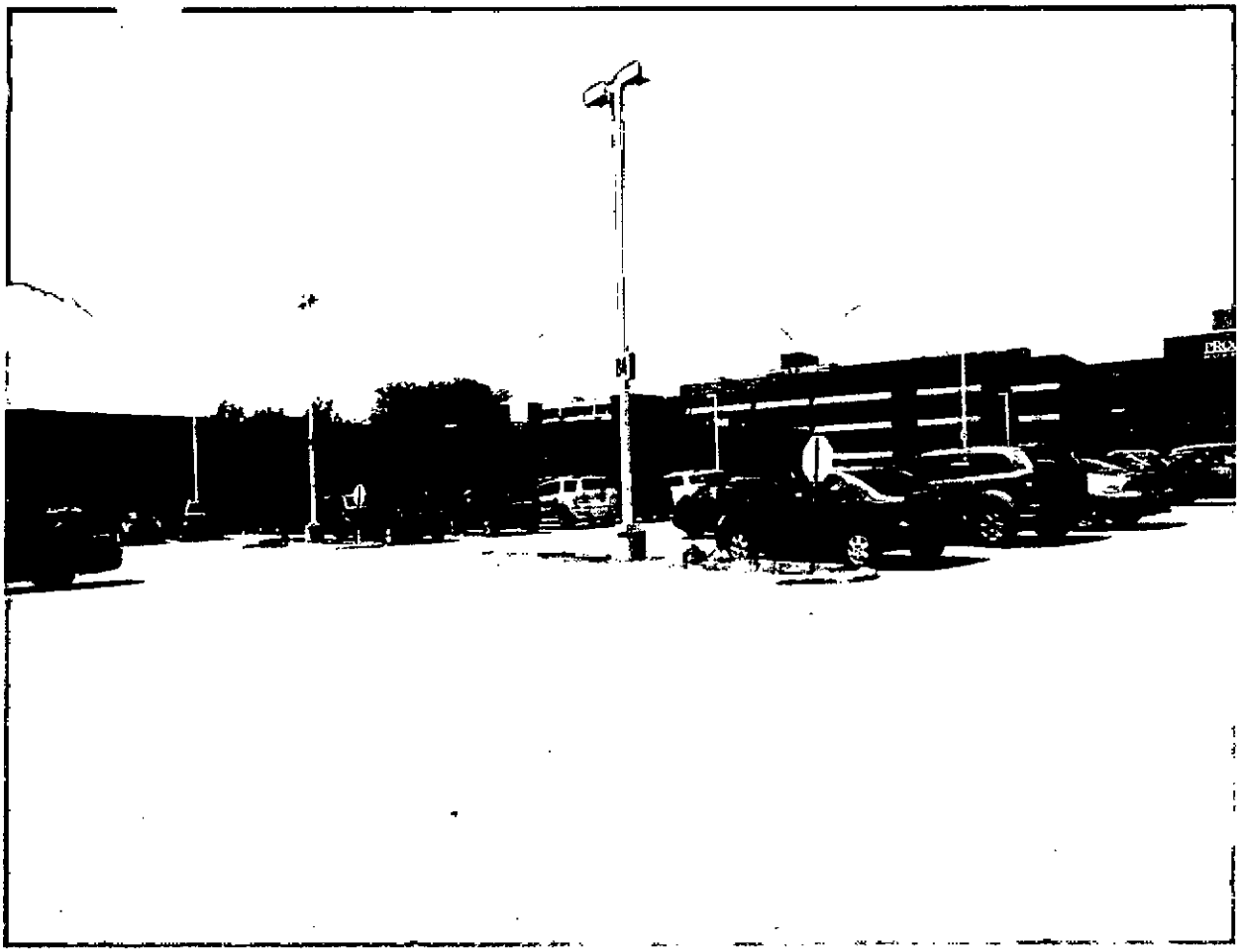
In accordance with the Illinois Health Facilities Planning Board requirements for the Certificate of Need application, we are requesting a letter of determination concerning the applicability of the Historic Preservation Act for this project.

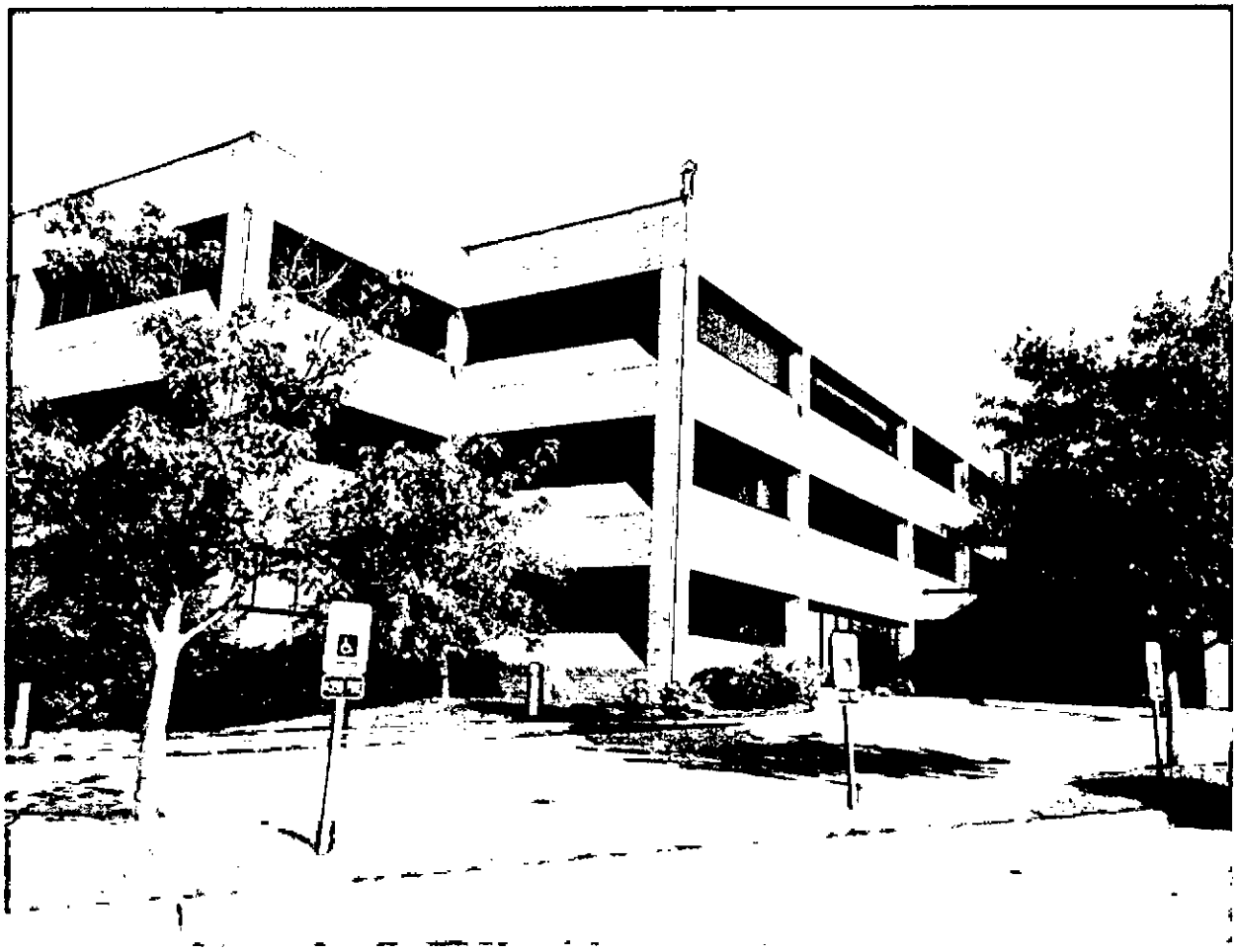
Attached are the following documents:
1) Photos of the existing facility
2) Drawing of the parcel
3) PIN #14-21-126-014

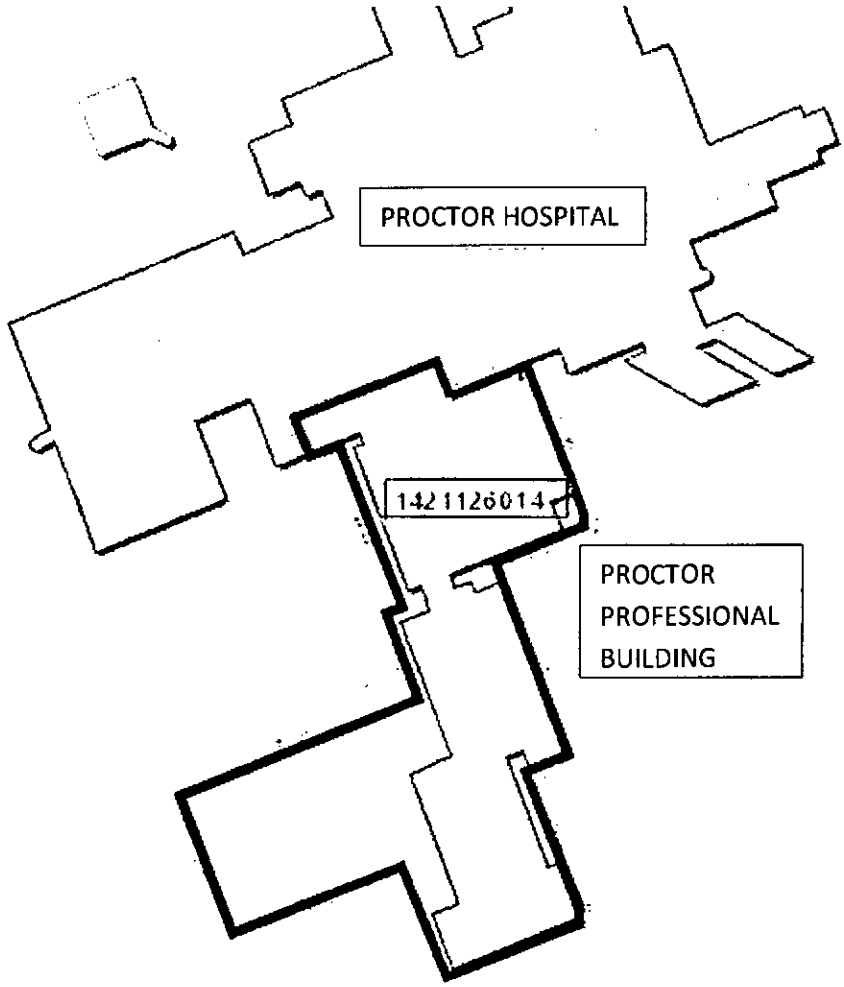
If you should require additional information, please contact me at 309-672-4521. Thank you for your consideration in this matter.

Sincerely,

Terry Waters
Regional Vice President
Strategy & Business Development
UnityPoint Health – Peoria | Pekin






PROCTOR HOSPITAL
1421126014
PROCTOR
PROFESSIONAL
BUILDING

## Project Status and Completion Schedules

The project is in the schematic stage of design development. Design work will proceed upon State Board approval. The project will not be obligated in any form prior to the receipt of a permit. Project completion is expected to occur within 18 months of Board Approval with occupancy occurring on or before December 31, 2019.

# Cost/Space Requirements

The proposed dialysis center will occupy 5,831 (DGSF) within Proctor's Professional Building. The square footage listed includes all circulation space within Suite 104 and represents the total rentable area. All space within the suite is fully utilized for the provision of dialysis services. Non-clinical areas are not involved in the project. The total cost includes the fair market value of the lease estimated at $2,317,823. Actual renovation expense is projected to be $1,125,000.

| | | 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** | | | | | | | |
| In-Center Hemodialysis | $4,285,823 | | 5,831 | | 5,831 | | |
| Total Clinical | $4,285,823 | | 5,831 | | 5,831 | | |
| **Non Reviewable** | | | | | | | |
| N/A | | | | | | | |
| TOTAL: | $4,285,823 | | 5,831 | | 5,831 | | |

# Background of the Applicant

Iowa Health System (d/b/a UnityPoint Health) is a non-denominational, non-profit, integrated health care delivery system. Through its 19 hospitals and 280 physician offices, IHS provides health care services to patients across Illinois, Iowa and Wisconsin. Within Illinois, the Iowa Health delivery system consists of four licensed facilities: The Methodist Medical Center of Illinois, Proctor Community Hospital, Pekin Hospital, and Trinity Medical Center. The first three of these entities are subsidiaries of Methodist Health Services Corporation, located in Peoria. All of the licensed facilities are non-profit organizations in good standing with the State of Illinois. As attested to by the attached statement, there has been no adverse action taken against any IHS facility over the past three years.

# Certification and Authorization

**Proctor Community Hospital**

In accordance with section III, A (2) of the Illinois Health Facilities Planning Board Application for Certificate Need; I do hereby certify that no adverse actions have been taken against Proctor Community Hospital by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities Planning Board; and

In regards to section III, A (3) of the Illinois Health Facilities Planning Board Application for Certificate Need; I do hereby authorize the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information that the State Board or Agency finds pertinent to this subsection.

By: Abram Simm

Its: President / CEO

Subscribed and sworn to before me this 25th day of August, 2017.

Gwendolyn J. Nash

Notary Public

My Commission expires October 20, 2019

"OFFICIAL SEAL"
Gwendolyn J Nash
Notary Public, State of Illinois
My Commission Expires 10/20/2019

# Certification and Authorization

**Iowa Health System**

In accordance with section III, A (2) of the Illinois Health Facilities Planning Board Application for Certificate Need; I do hereby certify that no adverse actions have been taken against Iowa Health system or its licensed facilities within Illinois by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities Planning Board; and

In regards to section III, A (3) of the Illinois Health Facilities Planning Board Application for Certificate Need; I do hereby authorize the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information that the State Board or Agency finds pertinent to this subsection.

By: _____

Its: President / CEO

Subscribed and sworn to before me this 24th day of August 2017.

Pamela K. Hoskins

Notary Public

My Commission expires 5/24/19

PAMELA K. HOSKINS
NOTARIAL SEAL
IOWA
Commission Number 179954
My Comm. Expires May 24, 2019

**ATTACHMENT 11**

# Purpose of the Project

The purpose of the project is to introduce competition into the Central Illinois hemodialysis market in an effort to lower cost and improve quality. Within Health Service Area2, there are twelve hemodialysis centers with a combined capacity of 175 stations. According to the State's inventory of health care facilities and need determination, there is an excess of 20 stations within the service area. The problem with the status quo is that access is essentially limited to Fresenius facilities. Fresenius owns 11 of the 12 centers and controls 95% of the dialysis capacity. The only other provider in the service area is DaVita, another for-profit entity, which has a single 8-station facility in Pekin. In Peoria County, all of the centers are owned by Fresenius (note: RenalCare Group was purchased by Fresenius in 2005). If you are a dialysis patient or a payer of dialysis costs, your only practical choice is to use a Fresenius facility. Fresenius has adopted a charge structure which is unusually high in relation to both the Medicare fee schedule and the actual cost of providing dialysis services. A sample bill is attached showing a total charge of $25,469 dollars for three treatments or $8,490 per treatment. To put this charge in perspective, Medicare pays approximately $240 per treatment in the Peoria market. Our goal is to compete on the basis of charge, thereby lowering costs across the service area.

The second objective is to improve patient outcomes through an integrated model of care. The majority of chronic kidney disease patients have one or more co-morbidities such as diabetes, hypertension and congestive heart failure. Patients with co-morbidities are medically complex, often taking numerous medications. Additionally, it is common practice for a patient to see a different specialist for each medical condition. Effective medical management requires an integrated approach coordinated by primary care physicians and a care management team. One of the primary benefits of this approach will be a reduction of hospital admissions and readmissions. On average, ERSD patients are admitted to the hospital nearly twice a year and about 30% have an unplanned re-hospitalization within 30 days of discharge (CMS, 2014).

The population to be served by the proposed project are UnityPoint Clinic patients with chronic kidney disease that live within a 15-mile radius of the Proctor campus. UnityPoint Clinic is the employed medical group of Methodist Health Services Corporation. The medical group consists of approximately 270 providers serving a total patient population of 165,000. Among this population is 562 patients with chronic kidney disease in stages 4 or 5. The subset that live within a 15-mile radius of Proctor totals 354 CKD4 and CKD5 patients. The specific objectives to be accomplished by the project are listed below.

1) Introduce price competition into the market by adopting a charge structure which is at least 75% below the prevailing rate.

2) Reduce hospital admissions/readmissions by 10%.

3) Achieve better than expected quality and patient care standards as defined by Medicare for hemodialysis programs. The standards are to avoid unnecessary transfusions, prevent bloodstream infections, removal of waste from blood, utilize most effective access, keep bone mineral levels in balance and avoid hospitalizations and deaths.

RCGCI EAST PEORIA
3300 N MAIN STREET
EAST PEORIA IL 616111562
4403483300

RCGCI EAST PEORIA
15262 COLLECTIONS CTR DR
CHICAGO IL 60693

0721

FED TAX NO: 371341578
COVERS PERIOD FROM 071817 THROUGH 072217

PATIENT NAME
PATIENT ADDRESS
BIRTH DATE
SEX
DATE
ADMISSION TYPE
STAT 01 71
CONDITION CODES
ACCIDENT STATE

| OCCURRENCE CODE | DATE | OCCURRENCE CODE | DATE | OCCURRENCE CODE | DATE |
|---|---|---|---|---|---|
| 33 | 120815 | | | | |

| OCCURRENCE SPAN CODE | FROM | THROUGH |
|---|---|---|
| | | |

| VALUE CODES CODE | AMOUNT |
|---|---|
| a 48 | 10.60 |

| REV. CD. | DESCRIPTION | HCPCS/RATE | SERV. DATE | SERVICE UNITS | TOTAL CHARGES | NON-COVERED CHARGES |
|---|---|---|---|---|---|---|
| 0636 | DRUG/DETAIL CODE | J1644 | 071817 | 2 | 173.46 | |
| 0821 | IC HEMO TREATMENT | 90999 | 072217 | 1 | 4951.60 | |
| 0821 | IC HEMO TREATMENT | 90999 | 072017 | 1 | 4951.60 | |
| 0821 | IC HEMO TREATMENT | 90999 | 071817 | 1 | 4951.60 | |

0001 PAGE 2 OF 2 CREATION DATE 072817 TOTALS 25469.00

PAYER NAME
HEALTH PLAN ID
PRIOR PAYMENTS
EST. AMOUNT DUE
NPI
OTHER PRV ID

INSURED'S NAME
PRELIM
INSURED'S UNIQUE ID
GROUP NAME
INSURANCE GROUP NO

TREATMENT AUTHORIZATION CODES
DOCUMENT CONTROL NUMBER
EMPLOYER NAME

N186 D688 D631 D509

PATIENT REASON DX N186
PRIOR PROCEDURE DATE
OTHER PROCEDURE CODE DATE
ATTENDING ID 1609907195
LAST HORINEK FIRST ANTHONY
OPERATING
OTHER

CO ETHICARE ADVISORS
350 CLARK DR SUITE 104
BUDD LAKE NJ 07828

TUL01 SUB ID:400495 CPID:4350
IT CD P ** A 25 02 00 18 95 ** TSH CLAIM ID:17208113243563 CLAIM ID:D0B61TNT7T7UF4SAH
009706-2 of 2



ATTACHMENT 12

RCGCI EAST PEORIA
3300 N MAIN STREET
EAST PEORIA IL 616111562
4403483300

RCGCI EAST PEORIA
15262 COLLECTIONS CTR DR
CHICAGO IL 60693

1L220003

0721

FED TAX NO: 371341578
STATEMENT COVERS PERIOD FROM 071817 THROUGH 072217

PATIENT NAME

PATIENT ADDRESS

UUI

10 BIRTHDATE | 11 SEX | 12 DATE | ADMISSION 13 HR | 14 TYPE 2 | 15 SRC 1 | 16 DHR | 17 STAT 01 | CONDITION CODES 71 | 30 ACCT STATE

| CODE | DATE | CODE | DATE | CODE | DATE | CODE | FROM | THROUGH | CODE | FROM | THROUGH |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 33 | 120815 | | | | | | | | | | |

RECEIVED
AUG 08 2017
BY:

| 39 CODE | VALUE CODES AMOUNT | 40 CODE | VALUE CODES AMOUNT | 41 CODE | VALUE CODES AMOUNT |
|---|---|---|---|---|---|
| a 48 | 10.60 | | | | |
| b | | | | | |
| c | | | | | |
| d | | | | | |

| 42 REV CD | 43 DESCRIPTION | 44 HCPCS / RATE / HIPPS CODE | 45 SERV DATE | 46 SERV UNITS | 47 TOTAL CHARGES | 48 NON COVERED CHARGES |
|---|---|---|---|---|---|---|
| 0270 | MED-SUR SUPPLIES | A4657 | 072217 | 1 | 83.59 | |
| 0270 | MED-SUR SUPPLIES | A4657 | 072017 | 1 | 83.59 | |
| 0270 | MED-SUR SUPPLIES | A4657 | 071817 | 1 | 83.59 | |
| 0270 | MED-SUR SUPPLIES | A4657 | 071817 | 1 | 83.59 | |
| 0304 | LAB/NR DIALYSIS | 83550 | 071817 | 1 | 214.18 | |
| 0304 | LAB/NR DIALYSIS | 84520 | 071817 | 1 | 96.64 | |
| 0304 | LAB/NR DIALYSIS | 82565 | 071817 | 1 | 125.36 | |
| 0304 | LAB/NR DIALYSIS | 82310 | 071817 | 1 | 126.26 | |
| 0304 | LAB/NR DIALYSIS | 84100 | 071817 | 1 | 116.33 | |
| 0304 | LAB/NR DIALYSIS | 8452091 | 071817 | 1 | 96.64 | |
| 0304 | LAB/NR DIALYSIS | 8231091 | 071817 | 1 | 126.26 | |
| 0304 | LAB/NR DIALYSIS | 82040 | 071817 | 1 | 121.45 | |
| 0304 | LAB/NR DIALYSIS | 83540 | 071817 | 1 | 158.70 | |
| 0304 | LAB/NR DIALYSIS | 82728 | 071817 | 1 | 333.86 | |
| 0304 | LAB/NR DIALYSIS | 84155 | 071817 | 1 | 89.89 | |
| 0304 | LAB/NR DIALYSIS | 8410091 | 071817 | 1 | 116.33 | |
| 0304 | LAB/NR DIALYSIS | 80051 | 071817 | 1 | 122.46 | |
| 0304 | LAB/NR DIALYSIS | 85025 | 071817 | 1 | 446.10 | |
| 0636 | DRUG/DETAIL CODE | J1644 | 072217 | 2 | 173.46 | |
| 0636 | DRUG/DETAIL CODE | J0887JA | 072217 | 50 | 5499.00 | |
| 0636 | DRUG/DETAIL CODE | J1644 | 072017 | 2 | 173.46 | |
| 0636 | DRUG/DETAIL CODE | J1756 | 071817 | 100 | 1970.00 | |
| | PAGE 1 OF 2 | CREATION DATE | 072817 | TOTALS | | |

50 PAYER NAME | 51 HEALTH PLAN ID | 52 REL. INFO | 53 ASG. BEN. Y | 54 PRIOR PAYMENTS | 55 EST AMOUNT DUE | 56 NPI | 57 OTHER PRV ID

58 INSURED'S NAME | 59 PREL. | 60 INSURED'S UNIQUE ID | 61 GROUP NAME | 62 INSURANCE GROUP NO

63 TREATMENT AUTHORIZATION CODES | 64 DOCUMENT CONTROL NUMBER | 65 EMPLOYER NAME

PAID
AUG 10 2017
PATTI S.

N186 D688 0631 D509
0

PATIENT REASON CODE N186

PRINCIPAL PROCEDURE CODE DATE | OTHER PROCEDURE CODE DATE | OTHER PROCEDURE CODE DATE | OTHER PROCEDURE CODE DATE | OTHER PROCEDURE CODE DATE | OTHER PROCEDURE CODE DATE

76 ATTENDING NPI 1609907195
LAST HORINEK FIRST ANTHONY
77 OPERATING NPI QUAL
LAST FIRST
78 OTHER NPI QUAL
LAST FIRST
79 OTHER NPI QUAL
LAST FIRST

80 REMARKS

CO ETHICARE ADVISORS
350 CLARK DR SUITE 104
BUDD LAKE NJ 07828

TUL01 SUB ID:400495 CPID:4350 CLAIM ID:D0B6ITNT7T7UF4SAH
IT CO P ** A 25 02 00 18 95 ** TSH CLAIM ID:1720811243562 00001

009706-1 of 2



ATTACHMENT 12

# Alternatives

The stated purposes of the project can only be achieved by the proposed project. Within HSA II, the current hemodialysis market can be characterized as virtual monopoly. With the exception of Tazewell County, payers and consumers have no choice but to utilize a Fresenius facility. The absence of a competitor in the market provides Fresenius with a significant advantage in price negotiations.

Methodist Health Services Corporation and its subsidiary Proctor Community Hospital did consider a joitn venture arrangement with Fresenius and DaVita as an alternative to the proposed project. Entering into a joint venture with a competitor is difficult due to the inability to protect confidential information such as employee wage rates, commercial contract terms, strategic plans, etc. Additionally, Fresenius and DaVita desire a majority interest in a joint venture so that they can consolidate earnings. As a minority partner, Proctor would have little control over charges, contract negotations, etc.

Proctor has selected the lowest cost option available. The application seeks to minimize construction cost by locating the hemodialysis facility within an existing medical office building. The location is in close proximity to other physician specialties promoting care coordination and ease of access.

The continued use of existing hemodialysis facilities, at the exclusion of meaningful competition, will likely result in higher healthcare costs in the years that come. In this instance, restricting the supply of hemodialysis facilities, runs contrary to the purpose of the Certificate of Need program, which is to reduce healthcare costs.

## Size of the Project

Proctor proposes to establish a 14-station dialysis facility. Pursuant to Section 1110, Appendix B, the State standard ranges from 360 to 520 gross square feet per dialysis station. An appropriate size for a 14-station facility would range from 5,040 to 7,280 gross square feet. The proposed facility contains 5,831 square feet of clinical space. Accordingly, the proposed center meets the State standard relative to size.

| Dept/Service | Proposed BGSF/DGSF | State Standard | Difference | Meet Standard? |
|---|---|---|---|---|
| **ESRD** | 5,831 | 5,040-7,280 | N/A | Yes |

# Project Service Utilization

The Proctor Hemodialysis Center will be supported by UnityPoint Clinic, the employed medical group of Methodist Health Services Corporation. UnityPoint Clinic physicians presently care for 5,077 patients with chronic kidney disease. Of this patient population, there are 317 CKD4 patients and 37 CKD5 patients within a 15-mile radius of the proposed facility. This patient population is more than sufficient to fill the unit without relying on any patient transfers. UnityPoint Clinic patient data was reviewed by Dr. Samer Sader, a nephrologist with RenalCare Group. Dr. Sader's conclusion is that the Center can expect to treat 14 patients in the first year, growing to 67 patients in Year Two.

The expected volume of referrals will allow the facility to reach the State's utilization target of 80% by the second year of operation.

**Utilization**

| | Dept/Service | Historical Utilization | Projected Treatments | Projected Utilization | State Standard | Met Standard |
|---|---|---|---|---|---|---|
| **Year 1** | Hemodialysis | N/A | 2,184 | 20.8% | 80% | No |
| **Year 2** | Hemodialysis | N/A | 10,452 | 80.0% | 80% | Yes |

# Background of the Applicant

There are two applicants involved in the project: Proctor Community Hospital and Iowa Health System (d/b/a UnityPoint Health). Proctor Community Hospital is an Illinois non-profit organization who will own and operate the proposed dialysis center. Proctor is a subsidiary of the Iowa Health System, who has ultimate control. Both applicants are in good standing with the Illinois Secretary of State. The required certifications and authorizations are provided in Attachments 1 and 5, along with a list of the licensed facilities owned by Iowa Health System.

The expected volume of referrals will allow the facility to reach the State's utilization target of 80% by the second year of operation.

# Planning Area Need – Formula Calculation

The Proctor Hemodialysis Center will be located in HSA II. At present, there are 12 hemodialysis centers in the Health Service Area, operating a combined 175 stations. According to the State's Inventory of Health Care Facilities and Need Determination, HSA II needs 155 stations to support the patient population, which suggests an excess of 20 stations.

The access issues within HSA II do not relate to inadequate treatment capacity. The issue is that access is essentially limited to a single provider. The State's Inventory of Facilities is attached. Fresenius owns 11 of the 12 facilities, including RenalCare Group purchased by Fresenius a decade ago, and controls 95% of the dialysis capacity. There is only one county out of 13 (Tazewell County) where patients and payors have a choice of providers. As a result of restricting access to a single provider, a virtual monopoly has been created, serving to increase the cost of hemodialysis. Opening access to other providers, thereby creating price competition, is the only practical means of reducing the cost paid by payors and consumers. Proctor will offer hemodialysis services at charges well below the prevailing rate.

# In-Center Hemodialysis Facilities
# HSA II

| | Stations | Owner |
|---|---|---|
| Pekin | 8 | DaVita/Usman |
| Galesburg | 14 | Fresenius |
| Macomb | 8 | Fresenius |
| Monmouth | 9 | Fresenius |
| Streator | 8 | Fresenius |
| Canton | 12 | Fresenius |
| Ottawa | 12 | Fresenius |
| Peoria | 32 | Fresenius |
| East Peoria | 24 | Fresenius |
| Pekin | 10 | Fresenius |
| North Peoria | 21 | Fresenius |
| Spring Valley | 17 | Fresenius |
| TOTAL: | 175 | |

## Planning Area Need – Service to Planning Area Patients

Proctor Community Hospital is proposing to establish a 14-station hemodialysis center on its campus. The new center is projected to draw patients from a 15-mile radius. The geographic area essentially includes Peoria County and the nearby communities of Washington, Morton, East Peoria, Metamora, Germantown Hills, and Lacon. On a practical basis, we expect most of the patients served by the facility to originate from UnityPoint Clinic, the employed medical group of Methodist Health Services Corporation. However, all patients will be welcome. Forecast patient treatment volumes are based solely on the UnityPoint Clinic patient population and do not include any patient transfers from existing facilities. A listing of the CKD4 and CKD5 patients within UnityPoint Clinic by zip code is attached. All of the patients treated in the Center are expected to be residents of HSA II.

| Sort | State | County | 5 digit Zip | Zip City | City | atients with CKD | SumOfCKD stage 4 (#) | SumOfCKD stage 5 (#) |
|---|---|---|---|---|---|---|---|---|
| 1 | IL | Marshall | 61540 | 61540-LACON | Lacon | 49 | 4 | 1 |
| 1 | IL | Peoria | 61517 | 61517-BRIMFIELD | Brimfield | 41 | 3 | 0 |
| 1 | IL | Peoria | 61523 | 61523-CHILLICOTHE | Chillicothe | 138 | 17 | 0 |
| 1 | IL | Peoria | 61525 | 61525-DUNLAP | Dunlap | 57 | 6 | 1 |
| 1 | IL | Peoria | 61526 | 61526-EDELSTEIN | Edelstein | 13 | 0 | 0 |
| 1 | IL | Peoria | 61528 | 61528-EDWARDS | Edwards | 20 | 5 | 0 |
| 1 | IL | Peoria | 61529 | 61529-ELMWOOD | Elmwood | 45 | 0 | 0 |
| 1 | IL | Peoria | 61533 | 61533-GLASFORD | Glasford | 38 | 3 | 0 |
| 1 | IL | Peoria | 61536 | 61536-HANNA CITY | Hanna City | 55 | 4 | 0 |
| 1 | IL | Peoria | 61539 | 61539-KINGSTON MINES | Mines | 1 | 1 | 0 |
| 1 | IL | Peoria | 61539 | 61539-KINGSTON MINE | Mines | 1 | 0 | 0 |
| 1 | IL | Peoria | 61451 | 61451-LAURA | Laura | 1 | 0 | 0 |
| 1 | IL | Peoria | 61547 | 61547-MAPLETON | Mapleton | 33 | 3 | 0 |
| 1 | IL | Peoria | 61552 | 61552-MOSSVILLE | Mossville | 2 | 0 | 0 |
| 1 | IL | Peoria | 61605 | 61605-PEORIA | Peoria | 287 | 40 | 9 |
| 1 | IL | Peoria | 61604 | 61604-PEORIA | Peoria | 417 | 37 | 10 |
| 1 | IL | Peoria | 61614 | 61614-PEORIA | Peoria | 412 | 29 | 3 |
| 1 | IL | Peoria | 61615 | 61615-PEORIA | Peoria | 281 | 23 | 1 |
| 1 | IL | Peoria | 61603 | 61603-PEORIA | Peoria | 175 | 17 | 2 |
| 1 | IL | Peoria | 61607 | 61607-BARTONVILLE | Peoria | 123 | 8 | 0 |
| 1 | IL | Peoria | 61616 | 61616-PEORIA HEIGHTS | Peoria | 73 | 8 | 0 |
| 1 | IL | Peoria | 61607 | 61607-PEORIA | Peoria | 29 | 6 | 0 |
| 1 | IL | Peoria | 61604 | 61604-WEST PEORIA | Peoria | 53 | 5 | 1 |
| 1 | IL | Peoria | 61606 | 61606-PEORIA | Peoria | 45 | 5 | 0 |
| 1 | IL | Peoria | 61602 | 61602-PEORIA | Peoria | 20 | 4 | 1 |
| 1 | IL | Peoria | 61604 | 61604-BELLEVUE | Peoria | 8 | 1 | 0 |
| 1 | IL | Peoria | 61612 | 61612-PEORIA | Peoria | 6 | 1 | 0 |
| 1 | IL | Peoria | 61636 | 61636-PEORIA | Peoria | 1 | 1 | 0 |
| 1 | IL | Peoria | 61616 | 61616-PEORIA | Peoria | 3 | 0 | 0 |
| 1 | IL | Peoria | 61616 | 61616-PEORIA HTS | Peoria | 2 | 0 | 0 |
| 1 | IL | Peoria | 61601 | 61601-PEORIA | Peoria | 2 | 0 | 0 |
| 1 | IL | Peoria | 61652 | 61652-PEORIA | Peoria | 1 | 0 | 0 |
| 1 | IL | Peoria | 61650 | 61650-PEORIA | Peoria | 1 | 0 | 0 |
| 1 | IL | Peoria | 61613 | 61613-PEORIA | Peoria | 1 | 0 | 0 |
| 1 | IL | Peoria | 61559 | 61559-PRINCEVILLE | Princeville | 29 | 5 | 1 |
| 1 | IL | Peoria | 61562 | 61562-ROME | Rome | 4 | 0 | 0 |
| 1 | IL | Peoria | 61569 | 61569-TRIVOLI | Trivoli | 29 | 2 | 0 |
| 1 | IL | Tazewell | 61611 | 61611-EAST PEORIA | East Peoria | 325 | 23 | 0 |
| 1 | IL | Tazewell | 61550 | 61550-MORTON | Morton | 158 | 22 | 0 |
| 1 | IL | Tazewell | 61571 | 61571-WASHINGTON | Washington | 247 | 20 | 6 |
| 1 | IL | Woodford | 61548 | 61548-METAMORA | Metamora | 129 | 13 | 1 |
| 1 | IL | Woodford | 61548 | 61548-GERMANTOWN HILLS | Metamora | 21 | 1 | 0 |
| | | | | **Totals:** | | **3,376** | **317** | **37** |

58

ATTACHMENT 24(c)(2)

## Planning Area Need – Service Demand
## Establishment of Category of Service

The proposed dialysis center will predominantly serve the ESRD population of UnityPoint Clinic (UPC). UPC is the employed medical group of Methodist Health Services Corporation. The group consists of 270 providers with an unduplicated patient population of 165,000 Central Illinois residents. A letter from Dr. Keith Knepp, President of UnityPoint Clinic, is attached as documentation of the group's ability to support the proposed 14-station facility. Also attached is a letter from Dr. Samer Sader, a nephrologist with RenalCare Associates. As stated by Dr. Sader, "we anticipate 14 of our SKD4 and 5 patients will need dialysis in the first year. The second year census will be 67 patients." None of these patients have received care at an existing facility. The projected patient population counts only new patients from UPC that are expected to start hemodialysis over the next two years and does not include any transfers from existing facilities.

UnityPoint Clinic

Glen Oak Medical Plaza
120 N.E. Glen Oak Avenue
Suite 101
Peoria, Illinois 61603
Office: (309) 671-5162
Fax: (309) 672-8356
Unitypoint.org

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson
Springfield, IL 62761

Dear Ms. Avery:

I am a Family Medicine physician and President of UnityPoint Clinic, the employed medical group of Methodist Health Services Corporation (d/b/a UnityPoint Health – Peoria). UnityPoint Clinic is a multi-specialty group employing 270 physicians and mid-level providers. The clinic serves a unique patient population of approximately 165,000 or approximately 43% of our primary service area which consists of Peoria, Tazewell, Woodford and Fulton Counties. It is no coincidence that the acute care market share of UnityPoint Health inpatient facilities (Methodist, Proctor and Pekin Hospital) is also 42%. It is reasonable to assume therefore that UnityPoint Clinic has the patient population to support 43% of the area's dialysis capacity (37 stations). I am confident that UnityPoint Clinic can support the proposed 14-station hemodialysis center on the Proctor campus. The following statistics substantiate this conclusion.

- UnityPoint Clinic currently serves 5,077 patients with chronic kidney disease.
- 562 patients are in stage 4 and 5 of the disease.
- Within the target market area (15-mile radius) there are 317 CKD4 and 37 CKD5 patients. A large percentage of those patients will require hemodialysis over the next 2 to 3 years.
- In 2016, the clinic referred 616 patients to nephrologists.

I attest that to the best of my knowledge, all of the information contained in this letter is true and correct and that the expected patient referrals from UnityPoint Clinic have not been used to support any other CON application.

Sincerely,

Keith E. Knepp, M.D., C.P.E.
President
UnityPoint Clinic

Subscribed and sworn to before me this 28th day of August, 2017.

Gwendolyn J. Nash
Notary Public

My Commission expires October 20, 2019

"OFFICIAL SEAL"
Gwendolyn J Nash
Notary Public, State of Illinois
My Commission Expires 10/20/2019



ATTACHMENT 24(c)(3)

Illinois
Kidney Disease &
Hypertension Center

RenalCare
Associates, S.C.

Nephrology Associates
Alexander J. Alonso, M.D.
Robert Bruha, M.D.
Sudha Cherukuri, M.D.
Anthony R. Horinek, M.D.
David E. Houser, M.D.
Syed F. Imam, M.D.
Raji Jacob, M.D.
Gordon W. James, M.D.
Amit B. Jannadas, M.D.
Usman Khan, M.D.
Muhammad Khattak, M.D.
Dinesh K. Kannabhiran, M.D.
Timothy A. Pflederer, M.D.
David C. Rosborough, M.D.
Samer B. Sader, M.D.
Kumarpal C. Shrishrimal, M.D.
Robert T. Sparrow, M.D., FASH
Parthasarathy Srinivasan, M.D.

Surgery Associates
Manish Gupta, M.D.
Timothy P. O'Connor, M.D., F.A.C.S.

Physician Assistants
Holly R. Walker, P.A.-C.

Nurse Practitioners
Sarah Adams, APN
Judith A. Dansizen, A.P.R.N.-B.C.
Karen A. Helfers, F.N.P.
Tonya K. McDougall, F.N.P.
Amanda Matthews, APN
Tonya Moore, APN
DaNae Nelson, APN
Jill C. Peterson, A.N.P.

Executive Director
Beth A. Shaw, MBA

Director of Operations
Annette Wounded-Arrow, MSN, RN, CEN, CNE

Main Offices
Peoria
420 N.E. Glen Oak Avenue, Suite 401
(309) 676-8123
•
Bloomington
1404 Eastland Drive, Suite 103
(309) 663-4766
•
Galesburg
765 N. Kellogg, Suite 203
(309) 343-4114
•
Ottawa
1050 E. Norris Dr., Suite 2C
(815) 431-0785

August 22, 2017

Ms. Courtney Avery
Administrator
Illinois Health Facilities & Services Review Board
525 W. Jefferson St., 2nd Floor
Springfield, IL 62761

Dear Ms. Avery:

My name is Samer B, Sader, M.D. and I am a practicing in central Illinois with Renal Care Associates (RCA), a group of 17 nephrologists. I am the Medical Director of the Unity Point PD unit. My practice provides dialysis care to patients throughout central Illinois and I am active in Medical staff of our hospital systems in Peoria – Unity Point Peoria and OSF St. Francis. I am writing to support the proposed Unity Point In-Center Dialysis Clinic.

In the Peoria market, we treat 305 dialysis Patients. There are a total of 354 Unity Point patients in the market with stage 4 & 5 of kidney failure. We anticipate 14 of our CKD 4 and 5's patients will need dialysis in the first year. The second year census will be 67 patients. The lack of shift choices limits the treatment times that are available to the patients. Many of our patients are elderly, and often have other existing health conditions that require them to rely on family and friends for transportation assistance. My partners and I at RenalCare Associates strongly promote our patients to consider all dialysis treatment options, including transplantation and home dialysis. The integration of the dialysis treatment regimen with patient's lifestyle should be as balanced as possible for a better quality of life.

This is based on our experience and the Unity Point patient population analysis.

I am very pleased to give my full support for this proposed facility. I strongly urge the board to approve this project Thank you for your consideration.

Sincerely,

Samer B, Sader, M.D.

Notarization:

Subscribed and sworn to before me
this 24th day of August, 2017

Stephanie Eyman
Signature of Notary

(seal)

OFFICIAL SEAL
STEPHANIE EYMAN
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 02/26/2019

# CKD STAGE 4 AND 5 PATIENTS IN THE UNITY POINT PEORIA MARKET

| Zip City | CKD stage 4 (#) | CKD stage 5 (#) |
|---|---|---|
| **Totals** | **317** | **37** |
| 61605-PEORIA | 40 | 9 |
| 61604-PEORIA | 37 | 10 |
| 61614-PEORIA | 29 | 3 |
| 61603-PEORIA | 17 | 2 |
| 61571-WASHINGTON | 20 | 6 |
| 61615-PEORIA | 23 | 1 |
| 61607-BARTONVILLE | 8 | 0 |
| 61611-EAST PEORIA | 23 | 0 |
| 61610-CREVE COEUR | 10 | 0 |
| 61548-METAMORA | 13 | 1 |
| 61604-WEST PEORIA | 5 | 1 |
| 61525-DUNLAP | 6 | 1 |
| 61606-PEORIA | 5 | 0 |
| 61523-CHILLICOTHE | 17 | 0 |
| 61536-HANNA CITY | 4 | 0 |
| 61607-PEORIA | 6 | 0 |
| 61616-PEORIA HEIGHTS | 8 | 0 |
| 61636-PEORIA | 1 | 0 |
| 61517-BRIMFIELD | 3 | 0 |
| 61540 - MARSHALL | 4 | 1 |
| 61528 - EDWARDS | 3 | 0 |
| 61533 - GLASFORD | 3 | 0 |
| 61602 – PEORIA | 4 | 1 |
| 61612 – PEORIA | 1 | 0 |
| 61559 - PRINCEVILLE | 5 | 1 |
| 61550 - MORTON | 22 | 0 |

## PRE-ESRD PATIENTS EXPECTED TO BE REFERRED TO THE UNITY POINT FACILITY IN THE 2 YEARS OF OPERATION

| Zip City | Year 1 | Year 2 |
|---|---|---|
| **Totals** | **14** | **67** |
| 61605-PEORIA | 4 | 11 |
| 61604-PEORIA | 5 | 12 |
| 61614-PEORIA | 1 | 5 |
| 61603-PEORIA | 1 | 4 |
| 61571-WASHINGTON | 3 | 6 |
| 61615-PEORIA | 0 | 4 |
| 61607-BARTONVILLE | 0 | 1 |
| 61611-EAST PEORIA | 0 | 4 |
| 61610-CREVE COEUR | 0 | 1 |
| 61548-METAMORA | 0 | 2 |
| 61604-WEST PEORIA | 0 | 1 |
| 61525-DUNLAP | 0 | 1 |
| 61606-PEORIA | 0 | 0 |
| 61523-CHILLICOTHE | 0 | 3 |
| 61536-HANNA CITY | 0 | 1 |
| 61607-PEORIA | 0 | 1 |
| 61616-PEORIA HEIGHTS | 0 | 1 |
| 61636-PEORIA | 0 | 0 |
| 61517-BRIMFIELD | 0 | 1 |
| 61540 - MARSHALL | 0 | 0 |
| 61528 - EDWARDS | 0 | 1 |
| 61533 - GLASFORD | 0 | 1 |
| 61602 - PEORIA | 0 | 1 |
| 61612 - PEORIA | 0 | 0 |
| 61559 - PRINCEVILLE | 0 | 1 |
| 61550 - MORTON | 0 | 4 |

## Planning Area Need – Service Accessibility

Within HSA II, services are restricted not because of an inadequate number of stations, but because of inadequate provider choice. Hemodialysis services in Peoria County are limited to Fresenius. If you are a payor or consumer, you can access dialysis services but are subject to Fresenius fees. Several years ago, an affiliate of Proctor, the Methodist Medical Center of Illinois, felt the consequences of Fresenius' market power. Methodist is the third largest self-funded employer in the market, but still was forced to pay full charge (over $5,000 per treatment at the time) because Fresenius refused to negotiate their rate. Proctor's proposal to establish a competing dialysis center has received widespread community support. Payors such as Caterpillar, recognize the current market position held by Fresenius and supports competition as a means of lowering dialysis costs. Other payers have expressed the financial hardship caused by excessive dialysis charges. Steven Rollins, CFO of EP!C states "over the course of two years, one person on our plan required dialysis treatment. The cost for that one person was 20% of our total annual medical expenses. It created a significant financial hardship for the Agency. Had there been competition in the Peoria region, I am confident EP!C could have negotiated a lower rate for treatment." (Note: EP!C is a non-profit social service agency providing care for people with developmental disabilities).

**CATERPILLAR®**

**Caterpillar Inc.**

100 NE Adams St.
Peoria, IL 61629-4400

August 22, 2017

Mr. Terry Waters
VP, Strategy & Development
UnityPoint Health – Peoria
221 N.E. Glen Oak Avenue
Peoria, IL 61636

RE: Hemodialysis Certificate of Need application

Dear Mr. Waters:

I am writing to express Caterpillar's support of your Certificate of Need application to establish an in-center hemodialysis facility on the Proctor Hospital campus.

At present, Fresenius is the only provider of dialysis services within Peoria County and owns 11 of 12 dialysis centers within the 13 Central Illinois counties comprising Health Service Area 2. Patients and payors have limited healthcare options when seeking hemodialysis in our community. The lack of competition potentially raises the cost of dialysis for patients in dire need of this life sustaining procedure. Caterpillar supports competition and sees it as essential to lower healthcare costs.

Best of luck with your application.

Sincerely,

Darin Hinderman

Darin Hinderman
US Healthcare Manager – Americas North Human Services Division
(309) 675-4068

Hospital contracting\R Wright 7-17-17 doc

EP!C empowering people. inspiring capabilities.

1913 West Townline Road, Peoria, IL 61615-1621
Phone: 309.691.3800
Fax: 309.689.3613
www.epicpeoria.org

August 23, 2017

Mr. Terry Waters
Vice President, Strategy and Development
UnityPoint Health – Peoria
221 NE Glen Oak Avenue
Peoria, IL 61636

RE: Support for Hemodialysis Center

Dear Mr. Waters:

I am writing to express EP!C's support of your application for certification of a hemodialysis center at UnityPoint's Proctor Hospital.

EP!C is a Human Service agency funded primarily by the State of Illinois at rates that have not changed since 2008. As such, the medical expense for the 120 employees on our health care plan is a large part of our operating budget. To keep costs as low as possible, EP!C uses a self insured medical plan.

Over the course of two years, one person on our plan required dialysis treatment. The dialysis cost for that one person was 20% of our total annual medical expense. It created a significant financial hardship for the agency. Had there been competition in the Peoria region, I am confident EP!C could have negotiated a lower rate for the treatment. Due to competition, we are able to negotiate fees for all other medical services, and we support your application to offer an alternative dialysis center in Peoria, which I believe will lower the cost of providing dialysis services.

Sincerely,

Steven L. Rollins,
VP and CFO

400 NE JEFFERSON
SUITE 200
PEORIA, IL 61554
(309) 677-0120
WWW.SENATORDAVEKDEHLER.COM

M113 STATE CAPITOL
SPRINGFIELD, IL 62706
(217) 782-8250
(217) 782-2115 FAX
WWW.SENATDRDAVEKOEHLER.CDM

ILLINOIS STATE SENATE

# DAVID KOEHLER

STATE SENATOR · 46TH DISTRICT

August 28, 2017

Mr. Terry Waters
VP, Strategy & Development
Unity Point Health – Peoria
221 NE Glen Oak Avenue
Peoria, IL 61636

RE: Hemodialysis Certificate of Need application

Dear Mr. Waters:

I am writing to express my support of your Certificate of Need application to establish an in-center hemodialysis facility on the Proctor Hospital campus.

The 46th IL Senate district is located, in Health Service Area II. In this area, one provider dominates the market of hemodialysis centers. The lack of competition in the area, potentially raises the cost of dialysis for patients in need of the medical service. It is our understanding that charges for regular dialysis currently stand 31 times the Medicare fee schedule.

I am very supportive of efforts to help promote access to affordable healthcare.

Best of luck with your application.

Sincerely,

David Koehler
IL State Senator – 46th District

RECYCLED PAPER · SOYBEAN INKS

icc.edu

Illinois Central College

309.694-5-ICC

August 25, 2017

Mr. Terry Waters
VP Strategy and Development
UnityPoint Health-Peoria
221 NE Glen Oak Ave
Peoria, Illinois 61636

**Re: Hemodialysis Certificate of Need Application**

Mr. Waters:

On behalf of Illinois Central College, I would like to express our support of your Certificate of Need Application to establish a hemodialysis center on the UnityPoint Proctor Campus.

At present, there is only one dialysis provider in Peoria County, Fresenius, and only two in the 13 county Health Service Area 2. Of the 13 centers in HSA2, Fresenius owns 12. This eliminates any provider choice for both the patient and the payors. Because of the lack of competition, this provider has established a pricing structure that strains both the patient and health plans. Self-funded plans for nonprofits like ours are hit especially hard by these pricing structures. It causes ongoing budget strain long after the treatment has been completed

Illinois Central College fully supports the UnityPoint Peoria imitative to bring competition to this area of health care.

Sincerely,

Illinois Central College

Marti Bloodsaw
V.P. Human Resources

**East Peoria**
1 College Drive
East Peoria, IL
61635-0001
309.694-5422
309.694-5700 TTY

**Downtown Peoria**
PERLEY BUILDING
115 SW Adams
Peoria, IL 61635-0001
309.999-4500
THOMAS BUILDING
201 SW Adams
Peoria, IL 61635-0001
309.999-4600

**ICC North**
5407 N. University St.
Peoria, IL 61635-0001
309.690-6800

**ICC Pekin**
Riverway Business Park
225 Hanna Drive
Pekin, IL 61635-0001
309.642 6601

BRADLEY University

August 28, 2017

Mr. Terry Waters
VP, Strategy & Development
UnityPoint Health – Peoria
221 N. E. Glen Oak Avenue
Peoria, IL 61636

RE: Hemodialysis Certificate of Need Application

Dear Mr. Waters:

I am writing this letter to reflect Bradley University's support of UnityPoint Health's Certificate of Need application to establish a hemodialysis facility at the UnityPoint Health - Proctor Campus.

We are informed that currently, Fresenius is the only provider in Peoria county that offers dialysis treatments and that this organization also owns the majority of the dialysis centers in Health Service Area 2 that is made up of 13 Central IL counties. The only other facility in our area is a for-profit center in Pekin, IL. This lack of competition limits treatment options for patients and can possibly inflate the cost burden for both the patient and payor.

Bradley University supports the effort of UnityPoint Health - Peoria to establish this center which will not only provide additional treatment options to patients in need of this service but could ease the related costs for patients and payors with additional competition in the area.

Sincerely,

Nena M. Peplow

Nena M. Peplow
Director of Human Resources

cc: G. Anna
Senior Vice President For Business Affairs

HUMAN RESOURCE OEPARTMENT
1501 WEST BRADLEY AVENUE - PEORIA, ILLINOIS 61625-0128 - (309) 677-3223 – FAX (309) 677-3867

CITY OF
PEORIA

OFFICE OF THE MAYOR
JIM ARDIS

August 25, 2017

Mr. Terry Waters
VP Strategy & Development
UnityPoint Health-Peoria
221 NE Glen Oak Avenue
Peoria, IL 61636

Re: Hemodialysis Certificate of Need Application

Dear Mr. Waters:

The City of Peoria is pleased to support the Certificate of Need application by UnityPoint for a hemodialysis facility on your Proctor campus.

The City recognizes the need for additional dialysis centers with in our City. Not only do we see this as a cost-saving and life-saving opportunity for the citizens of the City of Peoria by providing additional options for this service, we feel it will also assist health insurance plan sponsors with in our community to lower their healthcare costs. Those savings can then be passed along to their plan participants.

The City itself is facing severe budget constraints and we also see this as a cost-saving opportunity for our own health care plan offered to our employees and retirees.

We wish you success in this effort.

Sincerely,

Jim E. Ardis III
Mayor of the City of Peoria

Peoria City Hall
419 Fulton Street, Room 207, Peoria, IL 61602
Phone 309.494.8519 Fax 309.494.8556



ATTACHMENT 24(c)(5)

Beyond the expected.®
PEKIN®
INSURANCE
2505 Court Street • Pekin, Illinois 61558
(309) 346-1161 • www.pekininsurance.com

August 29, 2017

Mr. Terry Waters
Vice President, Strategy and Development
UnityPoint Health - Peoria
221 N.E. Glen Oak Avenue
Peoria, Illinois 61636

Dear Terry,

Thank you for taking time to discuss the issues concerning hemodialysis here in Central Illinois.

At Pekin Insurance we see this issue through two lenses, that of an employer with group plans and as a commercial insurance carrier that pays claims on behalf of the other businesses and acts as an insurer for Medicare Supplement Plans.

On both of these fronts, we support your Certificate of Need application to establish an in-center hemodialysis facility.

Thank you for allowing me to give our support.

Sincerely,

Scott A. Martin, FLMI
Chairman of the Board, President, and Chief Executive Officer

SAM/lnr

DocuSign Envelope ID: 3412719B-338C-42C8-A84B-EC38E0F13EB8

CONSOCIATE
benefits at work

August 25, 2017

Mr. Terry Waters
Vice President, Strategy and Development
UnityPoint Health – Peoria
221 NE Glen Oak Avenue
Peoria, IL 61636

Dear Mr. Waters:

I am writing to express Consociate's support for your Certificate of Need application to establish an in-center hemodialysis facility on the Proctor Hospital campus.

Consociate, is a Third Party Administrator (TPA), and acts as health plan claims payer for many of the Peoria area employers. We presently work with our employers to include cost containment programs for the purpose of the early identification of dialysis patients and negotiation of charges with area providers. We definitely see the need for some competition in the area of hemodialysis in your geographic region.

Based on Medicare statistics, there are 12 dialysis centers within a 50 mile radius of Peoria. Of the 12 centers, 2 are home dialysis companies (offering no in center treatment), 8 are owned by Fresenius. Per our experience in paying employer health plan claims, the averaged billed charge per treatment in 2016 – for an insured/private pay patient, regionally - at Fresenius facilities is $6,577.

Through health plan design and negotiation efforts, we are able to assist our employer health plans save some money at the Fresenius facilities. However, there is little leverage for negotiations, due to their hold (a near monopoly) on the market. The establishment of a locally owned hemodialysis facility, would provide services at more reasonable charges, via an organization that is rooted in the community and is focused on the quality and affordability of healthcare for its own citizens and employers.

Please let me know if we can be of any other assistance in your Certificate of Need application process.

Sincerely,

DocuSigned by:
Terry Lovekamp
FB4FFDE5AE3B449...
Terry Lovekamp, CPA, CEBS
Chief Financial Officer

Employee Benefit Administration
2828 N. Monroe Street, PO Box 1068
Decatur, Illinois 62526

Tel 217.423.7788 | Fax 217.423.4575
www.consociate.com

**(1) Unnecessary Duplication of Services**

The duplication of hemodialysis services in HSA II is necessary in order to reduce cost and improve quality/service. The assumption underlying Criteria 1110.1430(a)(1) (and indeed the entire Certificate of Need program) is that excess capacity is expensive and will lead to higher consumer cost. Therefore, by limiting supply to target occupancy, lower costs will be achieved over the long term. While limiting hemodialysis access clearly benefits existing providers, there is no empirical evidence to indicate that it results in lower costs to payers or consumers. To the contrary, by limiting supply to a single provider, the State has restricted competition and the economic/quality benefits that result. The introduction of new providers into the hemodialysis market is necessary to reduce cost. The letters from payers such as Caterpillar provided in Attachment 24(c)(5), offer testament to the concern over the status quo and the need for competition.

A list of zip codes within a 30-minute drive time of Proctor is attached. The total population within this geographic area is approximately 324,237. There are presently four hemodialysis centers operating 87 stations within this area.

| Name | Address | Status | Miles | Travel Time |
|---|---|---|---|---|
| **Fresenius North** | 10405 N. Juliet | 21 | 4.8 | 8 min. |
| **Fresenius Downtown** | 410 W. Romeo B. Garrett | 32 | 4.4 | 8 min. |
| **Fresenius East Peoria** | 3300 N. Main | 24 | 7.1 | 10 min. |
| **DaVita Pekin** | 1021 Court Street | 10 | 14.9 | 25 min. |

**(2) Maldistribution**

There is currently 1 station for every 3,727 residents living within a 30 minute drive time to the Proctor campus. The State average is 1 station for every 2,795 people. The station-to-population average within the Peoria market area is currently 133% higher than the average for the State. With the addition of the proposed project, the total number of stations will increase to 101, or 1 station for every 3,210 population. The proposed number of stations appears appropriate in relation to State averages and will not cause a maldistribution.

Historical utilization of the hemodialysis centers within a 30-minute drive time are in the following table.

Facility Profiles – 2015

| Name | Treatment Capacity | Treatments | Use Rate | Missed Treatments | Use Rate with Missed Treatments |
|---|---|---|---|---|---|
| **Fresenius Downtown** | 29,952 | 18,464 | 62% | 2,223 | 69% |
| **Fresenius North** | 17,784 | 10,670 | 60% | 366 | 62% |
| **Fresenius East Peoria** | 22,464 | 12,650 | 56% | 362 | 58% |
| **DaVita – Tazewell County Dialysis** | 7,488 | 2,170 | 29% | 84 | 30% |

**(3) Impact of Projection on Other Area Providers**

The proposed facility has been sized to meet the needs of the UnityPoint Clinic ESRD patient population living within the target market. The utilization projections do not include patient transfers from any existing facility.

## Zips within 30 minute driving radius of Proctor

| Zip | Zip City | Zip State | Zip County | 2016 Pop. Est. |
|---|---|---|---|---|
| 61451 | Laura | IL | | 375 |
| 61479 | Speer | IL | Stark | 368 |
| [redacted] | | | | |
| 61529 | Elmwood | IL | | 2,993 |
| [redacted] | | | | |
| 61561 | Roanoke | IL | Woodford | 2,831 |
| 61565 | Sparland | IL | | 1,404 |
| 61568 | Tremont | IL | Tazewell | 4,433 |
| [redacted] | | | | |
| 61755 | Mackinaw | IL | Tazewell | 4,738 |
| | Yellow Total: | | | 17,142 |
| | [redacted] | | | |
| | Grand Total: | | | 341,379 |

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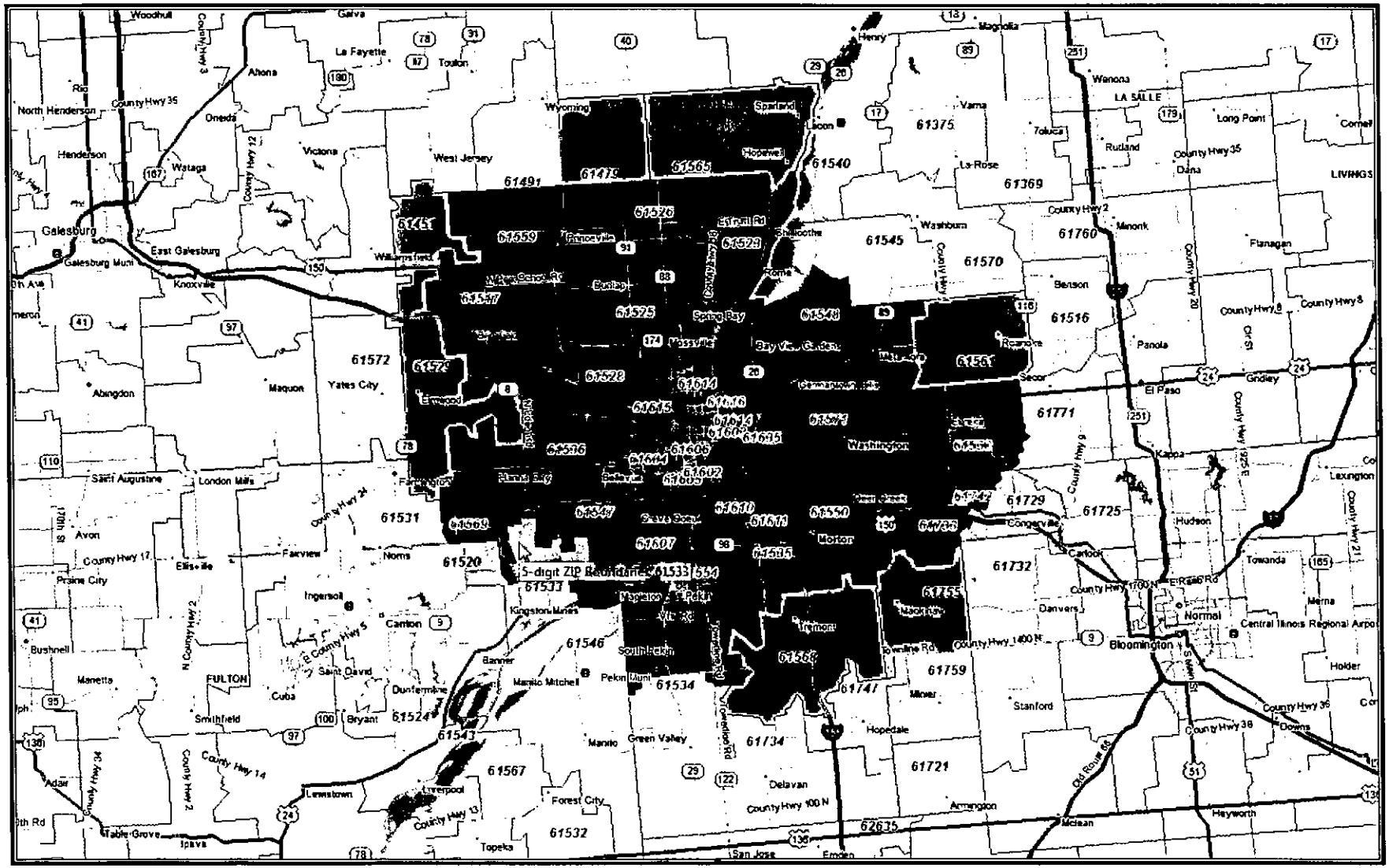
**ATTACHMENT 24(d)(1)(2)(3)**

# Cities and Zips within 30 minute drive time of Proctor Hospital

| | |
|---|---|
| Yellow Partial : | 17,142 |
| Green: | 324,237 |
| Total for All: | 341,379 |


Galesburg
Knoxville
Abingdon
Maquon
Yates City
Avon
Farmington
Canton
Ingersoll
Bushnell
Manetta
Smithfield
Bryant
Cuba
Dunfermline
Banner
Kingston Mines
Pekin Muni
Manito
Green Valley
Delavan
Tremont
Morton
Washington
Metamora
Eureka
Bloomington
Normal
Danvers
Hopedale
Mackinaw
Minier
Stanford
Armington
Mclean
Heyworth
Congerville
Secor
El Paso
Kappa
Hudson
Towanda
Merna
Holder
Lexington
Gridley
Chenoa
Colfax
Lexington
Forest City
Topeka
Lewistown
Liverpool
Table Grove
Ipava
Adair
Prairie City
Ellisville
Fairview
Norris
Saint Augustine
London Mills
Farmington
Maquon
Galva
Woodhull
Henderson
North Henderson
Oneida
Victoria
Wataga
West Jersey
Toulon
La Fayette
Ahona
Wyoming
Spaford
Henry
Magnolia
Varna
Toluca
La Rose
Washburn
Minonk
Benson
Panola
Rutland
Dana
Wenona
Long Point
Cornell
Flanagan
Chillicothe
Princeville
Bartonville
Peoria
Bellevue
Spring Bay
Bay View Gardens
Washington
Morton
Congerville
Secor
Chenoa
Colfax
Lexington
Hudson
Towanda
Merna
Holder
Normal
Bloomington
Danvers
Hopedale
Mackinaw
Minier
Stanford
Armington
Mclean
Heyworth
Delavan
Tremont
Morton
Washington
Metamora
Eureka
Pekin Muni
Manito
Green Valley

# Staffing

The Proctor Hemodialysis Center will meet and/or exceed both Medicare and State of Illinois licensing requirements. Moreover, the Center will be fully accredited by the Joint Commission. Staffing plans for the Center are detailed below.

**Medical Director**

Dr. Dan Evans will serve as the Medical Director for the Proctor Hemodialysis Center. Attached is his curriculum vitae. Dr. Evans will be supported by RenalCare Group as well as other nephrologists in the Peoria market.

**All Other Personnel**

The initial staffing pattern will consist of one manager, one registered nurse with a minimum of 12 months experience in providing nursing care to dialysis patients and a technician who meets all applicable State of Illinois requirements. Once the dialysis center becomes Medicare certified, we will add clinical staff to maintain a 4 to 1 patient/staff ratio at all times. Upon opening we'll also employ a part-time dietician, part-time master level social work (MSW), part-time equipment technician, and a part-time secretary. These positions will go to full-time as the patient volume increases. At full census, Proctor will employ (1) manager; (5) registered nurse FTEs; and (10) dialysis technician FTEs.

**Availability of Staff**

Proctor Community Hospital is part of Methodist Health Services Corporation (MHSC). With over 5,000 employees, MHSC is the third largest employer in the Central Illinois region. The three licensed hospitals under the MHSC Corporate umbrella (Methodist Medical Center of Illinois, Pekin Hospital, Proctor Community Hospital) offer a competitive wage and benefit plan and are desired employers within the community. The primary source of new employees is Methodist College, one of the largest health sciences colleges in the State. The recruitment needs of this program are modest and will be fulfilled with little difficulty.

**Training**

All patient care staff and licensed/registered professionals will meet the State of Illinois educational requirements. All clinical staff will complete a six-week orientation training program through the UnityPoint Health Dialysis department (note: Proctor currently operates an acute dialysis program, home dialysis, and peritoneal dialysis). Annually, all clinical staff are required to complete OSHA training, compliance training, CPR certification, skills competency, CVC competency, water quality graining, and pass the competency exam.

An RN will be on duty at all times when the Center is in operation. A minimum ratio of at least one direct care staff to every four patients will be maintained.

**Medical Staff**

The Proctor Hemodialysis Center will maintain an open medical staff. A letter from Dr. Keith Knepp, President of Proctor Community Hospital is attached.

# CURRICULUM VITAE

| | |
|---|---|
| **NAME:** | Dan H. Evans, M.D. |
| **OFFICE ADDRESS:** | Quincy Medical Group<br>1025 Maine Street<br>Quincy, IL 62301 USA |

**CURRENT POSITION**

| | |
|---|---|
| 07/1981 – Present | Nephrology and Internal Medicine<br>Quincy Medical Group<br>1025 Maine Street<br>Quincy, IL 62301<br>Phone: 217-222-6550 |
| 07/2008 – Present | Medical Director, Peritoneal Dialysis Center<br>Quincy Medical Group<br>1025 Maine Street<br>Quincy, IL 62301<br>Phone: 217-222-6550 |

**CURRENT PRIVILEGES**

| | |
|---|---|
| Full | Blessing Hospital, Quincy, Illinois |
| Courtesy | Illini Community Hospital, Pittsfield, Illinois. |
| Consulting | Hannibal Regional Hospital, Hannibal, Missouri |

**LICENSURE AND CERTIFICATION**

| | |
|---|---|
| 1982 | Nephrology 1982 Lifetime Certification American Board of Internal Medicine |
| 1981 | Licensed State of Illinois 036.062519 |
| 1980 | Licensed in State of Missouri |
| 1979 | Internal Medicine 1979 Lifetime Certification American Board of Internal Medicine |

**EDUCATION**

| | |
|---|---|
| 1980-1981 | Nephrology Fellowship, University of Missouri, Health Sciences Center, Columbia, Missouri. |
| 1979-1980 | Nephrology Fellowship, University of Kentucky Medical Center, Lexington, Kentucky |
| 1977-1979 | Resident, Department of Medicine, University of Kansas, Kansas City, Kansas |
| 1976-1977 | Internship, Department of Medicine, University of Kansas, Kansas City, Kansas |
| 1973-1976 | Medical School, University of Kansas, Kansas City, Kansas |
| 1969-1973 | Undergraduate, Bachelor of Arts (Biology), University of Kansas, Lawrence, KS |

## GOVERNANCE AND ADMINISTRATION

- Driving force behind merger of Quincy Clinic and P&S Clinic in 1987
- First Chairman of the Board of QP&S Clinic
- Chairman of the Board for 20 of the 30 years of Quincy Medical Group's existence with the last election to the Board by unanimous declaration. "Acting" CEO for much of time.
- CEO from April 2005 to April 2007

## RESEARCH

Sub-Investigator – Study to Evaluate the Prospective Payment System Impact on Small Dialysis Organizations

Sub-Investigator – A Prospective, Randomized, Double-Blind, Double-Dummy, Parallel-Group, Multicenter, Event-Driven, Non-inferiority Study Comparing the Efficacy and Safety of Once Daily Oral Rivaroxaban (BAY 59-7939) With Adjusted-Dose Oral Warfarin for the Prevention of Stroke and Non-Central Nervous System Systemic Embolism in Subjects With Non-Valvular Atrial Fibrillation Protocol 39039039AFL3001; Phase 3, (EudraCT number 2006-004595-13), BAY59-7939/11630, JNJ39039039 (rivaroxaban, BAY 59-7939)

Sub-Investigator – AFX01-11: A Phase3, Randomized, Active-Controlled, Open-label, Multi-center Study of the Safety and Efficacy of AF37702 Injection for the Corre ction of Anemia in Patients with Chronic Renal Failure (CRF) not on Dialysis and not on Erythropoiesis Stimulating Agent (ESA) Treatment

## PRESENTATIONS

| | |
|---|---|
| 2001-2002 | "Acute Renal Failure" given to Hannibal Medical Staff, Grand Rounds, Illini Hospital Medical Staff, Pittsfield, IL, and Blessing Hospital Renal Staff, Quincy, IL |
| 1996 | "Ultrasound and CT guided Renal Biopsies," 61st Annual Conference to the Illinois State Society of Radiologic Technologists, Holiday Inn, Quincy, IL |
| 1994 | "Cardiovascular Disease in Dialysis Patients," given to Critical Care Nurses Association, Blessing Hospital, Quincy, IL |

## PROFESSIONAL MEMBERSHIPS AND HONORS

American Society of Nephrology
Member, American Board of Internal Medicine
American Medical Association
Adams County Medical Society
National Kidney Foundation
Member, End-Stage Renal Disease Network #15
Fellow American College of Physicians
Board of Directors, Quincy Medical Group, 2000-Present, President
Board of Directors, Insite Group, Inc., October 2001-Present

**PUBLICATIONS AND ABSTRACTS**

Rheumatoid Arthritis, A Review. By Dan H. Evans, M.D. presented at ASCP National Meeting, American Society of Clinical Pathologists National Meeting, Chicago, 1975.

Above paper incorporated into the manual for the workshop which was presented at the annual interim ASCP-CAP meetings for the years 1975-1977. Included meetings in Boston, Miami, Los Angeles, Las Vegas, Chicago and Dallas.

Evans, D., Sorkin, M., Nolph, K., and Whittier, F. CAPD and Transplantation. Trans. Amer. Soc. Int. Org. 27:320-324, 1981.

Evans, D., Sorkin, M., Nolph, K., and Whittier, F. CAPD and Transplantation. Abstract, Amer. Soc. Art. Int. Org. 10, 1981.

Whittier, F., Evans, D., Sorkin, M., and Nolph, K. CAPD and Transplantation. Abstracts of 2nd International Peritoneal Dialysis Conference 2, 1981.

Evans, D. and Whittier, F. Nutrition in the Renal Transplant Recipient. Abstract. CDTF, 1981.

Evans., D., Whittier, F., Anderson, P., and Nolph, K. Peritoneal Dialysis for Psoriasis: A controlled study. Abstract. CDTF, 1981.

Evans, D., Hermreck, A. and Chonko, A. Case Report: Hemohilia Presenting as Obstructive Jaundice in a Renal Transplant. Dialysis and Transplantation. XI: #11, 1002, 1982.

Whittier, F., Evans, D., Dutton, D., Luger, S., and Ross, G. Renal Transplant Nutrition. Abstract. ASTS, June 1982.

Whittier, F., Evans, D., Dutton, D., Luger, S., and Ross, G. Renal Transplant Nutrition. Abstract. IX International Congress of the Transplantation Society, 1982.

Whittier, F., Evans, D., Dutton, D., Luger, S., and Ross, G. Diet in Renal Transplantation. Abstract. International Urological Society, 1982.

Whittier, F., Evans, D., Dutton, D., Luger, S., and Ross, G, Renal Transplant Nutrition. Abstract. CDTF, December 1982.

Evans, D., Ross, G., Luger, A., and Whittier, F. Gross hematuria requiring nephrectomy in rejected renal transplants. J. Urol 128: 125-127, 1/82.

Evans, D., Whittier, F., Anderson, P., and Nolph, K. Peritoneal Dialysis for Psoriasis: A controlled study. Annals of Internal Medicine 99: 165-168, 1983.

Evans, D. Letter to the Editor on Diuretic Regiments in Essential Hypertension published in Archives on Internal Medicine, volume 144, June, 1984.

Whittier, F., Evans, D., Dutton, S., et al: Nutrition to Renal Transplantation, American Journal of Kidney Disease Six, 405-4011, Decemvber, 1985.

Evans, D. Letter to the Editor on Presumptive Use of Bicarbonate in CPR, JAMA, 02/12/92. Volume 267, #6, page 807.

UnityPoint Health
Methodist | Proctor

221 Northeast Glen Oak Avenue
Peoria, IL 61636-0002
(309) 672-5522

5409 N. Knoxville Avenue
Peoria, IL 61614-5094
(309) 691-1000

www.unitypoint.org/peoria

August 22, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: Proctor Hemodialysis Center
Medical Staff

Dear Ms. Avery:

As required by Criterion 1110.1430(e)(5) - "Medical Staff," this letter certifies that the Proctor Hemodialysis Center will maintain an open medical staff. Any board certified nephrologist may apply for privileges at the facility.

Sincerely,

Keith E. Knepp, M.D., C.P.E.
President, Proctor Community Hospital
UnityPoint Health – Methodist | Proctor

Subscribed and sworn to before me this 24th day of August, 2017.

Gwendolyn J. Nash
Notary Public

My Commission expires October 20, 2019.

"OFFICIAL SEAL"
Gwendolyn J Nash
Notary Public, State of Illinois
My Commission Expires 10/20/2019



ATTACHMENT 24(f)

## Support Services

Attached is a letter from Dr. Keith Knepp, President of Proctor Community Hospital, attesting that the Proctor Hemodialysis Center will participate in a dialysis data system, will make health support services available to patients, and will provide training for self-care dialysis, self-care instruction, home-assisted dialysis and home training.

UnityPoint Health
Methodist | Proctor

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August 22, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson
Springfield, IL 62761

Dear Ms. Avery:

As required by Criterion 1110.1430(f) - Support Services, I hereby certify the following:

- Proctor Hemodialysis Center will utilize a dialysis electronic patient data tracking system
- Proctor Hemodialysis Center will have available all needed support services required by CMS which may consist of nutritional counseling, clinical laboratory services, blood bank, rehabilitation, psychiatric services, and social services; and
- Patients will have access to training for self-care dialysis, self-care instruction, and home hemodialysis and peritoneal dialysis

Sincerely,

Keith E. Knepp, M.D., C.P.E.
President, Proctor Community Hospital
UnityPoint Health – Methodist | Proctor

Subscribed and sworn to before me this 24th day of August 2017.

Gwendolyn J. Nash
Notary Public

My Commission expires October 20, 2019.

"OFFICIAL SEAL"
Gwendolyn J Nash
Notary Public, State of Illinois
My Commission Expires 10/20/2019



ATTACHMENT 24(g)

## Minimum Number of Stations

The proposed dialysis unit will be equipped with fourteen stations, which exceeds the minimum number of eight stations required for facilities within an MSA. Accordingly, this criterion is met.

## Continuity of Care

The proposed facility will be owned by Proctor Community Hospital and will be located on the Proctor campus. Proctor is a fully licensed acute care facility operating 218 acute care beds and providing a full array of diagnostic and treatment services. Patients served in the hemodialysis center will have full access to any hospital service in a timely manner. Since the patients receiving dialysis are registered as a Proctor patient, a transfer agreement does not apply.

# Assurances

A signed statement by Dr. Keith Knepp, President of Proctor Community Hospital is attached attesting to the utilization and quality expectation of the dialysis center.

UnityPoint Health
Methodist | Proctor

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(309) 672-5522

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Peoria, IL 61614-5094
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www.unitypoint.org/peoria

August 22, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson
Springfield, IL 62761

Dear Ms. Avery:

As required by Criterion 1110.1430(j) - Assurances, I hereby certify the following:

- By the second year after project completion, Proctor Hemodialysis expects to achieve and maintain 80% target utilization
- Proctor Hemodialysis Center also expects hemodialysis outcome measures will be achieved and maintained at the following minimums:
  - ≥ 85% of hemodialysis patient population achieves urea reduction ratio (URR) ≥ 65% and
  - ≥ 85% of hemodialysis patient population achieves Kt/V Daurgirdas II.1.2

Sincerely,

Keith E. Knepp, M.D., C.P.E.
President, Proctor Community Hospital
UnityPoint Health – Methodist | Proctor

Subscribed and sworn to before me this 24th day of August, 2017.

Gwendolyn J. Nash
Notary Public

My Commission expires October 20, 2019.

"OFFICIAL SEAL"
Gwendolyn J Nash
Notary Public, State of Illinois
My Commission Expires 10/20/2019

PROCTOR PROFESSIONAL BUILDING

**MEDICAL OFFICE LEASE**

BY AND BETWEEN

**METHODIST SERVICES, INC.**

AN ILLINOIS NOT FOR PROFIT CORPORATION,

AS LANDLORD

AND

**PROCTOR HOSPITAL,**

AS TENANT



**ATTACHMENT 34**

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## PROCTOR PROFESSIONAL BUILDING

## MEDICAL OFFICE LEASE

THIS MEDICAL OFFICE LEASE ("Lease") is made as of this the _____day of August, 2017 (the "Effective Date"), by and between **METHODIST SERVICES, INC.**, an Illinois not for profit corporation ("Landlord"), and **PROCTOR HOSPITAL,** ("Tenant").

### PART I

**1. BASIC LEASE PROVISIONS.**

| | | |
|---|---|---|
| **A.** | Landlord and Address: | Methodist Services, Inc.<br>221 Northeast Glen Oak<br>Peoria, Illinois 61636-0002<br>Attention: Terry Waters |
| **B.** | Tenant and Current Address: | Proctor Hospital<br>5409 N. Knoxville Ave<br>Peoria, IL 61614 |
| **C.** | Building and Address: | Proctor Professional Building<br>5401 N. Knoxville Ave., Suite 104<br>Peoria, IL 61614 |
| **D.** | Premises: | Suite No. 104 , First Floor |
| **E.** | Term: | 15 Years |
| **F.** | Commencement Date: | October 1, 2019, or upon occupation |
| **G.** | Expiration Date: | November 30, 2034, or adjusted based on occupation |
| **H.** | Annual Base Rent: | See Rent Schedule |
| **I.** | Monthly Base Rent: | See Rent Schedule |
| **J.** | Rentable Area of Premises: | 5,831 rentable square feet (approximately) |
| **K.** | Permitted Use: | Clinical Practice |
| **L.** | Renewal Option(s): | Three (3) periods of Five (5) years each |
| **M.** | Business Hours: | 8:00 a.m. to 6:00 p.m., Monday through Friday, and 8:00 a.m. to 1:00 p.m., Saturdays, excluding generally recognized holidays |

RENT SCHEDULE

| Lease Year | Base Rent (per sq. ft.) | Annual Base Rent | Monthly Base Rent |
|---|---|---|---|
| Term | | | |
| 1) 10/1/2019 – 11/30/2020 | $23.00 | $134,113.00 | $11,176.08 |
| 2) 10/1/2019 – 11/30/2021 | $23.50 | $137,028.50 | $11,419.04 |
| 3) 10/1/2020 – 11/30/2022 | $24.00 | $139,944.00 | $11,662.00 |
| 4) 10/1/2021 – 11/30/2023 | $24.50 | $142,859.50 | $11,904.96 |
| 5) 10/1/2022 – 11/30/2024 | $25.00 | $145,775.00 | $12,147.92 |
| 6) 10/1/2023 – 11/30/2025 | $25.50 | $148,690.50 | $12,390.88 |
| 7) 10/1/2024 – 11/30/2026 | $26.00 | $151,606.00 | $12,633.83 |
| 8) 10/1/2025 – 11/30/2027 | $26.50 | $154,521.50 | $12,876.79 |
| 9) 10/1/2026 – 11/30/2028 | $27.00 | $157,437.00 | $13,119.75 |
| 10) 10/1/2027 – 11/30/2029 | $27.50 | $160,352.50 | $13,362.71 |
| 11) 10/1/2028 – 11/30/2030 | $28.00 | $163,268.00 | $13,605.67 |
| 12) 10/1/2029 – 11/30/2031 | $28.50 | $166,183.50 | $13,848.63 |
| 13) 10/1/2030 – 11/30/2032 | $29.00 | $169,099.00 | $14,091.58 |
| 14) 10/1/2031 – 11/30/2033 | $29.50 | $172,014.50 | $14,334.54 |
| 15) 10/1/2032 – 11/30/2034 | $30.00 | $174,930.00 | $14,577.50 |
| Renewals | | | |
| 16) 10/1/2033 – 11/30/2035 | $30.50 | $177,845.50 | $14,820.46 |
| 17) 10/1/2034 – 11/30/2036 | $31.00 | $180,761.00 | $15,063.42 |
| 18) 10/1/2035 – 11/30/2037 | $31.50 | $183,676.50 | $15,306.38 |
| 19) 10/1/2036 – 11/30/2038 | $32.00 | $186,592.00 | $15,549.33 |
| 20) 10/1/2037 – 11/30/2039 | $32.50 | $189,507.50 | $15,792.29 |
| 21) 10/1/2038 – 11/30/2040 | $33.00 | $192,423.00 | $16,035.25 |
| 22) 10/1/2039 – 11/30/2041 | $33.50 | $195,338.50 | $16,278.21 |
| 23) 10/1/2040 – 11/30/2042 | $34.00 | $198,254.00 | $16,521.17 |
| 24) 10/1/2041 – 11/30/2043 | $34.50 | $201,169.50 | $16,764.13 |
| 25) 10/1/2042 – 11/30/2044 | $35.00 | $204,085.00 | $17,007.08 |
| 26) 10/1/2043 – 11/30/2045 | $35.50 | $207,000.50 | $17,250.04 |
| 27) 10/1/2044 – 11/30/2046 | $36.00 | $209,916.00 | $17,493.00 |
| 28) 10/1/2045 – 11/30/2047 | $36.50 | $212,831.50 | $17,735.96 |
| 29) 10/1/2046 – 11/30/2048 | $37.00 | $215,747.00 | $17,978.92 |
| 30) 10/1/2047 – 11/30/2049 | $37.50 | $218,662.50 | $18,221.88 |

"**Lease Years**" means successive twelve (12) full calendar month periods during the term following the Commencement Date, beginning with the first twelve (12) full calendar months thereof; provided that if the Commencement Date shall occur on any day other than the first day

of a calendar month, the portion of said month from and after the Commencement Date shall constitute part of the first Lease Year.

"**Day**" means a calendar day, unless specifically designated as a business day.

"**Business day**" means Monday through Friday, except for federal or state holidays.

The words identified in this Part I shall have the meanings ascribed to them in this Part I for all purposes of this Lease. Certain information relating to this Lease, including many of the principal economic terms, are set forth in the foregoing Basic Lease Provisions. In the event of any conflict or inconsistency between the terms of the Basic Lease Provision and the terms of this Lease, the terms of this Lease shall control.

*[End of Basic Lease Provisions]*

## PART II

## LEASE TERMS AND CONDITIONS

### 2. DEMISE OF PREMISES AND COMMON AREA.

**A. Demise.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises in the Building for the Term upon the terms, covenants and conditions set forth in this Lease. This Lease shall be in full force and effect from the date it is signed by Landlord and delivered to Tenant. All measurements of square footage for purposes of this Lease shall use the BOMA ANSI Z65.1 1996 Standard Method of Measurement or its successor in effect on the date hereof. The Premises shall not be subject to re-measurement. The actual square footage shall in no way affect the fixed rental hereunder or any other rent or sum payable hereunder, or any other provision of this Lease should any variance be found to exist between said agreed-upon square footage and actual square footage. The Premises are cross-hatched on Exhibit A attached and made a part of this Lease.

**B. Common Areas.** As long as Tenant is not in default under the terms of this Lease, the use and occupancy of the Premises shall include the non-exclusive use of the Common Areas. For purposes of this Lease, "**Common Areas**" means all areas, space and improvements provided by Landlord for the common or joint use of Landlord, Tenant, all other Building tenants, and their respective employees, agents, guests, and invitees, including, but not limited to, the parking facilities (if any) that serve the Building.

### 3. TERM.

**A. Term.** The Term of this Lease shall begin on and, subject to Section 3B below, Landlord shall deliver possession of the Premises as of, the Commencement Date, and shall end on the Expiration Date, unless sooner terminated as provided in this Lease.

**B. Delayed Possession.** If Landlord is unable to deliver possession of the Premises to Tenant by the Commencement Date for any reason, Landlord shall not be subject to any liability for the failure to deliver possession on said date, nor shall such failure to deliver possession on the Commencement Date affect the validity of this Lease or the obligations of Tenant hereunder. Tenant may cancel this Lease if through no fault of Tenant Landlord cannot deliver possession of the substantially completed Premises by ninety (90) days after the original Commencement Date set forth in Section 1.F. To cancel, Tenant must give notice to Landlord within thirty (30) days after the expiration of said ninety (90) day period; provided, however, if Landlord delivers to Tenant possession of the substantially completed Premises at any time during said thirty (30) day period, then, Tenant's notice of cancellation shall be deemed ineffective and this Lease shall remain in full force and effect. The ninety (90) day and thirty (30) day periods referred to above shall be extended one (1) day for each day of delay caused by Tenant. Should any delay caused by Tenant exceed thirty (30) days, Landlord may terminate this Lease by giving written notice to Tenant. Landlord must provide Tenant five (5) business days' written notice of its intention to terminate. Should Tenant accept possession by written notice before the end of the five (5) business day notice period, Landlord will not terminate this Lease. Should Tenant fail to accept possession within such five (5) business day period, this Lease shall terminate and Landlord may pursue all rights under this Lease. Within thirty (30)

days after the Commencement Date the parties shall confirm in writing the Commencement Date and/or Expiration Date if different from that shown, respectively, in Sections 1.F and 1.G.

C. **Renewal Option.** Subject to the following notice requirements, and provided that at the time of such notice no Default (as defined in Section 17) exists, Landlord hereby grants to Tenant the option to renew the original Term for each period shown at Section 1.L (each a "**Renewal Term**"). Tenant will exercise each option, if at all, by giving written notice to Landlord not more than three hundred and sixty-five (365) days nor less than one hundred and eighty (180) days prior to the commencement of the applicable Expiration Date ("**Tenant's Notice**"). Upon the proper exercise of a renewal option pursuant to this Section the applicable Renewal Term shall be deemed to be included in the definition of the Term. All the terms and provisions of this Lease will apply to each Renewal Term, except that

(i) each installment of Monthly Base Rent due for the initial twelve (12) months of the applicable Renewal Term will be equal to the greater of (x) one-twelfth (1/12) of the product of the "**Market Rate**" (as hereinafter defined) and the Rentable Area of the Premises, and (y) the product of 1.03 and the Monthly Base Rent which was payable by Tenant during the calendar month immediately preceding the commencement date of the applicable Renewal Term; and, thereafter on each anniversary of the applicable Renewal Term commencement date the Monthly Base Rent shall be increased to be an amount equal to the Monthly Base Rent for the calendar month immediately preceding such anniversary date multiplied by a rent adjustment factor of 1.03, it being the intention of the parties that the Monthly Base Rent shall increase annually beginning on the first anniversary of each Renewal Term commencement date at a compound rate of three percent per annum;

(ii) under no circumstances will Tenant be entitled to any free rent period, construction allowance, tenant improvements or other work to the Premises, or any other such economic incentives that may have been provided to Tenant in connection with entering into the Lease; and

(iii) upon the proper exercise of the final renewal option, Tenant will have no further rights or options to renew or extend the Term of this Lease.

In the event Tenant timely exercises its option hereunder, Tenant agrees to sign an amendment to this Lease within ten (10) days after receipt from Landlord of execution counterparts of such amendment.

Landlord will notify Tenant of the Market Rate that will become effective at the beginning of each Renewal Term not later than thirty (30) days after the date that Landlord receives Tenant's Notice with respect to such Renewal Term. For purposes hereof, "**Market Rate**" means the annual rental rate per square foot for which Landlord has then most recently leased unencumbered space in the Building for terms substantially equivalent to the duration of the applicable Renewal Term. If: (a) Tenant disagrees with Landlord's determination of the Market Rate, and (b) Landlord and Tenant cannot agree upon a Market Rate within thirty (30) days after Tenant's receipt of Landlord's notice of the Market Rate, then Tenant may withdraw its notice to extend the Term by so notifying Landlord on or before the expiration of said thirty (30) day period. If Tenant fails to withdraw its notice to extend the Term within said thirty (30)

day period, then Tenant will be deemed to have exercised its extension option at the Monthly Base Rent determined in accordance with Subsection (i) hereof taking into account the Market Rate contained in Landlord's notice or another Market Rate agreed upon by Landlord and Tenant prior thereto.

**D. Death, Disability, Military Service.** If Tenant is either an individual or a single shareholder or member entity, should Tenant: (i) die; or (ii) become permanently disabled, to the extent that he or she is unable to practice his or her profession in the Premises, such disability having been first certified in writing by an independent physician satisfactory to Landlord; or (iii) should be called to active military service for a period exceeding one hundred and twenty (120) days, then and in any, either or all of such events, Tenant or the deceased Tenant's legal representative, shall have the option to cancel and terminate Tenant's obligation under this Lease upon notice in writing to Landlord accompanied by payment of the lesser of the following: (i) an amount equal to six months' then current Monthly Base Rent hereunder, or (ii) the balance of Monthly Base Rent due under the term of this Lease hereunder along with any Renewal Options that have been exercised by Tenant (but in no event will the balance due under (ii) be more than six months Monthly Base Rent), and furthermore provided such notice is given within sixty (60) days following the event giving rise to the right hereunder to cancel.

**E. Stand Still.** If this Lease is terminated for any reason, with or without cause, before the first anniversary of the Commencement Date, the parties shall not enter into another leasing arrangement until after the first anniversary of the effective date of such termination.

**4. RENT.**

**A. Generally.** Tenant shall pay without demand to Landlord at Landlord's address set forth at Section 1.A, or to such other person or entity or at such other place as Landlord may from time to time direct in writing, all amounts due Landlord from Tenant hereunder, including, without limitation, Monthly Base Rent and all other amounts due under this Lease (all amounts due from Tenant hereunder being referred to collectively as "**Rent**"). Except as specifically provided in this Lease, Rent shall be paid without abatement, deduction or setoff of any kind, it being the intention of the parties that, to the full extent permitted by law, Tenant's covenant to pay Rent shall be independent of all other covenants contained in this Lease. Tenant's obligation hereunder to pay Rent shall survive the expiration or earlier termination of this Lease.

**B. Payment of Monthly Base Rent.** Monthly Base Rent shall be payable monthly, in advance, on the first day of each calendar month during the Term, except that Monthly Base Rent for the first full calendar month of the Term shall be paid to Landlord within two (2) business days after the Effective Date. If the Term commences on a day other than the first day of a calendar month, then Monthly Base Rent for such month will be prorated on a per diem basis and shall also be paid on or before the Commencement Date.

**C. Late Charge.** Tenant recognizes and acknowledges that if rent payments are not received when due, Landlord will suffer damages and additional expense thereby and Tenant therefore agrees that a late charge equal to five percent (5%) of any installment of Rent not paid within five (5) days after it became due, may be assessed by Landlord as additional Rent and shall be in addition to all other rights and remedies provided Landlord under this Lease. If any

check given in payment of Rent is not honored when due, Landlord may require that subsequent Rent payments be made by certified or cashier's check or ACH deposit.

**5. USE OF PREMISES.**

**A. Generally.** Tenant shall use and occupy the Premises solely for the Permitted Use described in Section 1.K and for uses reasonably incidental to that practice or use, but for no other use or purpose. The Permitted Uses shall not include uses which require the use of general or regional anesthetic intervention, the issuance of a certificate of need or the issuance of a facility license or permit. Tenant shall obtain and maintain, at Tenant's sole cost and expense, all licenses, approvals, and permits necessary for the Permitted Use. Tenant shall not allow the Premises to be used for the performance which contravenes the health care policies, rules, and regulations of any health care facility within the Methodist Medical Center system, and its medical staff bylaws, and rules and regulations.

**B. Compliance with Laws and Insurance Requirements.** Tenant, at its expense, and at no expense to Landlord, shall comply with all laws, rules, orders, ordinances, directions, regulations and requirements of federal, state, county and municipal authorities pertaining to Tenant's use of the Premises, regardless of when they become effective, including, without limitation, all applicable federal, state and local laws, regulations or ordinances pertaining to air and water quality, toxic or hazardous materials and substances, waste disposal, air emissions and other environmental matters, all zoning and other land use matters, and utility availability, and with any direction of any public officer or officers, pursuant to law, which shall impose any duty upon Landlord or Tenant with respect to the use or occupancy of the Premises. Tenant shall not directly or indirectly make any use of the Premises which may jeopardize any insurance coverage or may increase the cost of insurance or require additional insurance coverage. If, and to the extent due to Tenant's use of the Premises, improvements to the Premises or the Building are necessary to comply with any of the foregoing or with the requirements of insurance carriers, Tenant shall pay the entire cost thereof. Tenant covenants: (i) not to permit any illegal practice to be carried on or committed in the Premises: (ii) not to make, use or allow the Premises to be used or occupied for any purposes other than as may be permitted hereunder or in any manner that might invalidate or increase the rate of or make inoperative any policy of insurance of any kind whatsoever at any time carried on the Real Property or the Premises; (iii) not to keep, use or permit to be kept or used in the Premises any inflammable fluids or explosives without the prior written permission of Landlord or engage in hazardous activities; (iv) not to use the Premises for any purpose whatsoever which might create a nuisance or injure the reputation of the Building; (v) not to deface or injure the Building; (vi) not to overload the floors; (vii) not to commit or suffer any waste; and (viii) not to install any electrical equipment that overloads lines unless Tenant obtains Landlord's prior written consent and Tenant pays the cost of modifying the electric service to accommodate such equipment.

**C. Medical Staff.** If at any time during the Term: (i) any physician or allied health professional (as hereinafter defined) owning or otherwise vested with an interest in Tenant or any physician or allied health professional employed by Tenant, who in either case practices medicine or provides allied health services at or from the Premises, shall cease to maintain in good standing medical or clinical privileges (as may be required by Landlord) at Methodist Medical Center, or (ii) any such physician or allied health professional, who does not maintain in

good standing such privileges or whose privileges have been and continue to be revoked or suspended, is denied such privileges (or in the case of a revocation or suspension the reinstatement thereof), but continues to practice medicine or provide allied health services at or from the Premises, then in either case Landlord, at its sole option, may elect at any time upon not less than ninety (90) days' prior written notice to Tenant, to terminate this Lease with no further liability on the part of either party, except for any liability in existence on the effective date of such termination. As used herein, the term "**allied health professionals**" shall mean individuals (other than physicians) who are eligible for membership as allied health professionals on the medical staff of Methodist Medical Center (in accordance with its medical staff bylaws).

**D. No Prohibition On Physician Privileges.** Notwithstanding anything to the contrary in this Lease, none of the terms of this Lease shall be interpreted to prohibit any physician of Tenant from: (i) obtaining and/or maintaining membership on the medical staff of any hospital or health care provider; (ii) obtaining and/or maintaining clinical privileges at any hospital or health care provider; or (iii) referring patients to any hospital or health care provider, including, but not limited to, any surgical or physical therapy center or facility. To the parties' knowledge: the Premises do not exceed that space which is reasonable and necessary for the legitimate business of Tenant; the Base Rent and other rental charges are set in advance, are consistent with fair market value, do not take into account the volume or value of any referrals or other business generated between the parties (or their respective affiliates), nor do they include any additional charges attributable to the proximity or convenience of Landlord (or its affiliates) as a potential referral source; and would be commercially reasonable even if no referrals were made between the Landlord and Tenant or their respective affiliates.

**E. Diagnostic and Treatment Restrictions.** Tenant covenants that the diagnostic and treatment services rendered by Tenant on the Premises shall not duplicate similar services provided by Landlord or its affiliates. Notwithstanding the foregoing, Tenant may have X-ray and other diagnostic or treatment equipment and devices in the Premises and may offer such diagnostic and treatment services, only to the extent: (i) that such services are usual and customary components of the medical practice set forth in this Lease and (ii) that such equipment is used solely for Tenant's own use in connection with the diagnosis and treatment of Tenant's own patients (which, for purposes of this Lease, shall mean individuals with an ongoing doctor-patient relationship with Tenant for the evaluation and treatment of health conditions and who are not being seen by Tenant and/or have not been referred to Tenant by other physicians, for the primary purpose of using such X-ray or other equipment or devices). To the extent not prohibited by applicable law, and upon no less than five (5) business days' prior written notice, Tenant shall provide Landlord with access to any de-identified records for purposes of verifying compliance with this Section.

**F. Rules And Regulations.** Tenant, and Tenant's employees, agents, and servants, patients and invitees shall, at all times, observe, perform and abide by all rules and regulations prescribed by Landlord from time to time during the Term governing the use and occupancy of the Premises, the Building and the Common Areas, which rules and regulations are attached as Exhibit B. Landlord may make such modifications of, and additions to, the rules and regulations as Landlord determines to be necessary or advisable, which modifications will be effective after provided in writing to Tenant, but in no event shall such modifications conflict with the express terms of this Lease. Nothing contained in this Lease shall be construed to impose upon Landlord

any duty or obligation to enforce said rules and regulations or the terms, covenants and conditions of any other lease against any other tenant or any other persons.

**6. SIGNS.** Tenant shall not, without the prior written consent of Landlord, place any signs or advertising matter or material on the exterior or interior of the Building or on the land on which the Building is situated. Landlord shall list Tenant's name and location on the Building's lobby directory.

**7. QUIET ENJOYMENT AND COVENANT OF TITLE.** Landlord covenants that it has full right, power and authority to execute this Lease and to grant the estate demised herein, and that Tenant, upon payment of the Rents herein reserved and performance of the terms, conditions, and covenants herein contained with respect to Tenant, shall peacefully and quietly have, hold, and enjoy the Premises during the full Term of this Lease, and any extension hereof, from the adverse claims by all persons, parties, or entities claiming through or as a result of Landlord.

**8. LANDLORD'S SERVICES.**

**A. Generally.** During the Term, Landlord, at its expense, and at no expense to Tenant, shall furnish the following services:

(i) passenger elevator service at all times for the non-exclusive use of Tenant, Tenant's staff or employees, patients, and others having professional relations with Tenant; and to the extent available in the Building freight elevator service at such times and pursuant to such regulations as Landlord may from time to time designate;

(ii) heating and air conditioning during the appropriate seasons and ventilation, all at levels similar to those maintained in similar medical office buildings in Peoria, Illinois, during Business Hours;

(iii) janitorial services for the common area of the Building and for the Premises, including (without limitation) removal of trash and, if applicable, disposal of medical waste pursuant to Section 12, Monday through Friday, excluding generally recognized holidays;

(iv) hot and cold water sufficient for drinking, cleaning and lavatory purposes to be drawn from Landlord approved fixtures;

(v) electricity to the Premises during Business Hours that provides electric currant in reasonable amounts necessary for normal medical office use, lighting and HVAC;

(vi) replacement of lighting tubes, lamp ballasts and bulbs for Building standard light fixtures;

(vii) extermination and pest control when necessary; and

(viii) maintenance of common areas in a manner comparable to similar medical office buildings in the Peoria, Illinois area, including cleaning, illumination, snow removal, repairs, replacements, lawn care and landscaping.

**B. Additional Services.** All telephone, telecommunications or other services not set forth in Section 8.A, including the installation of any equipment with respect thereto, shall be the sole responsibility and at the cost and expense of Tenant.

**C. Extra Landlord Services.** At Tenant's request, Landlord shall provide services which are extra or additional to those services described in Section 8.A, including (but without limitation) services during non-Business Hours, if it is reasonably possible for Landlord to provide such extra or additional services. Tenant shall pay for any such extra or additional services so provided by Landlord at Landlord's established rates therefor from time to time. All charges for any such extra or additional services so provided by Landlord shall be deemed to be additional Rent hereunder and shall be due and payable within ten (10) days after Tenant receives Landlord's bill therefor, or in installments as may be designated by Landlord to Tenant in writing. If Tenant fails to pay when due Landlord's charges for any such extra or additional services, Landlord may discontinue providing any such extra or additional services in addition to any other remedies available to Landlord under this Lease.

**D. Energy Conservation.** Tenant agrees that compliance with any mandatory or voluntary energy conservation measures or other legal requirements instituted by any appropriate governmental authority shall not be considered a violation of any terms of this Lease and shall not entitle Tenant to terminate this Lease or require abatement or reduction of Rent hereunder.

**E. Interruption of Services.** Landlord shall not be liable for the interruption of any of the services described in this Section caused by strikes, lockouts, accidents or other causes beyond the reasonable control of Landlord. Any interruption of service shall not be deemed an eviction or disturbance of Tenant's use and possession of the Premises or any part thereof, or render Landlord liable to Tenant for damages, or relieve Tenant from performance of Tenant's obligation under this Lease.

**9. ALTERATIONS BY TENANT.** Tenant shall not make any alterations to the Premises without obtaining Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. It shall not be unreasonable for Landlord to withhold its consent to any requested alteration if such alteration will affect any of the Building's structural components or systems, including mechanical, electrical, plumbing and life safety systems. No alteration shall be allowed if it reduces in any manner the value of the Premises or the building to the Landlord. Any and all alterations will be performed in accordance with Landlord's sustainability practices, including any third-party rating system concerning the environmental compliance of the Building or the Premises, as the same may change from time to time. Upon the expiration of the Term, provided that Tenant shall have fully complied with all other terms and conditions hereof in a timely manner, Tenant may remove all non-structural additions, installations, furnishings and equipment installed in the Premises and paid for by Tenant, provided that Tenant shall, at its cost and expense, repair any damage to the Premises resulting from such removal, all prior to expiration of the Term of this Lease. Tenant shall dispose of in an environmentally sustainable manner any equipment, furnishings, or materials no longer needed by Tenant and shall recycle or re-use in accordance with Landlord's sustainability practices. Tenant is responsible for reporting this activity to Landlord in a format determined by Landlord. Any and all alterations, additions or other improvements made by Tenant, regardless of how attached, shall, if not so removed, become immediately upon expiration or earlier termination of

this Lease, the sole and exclusive property of Landlord without compensation therefor to Tenant. Landlord shall have the right to require that Tenant, upon the termination or at the expiration of this Lease, remove any or all such alterations, additions and improvements and restore the Premises to their original condition, normal wear and tear excepted. If Tenant does not remove such alterations, additions and improvements as requested by Landlord, then Landlord may remove said alterations, additions, and improvements and restore the Premises at Landlord's cost and charge Tenant said cost as Rent under the terms of this Lease. Any alterations made by Tenant to the Premises shall be made in full compliance with all laws and other legal requirements applicable thereto.

**10. TRANSFER OF TENANT'S INTEREST.**

**A. Transfers.** Tenant shall not sell, assign, encumber, mortgage or transfer this Lease or any interest herein, sublet or permit the occupancy or use by others of the Premises or any part thereof, or allow any transfer hereof or any lien upon Tenant's interest by operation of law or otherwise (collectively, a "**Transfer**"), without the prior written consent of Landlord, not to be unreasonably withheld. Any Transfer which is not in compliance with the provisions of this Section 10.A shall, at the option of Landlord, be void and of no force or effect. Tenant shall, by written notice in the form specified in the following sentence, advise Landlord of Tenant's intention on a stated date (which shall not be less than thirty (30) days after date of Tenant's notice) to sublet, assign, mortgage, or transfer any part of the Premises or its interest therein for the balance of the Term. Tenant's notice shall state the name and address of the proposed subtenant, assignee, pledgee, mortgagee or transferee, and a true and complete copy of the proposed sublease, assignment, pledge, mortgage or other conveyance and all related documentation, executed by both parties shall be delivered to Landlord with said notice. Landlord shall not be deemed to have unreasonably withheld its consent to a sublease of all or part of the Premises or an assignment of this Lease if its consent is withheld because: (i) Tenant is then in default; (ii) the net worth of such assignee or subtenant is unreasonably low in light of the obligations of this Lease; (iii) the portion of the Premises which Tenant proposes to sublease, including the means of ingress to and egress from and the proposed use thereof, and the remaining portion of the Premises will violate any laws or ordinances to which the Premises or Building is subject; (iv) the proposed use of the Premises by the subtenant or assignee does not conform to the Permitted Use; (v) the proposed assignee or sublessee (as the case may be), including the individual members thereof, would be in violation of this Section, (vi) the proposed assignee's or subtenant's anticipated use of the Premises involves the generation, storage, use, treatment or disposal of Hazardous Materials; or (vii) in the reasonable discretion of Landlord, the proposed subtenant or assignee is of a character or is engaged in a business which would be deleterious to the reputation of the Premises, or the subtenant or assignee is not sufficiently financially responsible to perform its obligations under the proposed sublease or assignment; provided, however, that the foregoing are merely examples of reasons for which Landlord may withhold its consent and shall not be deemed exclusive of any permitted reasons for reasonably withholding consent, whether similar to or dissimilar from the foregoing examples.

**B. No Release From Liability.** The consent by Landlord to any Transfer shall not be construed as a waiver or release of Tenant from liability for the performance of all covenants and obligations to be performed by Tenant under this Lease, and Tenant shall remain liable therefor. Even if Landlord consents to a Transfer pursuant to this Section, the collection or

acceptance of Rent from any assignee, subtenant or occupant shall not constitute a waiver or release of Tenant from any of its obligations or liabilities under this Lease. Any consent given pursuant to this Section shall not be construed as relieving Tenant from the obligation of obtaining Landlord's prior written consent to any subsequent assignment or subletting.

**C. Profits.** Any Transfer by Tenant constituting an assignment or sublease, which has been consented to by Landlord in accordance with Section 10.A, shall be subject to Tenant paying to Landlord one hundred percent (100%) of the consideration received by Tenant from such assignment or sublease that exceeds the amount Tenant must pay Landlord, which amount is to be prorated where a part of the Premises is subleased. Tenant shall pay such excess consideration to the Landlord at the earlier of: (i) at the time of the payment of the installment of Monthly Base Rent next due after the time Tenant collects such excess consideration, or (ii) at the time Tenant collects such excess consideration.

**D. Permitted Transfers.** Notwithstanding Section 10.A, Tenant may assign this Lease to one of the following entities of which Tenant (or each Tenant, if there are more than one) is a member or shareholder (as the case may be), provided that such entity agrees to be liable for the covenants and obligations of Tenant and agrees to be bound by the terms of this Lease: (i) to a professional associations organized under the Professional Association Act of Illinois: (ii) to a medical corporation organized under the Medical Corporation Act of Illinois; or (iii) to a professional service corporation organized under the Professional Service Corporation Act of Illinois. Tenant shall notify Landlord in writing of such permitted assignment prior to the effective date of the assignment.

**11. CARE OF PREMISES.** Tenant shall take reasonable care of the Premises, and shall not suffer or permit any waste or injury to the Premises or the Building. Tenant shall promptly notify Landlord if Tenant becomes aware of the need for any repair or replacement to the Premises. Tenant promptly after demand from Landlord shall reimburse Landlord for any damage or injury to the Premises or the Building caused by Tenant, Tenant's staff or employees, patients, agents, or invitees, including but not limited to any damage or injury to the Premises or Building structure, fixtures, glass, appurtenances and/or equipment caused by Tenant or resulting from fire, explosion, short circuits, flow or leakage of water, bursting or leaking of pipes or plumbing, or from any other cause due to the carelessness, omission, neglect or improper conduct of Tenant, Tenant's staff or employees, agents, invitees, customers, visitors, or licensees.

**12. ENVIRONMENTAL MATTERS.**

**A. Infectious Waste.** Tenant shall comply at all times with all applicable laws and other legal requirements of the City of Peoria, the State of Illinois and the federal Environmental Protection Agency and rules and regulations of Landlord, as the same may be amended and in effect from time to time, in Tenant's handling, storage and disposal of all infectious and pathological waste and biologicals at or from the Premises. Landlord shall have the sole right to designate a waste hauler or transporter for all infectious and pathological waste and biologicals (as such terms are defined from time to time by Landlord, consistent with governmental statutes, ordinances or regulations) generated by Tenant at the Premises.

**B. Hazardous Materials.**

(i) Tenant shall not cause or permit any Hazardous Material (as hereinafter defined) to be brought upon, kept or used in or about the Premises, whether legal or illegal, accidental or intentional, without the prior written consent of Landlord. Landlord will not grant such consent unless and until Tenant demonstrates to Landlord's reasonable satisfaction that such Hazardous Material is necessary or useful to Tenant's medical practice in the Premises and that such Hazardous Material will be used, kept, stored and disposed of in a manner that complies with all laws and applicable regulations of any governmental authority regulating the use, keeping, storage or disposition of such Hazardous Materials.

(ii) If Tenant shall breach its obligations as stated in the preceding subparagraph, or if the presence of Hazardous Materials in or on the Premises which is caused or permitted to be placed or remain thereon by Tenant results in any contamination of the Premises, or if the Premises shall otherwise be contaminated by Hazardous Materials as a result of the negligent act or omission by Tenant or its agents, employees, or contractors, then, in any such event, Tenant shall indemnify and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses, including, without limitation, diminution in the value of the Premises, reasonable attorney's fees, and fees for the employment of any environmental expert or consultant as a result of any such contamination, which arise during or after the Term of this Lease as a result of any such breach by Tenant or any contamination caused or permitted by Tenant.

(iii) "**Hazardous Materials**" shall mean any flammable or explosive materials, any petroleum or petroleum products (including oil, crude oil, natural or synthetic gas), any radioactive materials, any asbestos or asbestos containing materials, PCBs, or any other hazardous or toxic waste, material or substance, including, without limitation, any waste, material or substance now or hereafter included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "toxic substances", "toxic wastes" or "toxic materials" (or similar term) contained in any legal requirement.

**13. DAMAGE OR DESTRUCTION.**

**A. Landlord's Restoration.** Subject to the provisions of Section 13.C, if all or any portion of the Building shall be partially or totally damaged or destroyed by fire or other casualty, then, Landlord shall, with reasonable dispatch and continuity, perform all work necessary to repair, restore, replace and rebuild the Building or the damaged portion thereof, including the Premises and all alterations, improvements and additions therein regardless of by whom made (the "**Landlord's Restoration Work**").

**B. Abatement of Rent.** If the Premises is rendered partially untenantable as a result of a fire or other casualty, Rent payable hereunder shall be abated in proportion to the area of the Premises that is rendered untenantable for the period from the date of such damage or destruction to the date upon which Landlord's Restoration Work is completed. If the Premises is rendered totally untenantable, Rent payable hereunder shall abate completely for the period from the date of such damage or destruction to the date upon which Landlord's Restoration Work is completed.

**C. Landlord's Right to Cancel.** If: (i) twenty-five percent (25%) or more of the Premises is rendered untenantable by fire or other casualty, or (ii) Landlord reasonably determines that Landlord's Restoration Work cannot be substantially completed for any reason within two hundred and ten (210) days after the date of such fire or casualty, then, Landlord may, at its option, terminate this Lease by giving written notice to Tenant within forty-five (45) days after the date of such fire or other casualty. Such termination shall be effective on the date specified in such notice of termination, which shall be no later than thirty (30) days after the date of such notice.

**D. Tenant's Right to Cancel.** If Landlord shall not complete Landlord's Restoration Work to the premises within two hundred and ten (210) days after the date of any fire or other casualty, Tenant may, at its option, terminate this Lease by giving written notice to Landlord at any time after said two hundred and ten (210) day period and prior to the date Landlord completes Landlord's Restoration Work. Such termination shall be effective on the date specified in Tenant's notice of termination, which shall be no later than thirty (30) days after the date of such notice.

## 14. EMINENT DOMAIN.

**A. Total Taking.** If the whole or any substantial part of the Premises or the Building shall be lawfully condemned or taken in any manner for any public or quasi-public use, this Lease and the term hereby granted shall forthwith cease and terminate on the date of the taking of possession of the Building and/or Premises by the condemning authority and Landlord shall be entitled to receive the entire award without any payment to Tenant, and Tenant hereby assigns to Landlord Tenant's interest in such awards, if any.

**B. Partial Taking.** In the event that a part of the Building other than the Premises shall be so condemned or taken and, if in the opinion of Landlord the Building should be restored in such a way as to alter the Premises materially, Landlord may terminate this Lease without compensation to Tenant and the term and estate hereby granted by notifying Tenant of such termination within sixty (60) days following the date of the taking of possession of the Building and/or Premises by the condemning authority, and this Lease and the term and estate hereby granted shall expire on the date specified in the notice of termination, not less than sixty (60) days after the giving of such notice of termination of the Term of this Lease, and the Rent hereunder shall be apportioned as of such date.

## 15. INSURANCE; INDEMNITY; WAIVER OF CLAIMS.

**A.** Tenant shall, at all times during the Term and any renewal thereof, carry with an insurance carrier or carriers licensed to operate in Illinois and reasonably satisfactory to Landlord: (i) general commercial liability insurance covering the Premises and naming Landlord as an additional named insured, with limits of liability of not less than $1,000,000 with respect to personal injury to one person, $3,000,000 with respect to personal injury in the aggregate for any one occurrence and $1,000,000 with respect to damage to the property of others; (ii) "all risk" property insurance, covering Tenant's personal property and trade fixtures, in an amount to cover not less than ninety percent (90%) of the replacement cost of such personal property and trade fixtures; and (iii) professional liability coverage of not less than $ 1,000,000 per occurrence and

not less than $3,000,000 in the aggregate to cover any errors, omissions or negligence of Tenant (or, if Tenant is a corporation or a partnership, the physicians comprising Tenant) concerning the practice of medicine by Tenant (or, if Tenant is a corporation or partnership, the physicians comprising Tenant). All such insurance policies shall name Landlord as an additional insured as its interest may appear. By the Commencement Date and upon each renewal of such insurance policies, Tenant shall give to Landlord certificates of insurance evidencing such coverages, which shall be in form reasonably satisfactory to Landlord. A duplicate original or agent certified copy of such insurance policy shall be furnished to Landlord upon request. Such policies shall provide for not less than thirty (30) days' prior written notice to Landlord before any cancellation or change in coverage. Tenant shall notify Landlord promptly of any accident or loss involving Tenant, Tenant's staff or employees, agents, or invitees in the Premises or the Building or of any defects discovered by Tenant in the Premises or in the equipment and fixtures of the Premises.

**B.** Tenant shall indemnify and save Landlord harmless from all suits, actions, damages (including damage to the person or property of others), liability and expense arising from or out of any occurrence in, upon, at, or from the Premises or the occupancy or use by Tenant of the Premises, and occasioned wholly or in part by any negligent act or omission of Tenant, its employees, agents, contractors, licensees or invitees.

**C.** To the extent not expressly prohibited by law, Tenant releases Landlord and its directors, officers, agents, and employees, from and waives all claims for damages to person or property sustained by Tenant or by any occupant of the Premises or the Building, or by any other person, resulting directly or indirectly from theft, pilferage, fire or other casualty, or any existing or future condition, defect, matter or thing in or about the Premises, the Building or any part of it, or from any equipment or appurtenance therein, or from any accident in or about the Building, or from any act or neglect of any tenant or other occupant of the Building or any part thereof or of any other person. This Section shall apply especially, but not exclusively, to damage caused by water, snow, frost, steam, excessive heat or cold, sewerage, gas, odors or noise, or the bursting or leaking of pipes or plumbing fixtures, broken glass, sprinkling or air conditioning devices or equipment, or flooding of basements, and shall apply without distinction as to the person whose act or neglect was responsible for the damage and whether the damage was due to any of the acts specifically enumerated above, or from any other thing or circumstance, whether of a like nature or of a wholly different nature. If any damage to the Premises or the Building or any equipment or appurtenance therein, whether belonging to Landlord or to other tenants or occupants of the Building, results from any act or neglect of Tenant, its employees, agents, contractors, licensees or invitees, Tenant shall be liable therefor and Landlord may at its option repair such damage and Tenant shall upon demand by Landlord reimburse Landlord for all costs of such repairs and damages in excess of amounts, if any, paid to Landlord under insurance covering such damages. All personal property belonging to Tenant or any occupant of the Premises that is in the Building or the Premises shall be there at the risk of Tenant or other person only and Landlord shall not be liable for damage thereto or theft or misappropriation thereof.

**16. RIGHTS RESERVED TO LANDLORD.** Landlord shall have the following rights without notice or liability to Tenant: (a) to change the name or street address of the Building; (b) to install and maintain a sign or signs on the exterior or in the interior of the Building; (c) to exhibit the Premises to prospective tenants (during the last year of the Term or, if

applicable, any Renewal Term), purchasers or others; (d) to designate and control all types of window treatment; (e) to enter and decorate, remodel, repair, alter or otherwise prepare the Premises for re-occupancy at any time after Tenant abandons the Premises; (f) to take any and all measures, including inspections, repairs, alterations, additions and improvements to the Premises or to the Building as may be necessary or desirable for the safety, protection or preservation of the Premises or the Building or Landlord's interests therein, or as may be necessary or desirable in the operation of the Building; (g) to designate, control or render any business and any service in or to the Building and its tenants; (h) to retain at all times, and to use in appropriate instances, keys to all doors and locked spaces within and into the Premises exclusive of Tenant's vaults and safes; (i) to close the Building during non-Business Hours, or at such other reasonable times as Landlord may determine, subject, however, to Tenant's right to admittance under such regulations as shall be specified from time to time by Landlord in its sole discretion; and (j) to grant to anyone the exclusive right to conduct any business or render any service in the Building other than the Permitted Use or the non-exclusive right to use any premises in the Building for any purpose which could include activities the same as or similar to the Permitted Use. Landlord may enter upon the Premises at reasonable times, and at any time in an emergency, and may exercise any or all of the foregoing rights without being deemed guilty of an eviction or disturbance of Tenant's use or possession and without being liable in any manner to Tenant.

## 17. DEFAULT; LANDLORD'S RIGHT AND REMEDIES.

**A. Events of Default.** The occurrence of any one or more of the following matters constitutes a default ("**Default**") by Tenant under this Lease:

(i) Tenant's failure to pay Rent when due and such failure continues for more than five (5) days after Tenant receives notice from Landlord of Tenant's failure to pay Rent when due; or

(ii) Tenant's failure to pay Rent by the due date, at any time during a calendar year in which Tenant has already received two notices of its failure to pay Rent by the due date; or

(iii) Tenant's violation of any obligation of Section 1.K, Permitted Use, which is not cured by Tenant immediately upon written notice to Tenant; or

(iv) Tenant's violation of any obligation of Section 15, Insurance, which is not cured by Tenant immediately upon written notice to Tenant; or

(v) Tenant's violation or threatened violation of any obligation of Section 12.B, which is not cured by Tenant immediately upon written notice to Tenant; or

(vi) the interest of Tenant in this Lease, or any interests of Guarantor, levied under execution or other legal process; or

(vii) any voluntary petition in Bankruptcy or for corporate reorganization or any similar relief filed by Tenant or Guarantor; or

(viii) any involuntary petition in bankruptcy filed against Tenant or Guarantor under any federal or state bankruptcy or insolvency laws which is not dismissed within sixty (60) days from the filing thereof; or

(ix) the appointment of a receiver for Tenant or Guarantor or any of the property of Tenant or any Guarantor by any court, which receiver is not dismissed within sixty (60) days from the date of appointment; or

(x) Tenant or Guarantor make an assignment for the benefit of creditors; or

(xi) Tenant or Guarantor admit in writing its inability to meet its debts as they mature; or

(xii) Tenant or any permitted successor or assign of Tenant makes an assignment or sublet in violation of Section 10.A; or

(xiii) default by Tenant or any individuals who are owners or directors of or otherwise affiliated with Tenant, under any other agreement with Landlord or Landlord's affiliates, beyond any applicable notice and cure period set forth in such respective agreement; or

(xiv) Tenant's abandoning or vacating the Premises; or

(xv) Tenant's failure, twice or more, over a twelve (12) month period to observe any other Tenant obligation under this Lease; or

(xvi) except as otherwise set forth in the previous Clauses, Tenant's failure to perform or observe any other Tenant obligation after a period of thirty (30) days or the additional time, if any, that is reasonably necessary to promptly and diligently cure the failure, after it receives notice thereof from Landlord, provided that the cure period under this Clause shall not extend beyond sixty (60) days from the delivery of Landlord's notice to Tenant, provided, however, these cure periods shall not apply to emergencies.

**B. Landlord's Remedies.** Landlord in addition to the remedies given in this Lease or under the law, may do any one or more of the following if Tenant commits a Default:

(i) end this Lease, and Tenant shall then surrender the Premises to Landlord;

(ii) enter and take possession of the Premises either with or without process of law and remove Tenant, with or without having ended the Lease; and

(iii) exercise Landlord's security interest in Tenant's property as set forth in this Section 17.

Tenant waives claims for damages by reason of Landlord's reentry, repossession, or alteration of locks or other security devices and for damages by reason of any legal process.

**C. Liability for Rent.** If Landlord ends this Lease or ends Tenant's right to possess the Premises because of a Default, Landlord may hold Tenant liable for Rent and other

indebtedness accrued to the date this Lease ends. Tenant shall also be liable for the Rent and other indebtedness that otherwise would have been payable by Tenant during the remainder of the Term had there been no Default, reduced by any sums Landlord receives by reletting the Premises during the Term.

**D. Other Damages.** Tenant shall also be liable for that part of the following sums paid by Landlord and attributable to that part of the Term ended due to Tenant's Default:

(i) reasonable broker's fees incurred by Landlord for reletting part or all of the Premises prorated for that part of the reletting term ending concurrently with the then current Term of this Lease;

(ii) the cost of removing and storing Tenant's property pursuant to and in accordance with Section 19;

(iii) the cost of repairs, alterations, and remodeling necessary to put the Premises in a condition reasonably acceptable to a new Tenant; and

(iv) other necessary and reasonable expenses incurred by Landlord in enforcing its remedies.

**E. Payments.** Tenant shall pay the sums due in this Section within thirty (30) days of receiving Landlord's invoice for the amounts. Landlord is entitled to accelerated Rent.

**F. Lien and Security Interest.** Notwithstanding anything in this Lease to the contrary, Tenant hereby grants to Landlord a first lien and security interest upon the interest of Tenant under this Lease and the personal property of Tenant located in the Premises to secure the payment of Rent due under this Lease, which lien may be foreclosed in accordance with applicable law, except to the extent that Tenant has created a security interest in and to such properties in favor of its commercial lender, in which case Landlord's lien and security interest created herein shall subordinate automatically, without the need for further action, to the extent of such security interest created in favor of Tenant's commercial lender.

**G. Survival.** The remedies permitted by this Section and Tenant's indemnity in this Lease shall survive the ending of this Lease.

**H. Expenses.** In any litigation between the parties regarding this Lease, the losing party shall pay to the prevailing party all reasonable expenses and court costs including attorneys fees incurred by the prevailing party.

## 18. REGULATORY MATTERS.

### A. Anti-Kickback Law; Stark Law.

(i) Landlord and Tenant enter into this Lease with the intent of conducting their relationship and implementing the agreements contained herein in full compliance with applicable federal, state and local law, including without limitation, the Medicare/Medicaid Anti-Kickback statute (the "**Anti-Kickback Law**") and Section 1877 of the Social Security Act (the

"**Stark Law**"), as amended. Notwithstanding any unanticipated effect of any of the provisions of this Lease, neither party will intentionally conduct itself under the terms of this Lease in a manner that would constitute a violation of the Anti-Kickback Law or the Stark Law. Without limiting the generality of the foregoing, Landlord and Tenant expressly agree that nothing contained in this Lease shall require either party to refer any patients to the other, or to any affiliate or subsidiary of the other.

(ii) If any legislation, regulation or government policy is passed or adopted, the effect of which would cause either party to be in violation of the Anti-Kickback Law or the Stark Law due to the existence of any provision of this Lease in the opinion of an independent, nationally recognized law firm, Landlord and Tenant agree to negotiate in good faith for a period of ninety (90) days to modify the terms of this Lease to comply with applicable law. Should the parties fail to agree upon modified terms to this Lease within this time, either Landlord or Tenant may immediately terminate this Agreement by giving written notice to the other party.

**B. Regulatory Termination.** If Landlord has received an opinion of a law firm, that, as a result of the enactment of any statute, regulation or law or the judicial or administrative interpretation of any existing or future statute, regulation or other law, this Lease increases the risk of an adverse determination with respect to any legal or tax position or status maintained or desired by Landlord, including without limitation its Code Section 501(c)(3) exempt status, Landlord and Tenant agree to negotiate in good faith for a period of ninety (90) days to modify the terms of this Lease to eliminate such risk. Should the parties fail to agree upon modified terms to this Lease within this time, Landlord may immediately terminate this Agreement by giving written notice to Tenant.

**C. HIPAA Compliance.** Landlord acknowledges that Tenant is subject to the provisions of the Health Insurance Portability and Accountability Act of 1996 and related regulations ("**HIPAA**"), and that HIPAA requires Tenant to ensure the safety and confidentiality of patient medical records. Landlord further acknowledges that, in order for Tenant to comply with HIPAA, Tenant must restrict access to the portions of the Premises where patient medical records are kept or stored. Landlord agrees that, notwithstanding the rights granted to Landlord pursuant to this Section, except for an emergency entry into the Premises taken pursuant to this Lease or when accompanied by an authorized representative of Tenant, which accompaniment shall not be unreasonably withheld, conditioned or delayed, neither Landlord nor its employees, agents, representatives or contractors shall be permitted to enter those areas of the Premises designated by Tenant as locations where patient medical records are kept and/or stored.

**19. STORAGE OF TENANT'S PROPERTY.** If on termination of this Lease by expiration or otherwise, or on abandonment of the Premises, Tenant shall fail to remove any of Tenant's property from the Premises, Tenant hereby authorizes Landlord, at Landlord's option, to cause such property to be removed and placed in storage for the account of and at the expense of Tenant, or on such termination, to sell such property at public or private sale, upon ten (10) days' notice, and to apply the proceeds thereof, after payment of all expenses of removal, storage and sale, to the indebtedness, if any, of Tenant to Landlord, the overplus if any to be paid to Tenant upon demand.

**20. HOLDING OVER.** If Tenant remains in possession of the Premises after the expiration or termination of the Term of this Lease without Landlord's written consent, Tenant shall be a tenant-at-sufferance and all provisions of this Lease shall remain in force during the period of such tenancy-at-sufferance, except that by the first day of each month during such holdover period Tenant shall pay Landlord an amount equal to twice the Monthly Base Rent in effect immediately prior to the Expiration Date. Acceptance of Rent by Landlord during any holdover tenancy-at-sufferance shall not waive the default created by Tenant's holdover and the provisions of this Section shall not operate as a waiver of the rights of Landlord set forth in Section 17 hereof.

**21. SURRENDER OF PREMISES.** Tenant shall surrender the Premises at the expiration or prior termination of the Term, in broom-clean condition, with all rubbish removed, free of subtenancies, and in good condition and repair, except for reasonable wear and tear, damage required to be repaired by Landlord and damage covered by Landlord's insurance. Tenant shall deliver to Landlord or Landlord's agent all keys to the Building and Premises and shall have repaired such alterations and made such repairs as required under Section 9.

**22. SUBORDINATION.** This Lease is subject and subordinate to all security liens, mortgages, deeds of trust and related financing instruments which may now or hereafter affect the Premises or the Building, and to all renewals, modifications, consolidations, replacements, amendments and extensions thereof, unless Landlord or any lender now or hereafter secured by any such mortgage, deed of trust or similar security instrument elects to make this Lease superior to same, which said lender may do at its option. Tenant shall execute within ten (10) days after request any certificate, subordination agreement, priority agreement or other form of instrument in confirmation of such subordinate or superior status that Landlord may reasonably request. Tenant shall also execute within ten days after request by Landlord, any reasonable agreement with any lender pursuant to which Tenant agrees to give such lender notice of any default by Landlord pursuant to this Lease, agrees to accept performance by such lender of appropriate curative action, and agrees to give such lender a minimum period of sixty (60) days after Tenant's notice to such lender within which time such lender may cure Landlord's default.

**23. ESTOPPEL STATEMENT.** Within ten days after request therefor by Landlord, Tenant shall deliver in recordable form a certificate prepared by Landlord to any proposed mortgagee or purchaser of the Building or Premises or to Landlord certifying (if such is the case) that this Lease is in full force and effect, that there are no defenses or offsets thereto, or stating those claimed by Tenant, and such other facts related to this Lease or the Premises as Landlord may reasonably request. If Tenant fails to execute, acknowledge or deliver any such statement within the ten days after Landlord's request therefore, Tenant hereby irrevocably constitutes and appoints Landlord as Tenant's attorney-in-fact to execute and deliver any such statements for and on behalf of the Tenant.

**24. NOTICES.** Any notices required pursuant to this Lease shall be in writing. Addresses to which notices shall be sent if to Landlord, at the address set forth in Section 1.A and, if to Tenant prior to occupancy, at the address set forth in Section 1.B, and if after occupancy, to the Premises. Either party may at any time designate by written notice to the other a change of address for notices. All notices, demands and requests which are addressed as provided above and are: (a) deposited in the United States mail, registered or certified, postage

prepaid, return receipt requested, or (b) accepted for overnight delivery by a nationally recognized overnight delivery service company, delivery charges prepaid or with delivery not conditioned upon payment of charges, shall be deemed to have been given for all purposes hereunder at the time such notice, demand or request shall be deposited in the United States mail or accepted for delivery by the applicable overnight delivery service.

**25. PERFORMANCE BY LANDLORD.** If Tenant fails to perform any of its obligations hereunder, Landlord may, at its option (but shall be under no obligation to do so), perform the obligation of Tenant which Tenant has failed to perform. Any amounts advanced in so performing obligations of Tenant shall bear interest at the annual rate of ten percent (10%) from the date expended until repaid, shall be due and payable on demand, and failure to pay on demand shall constitute an independent Default hereunder. Payment or performance by Landlord of the obligations of Tenant shall not waive or cure any breach occasioned by Tenant's failure or refusal to pay or perform same.

**26. WAIVER.** Delay in asserting or prosecuting any right, claim or cause of action accruing hereunder is not and shall not be deemed to be a waiver of, and shall not prejudice the same, or any other right, claim or cause of action accruing hereunder at any time. Waiver by the Landlord of any right, claim or cause of action at any time shall not prejudice any other right, claim or cause of action which Landlord may have or which shall hereafter accrue, and shall not waive Landlord's right to assert any other right, claim or cause of action. Acceptance by Landlord of rent from Tenant during the existence of any default shall not constitute a waiver of such default, or a waiver of the right of Landlord to insist upon Tenant's strict compliance with the terms of this Lease.

**27. BROKERAGE.** Landlord and Tenant, respectively, each represents to the other that it has not engaged or employed any agent or broker with respect to the leasing of the Premises; and Landlord and Tenant, respectively, each agrees to indemnify, defend and hold harmless the other from and against any claim or demand for agent's, broker's or finder's commissions or fees made by any person, firm or corporation where such claim or demand is based on the action of the indemnifying party.

**28. RELOCATION OF TENANT.**. If the Premises are now or at any time in the future reduced to a rentable square footage of 1,500 square feet or less in area, Landlord shall have, and reserves, the right at its option upon giving sixty (60) days' prior written notice to Tenant, to relocate Tenant from the Premises to any other available office space in the Building of substantially equal size in area and of equivalent rental. Landlord shall bear the direct cost and expense of any such relocation of Tenant and the expense of any renovations or alterations necessary to make Tenant's new space substantially in conformity in layout and appointment to that of the original Premises.

**29. MISCELLANEOUS.**

**A. Headings.** The paragraph headings of this Lease are used for convenience only, and are in no way to be construed as a part of this Lease or as a limitation on the scope of the particular provision to which they refer.

**B. Severability.** Except as set forth in Section 18, if any provision of this Lease shall be held to be invalid, whether generally or as to specific facts or circumstances, the same shall not affect in any respect whatsoever the validity of the remainder of this Lease, which shall continue in full force and effect. Any provision held invalid as to any particular facts and circumstances shall remain in full force and effect as to all other facts and circumstances and any invalid provision, if invalid because it transcends applicable limits of law shall be deemed ipso facto to be reduced to such permitted level or limit.

**C. Governing Law.** This Lease and the rights of the parties hereunder shall be interpreted in accordance with the laws of the state of Illinois as the same shall exist from time to time.

**D. Entire Agreement.** This Lease, together with the attached Exhibits referred to herein and specified below, contain the entire agreement of the parties related to this transaction, supersedes all prior negotiations and agreements and represents their final and complete understanding. This Lease may not be modified orally, through course of performance or in any manner other than by agreement in writing, signed by the parties hereto.

**E. Exhibits.** The Exhibits which are attached hereto are a part of this Lease and are incorporated herein as if fully set forth hereto.

**F. Joint and Several.** This Lease shall constitute the joint and several liability of all persons executing it on behalf of the Tenant.

**G. Successors and Assigns.** This Lease shall bind and inure to the benefit of the successors, assigns, heirs, and executors, administrators and legal representatives of the parties hereto. Tenant may not assign this Lease or delegate any of its rights, responsibilities, obligations and interest hereunder without the prior written consent of Landlord. Landlord may not assign this Agreement or delegate any of its rights, duties, responsibilities, obligations and interests hereunder without the prior written consent of Tenant except to an affiliate of Landlord or to a successor or permitted assign of Landlord or an Affiliate thereof.

**H. No Joint Venture.** Landlord shall not be construed as or held to be a partner, joint venturer or associate of Tenant, it being expressly understood and agreed that the relationship between the parties hereto is and shall at all times remain that of landlord and tenant.

**I. Time of Essence.** Time is of the essence of this Lease with the exception of Landlord's delivery of possession hereunder.

**J. Force Majeure.** Neither party shall be considered in default of any of the terms, covenants or conditions of this Lease if either party fails to timely perform same and such failure is due in whole or in part to any strike, lockout, labor trouble (whether legal or illegal), civil disorder, inability to procure materials, power failure, restrictive governmental laws and regulations including without limitation The Americans with Disabilities Act, riots, insurrections, war, fuel shortages, accidents, casualties, Acts of God, acts caused directly by the other party (or the other party's agents, employees or invitees) or any other causes beyond the reasonable control of such performing party; provided, however, this Section shall not be applicable to Tenant's obligation to pay Rent or other amounts due under this Lease.

**K. Exoneration of Landlord.** In consideration of the benefits accruing hereunder, Tenant and all successors and assigns of Tenant covenant and agree that, anything contained herein to the contrary notwithstanding, the obligations under this Lease do not constitute personal obligations of Landlord or its successors and assigns or their respective individual, directors, officers or members. Any claim based on or in respect to any liability of Landlord under this Lease shall be enforced only against Landlord's interest in the Building and not against any other assets, properties or funds of: (i) Landlord or its successors and assigns or their respective trustees, directors, members, volunteers, officers, employees or agents (or any legal representative, heir, estate, successor or assign thereof); (ii) any predecessor or successor partnership or corporation (or other entity) of Landlord; and (iii) any other person or entity. Further, in the case of any foreclosure or deed-in-lieu of foreclosure or termination proceedings by any mortgagee or ground lessor against title to the Building (or portion thereof), the rights and remedies of Tenant hereunder in respect to any obligations of any such successor to Landlord hereunder shall be non-recourse as to any assets of such successor to Landlord other than to the equity in the Building. Tenant further agrees that each of the foregoing provisions shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by statute or at common law. Tenant's covenants and agreements contained in this Section are enforceable by Landlord and any successor to Landlord.

**L. No Recording.** Tenant shall not record this Lease or a short form memorandum hereof without the prior written consent of Landlord.

**M. USA Patriot Act and Prohibited Persons.** Tenant and Landlord (each, a "**Representing Party**") each represents and warrants to the other that: (i) neither the Representing Party nor any person or entity who directly owns a ten percent (10%) or greater equity interest in it, nor any of its officers, directors or managing members, is a person or entity with whom United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control of the Department of the Treasury (including those named on the Office of Foreign Asset Control's "Specially Designated Nationals and Blocked Persons" list, found at http://www.treas.gov/offices/enforcement/ofac) or under any statute, Executive Order (including Executive Order 13224 signed on September 24, 2001 and entitled "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism"), or other governmental action; and (ii) the Representing Party's activities do not violate the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders promulgated thereunder (as amended from time to time). Each Representing Party covenants that, throughout the Lease Term, it shall not be or become a person or entity listed on any list stated in preceding Subsection M(i), and it shall comply with Executive Order 13224 and with the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 and the regulations or orders promulgated thereunder (as amended from time to time).

**N. Execution by Tenant.** If Tenant is a corporation, a limited liability company, an association or a partnership, it shall, concurrently with the signing of this Lease, at Landlord's option, furnish to Landlord certified copies of the resolutions of its board of directors (or of the executive committee of its board of directors) or consent of its members or partners authorizing Tenant to enter into this Lease. Moreover, each individual executing this Lease on behalf of Tenant hereby represents and warrants that he or she is duly authorized to execute and deliver

this Lease and that Tenant is a duly organized corporation, limited liability company, association or partnership under the laws of the state of its incorporation or formation, is qualified to do business in the jurisdiction in which the Building is located, is in good standing under the laws of the state of its incorporation or formation and the laws of the jurisdiction in which the Building is located, has the power and authority to enter into this Lease, and that all corporate or partnership action requisite to authorize Tenant to enter into this Lease has been duly taken.

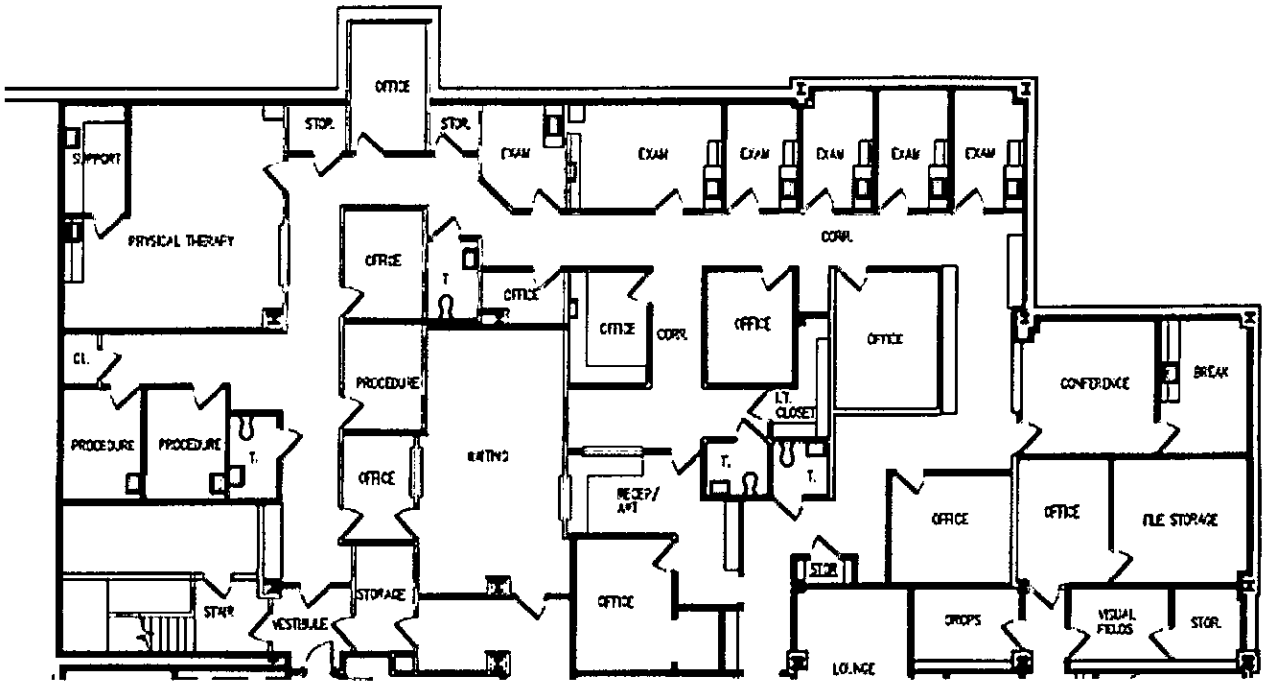
**O. Agreements Between the Parties.** Landlord shall use its reasonable efforts to ensure that any other agreements between Landlord and Tenant, Landlord and owners of Tenant, and Landlord and the immediate families of Tenant's owners (as defined at 42 CFR § 411.351) are listed on a master list of contracts that: (i) is maintained and updated by Landlord's Compliance Department; (ii) preserves the historical record of contracts between the Parties or the immediate family members of Tenant's owners; and (iii) is available for review by the Secretary of the Department of Health and Human Services upon request.

IN WITNESS WHEREOF, this Lease has been duly executed by the parties hereto as of the date and year first above written.

| **LANDLORD:** | **TENANT:** |
|---|---|
| **METHODIST SERVICES, INC.** | **PROCTOR HOSPITAL** |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

# EXHIBIT A

## DEPICTION OF THE PREMISES – PPB #104



## EXHIBIT B

## RULES AND REGULATIONS

**1.** The entrances, lobby and other common areas shall be under the exclusive control of Landlord and shall not be obstructed or used by Tenant for any purpose other than their intended purposes.

**2.** Tenant shall not bring into the Premises or operate therein any engine, boiler, dynamo or machinery of any kind, or carry on any mechanical operations in the Premises, or place any explosive therein, or use any kerosene, oils or burning fluids therein, without first obtaining the written consent of Landlord.

**3.** If Tenant desires a safe for depositing valuables or securities, Landlord shall have the right to prescribe its weight, size and proper position. Nothing whatsoever shall be brought into the Building by Tenant, its agent, employees or visitors which has a weight of more than sixty (60) pounds per square foot, unless Landlord approves same and its proper position.

**4.** No nails are to be driven other than in the course of normal office usage, the Premises are not to be defaced in any way, no boring or cutting for wires or other purpose is to be done, and no change in electric fixtures or other appurtenances of the Premises is to be made without the prior written consent of Landlord.

**5.** If Tenant desires telephonic or telegraphic connections, Landlord will direct the electricians as to where and how the wires are to be introduced, and without such written directions no boring for wires will be permitted.

**6.** The Premises shall not be used for the purpose of lodging or sleeping rooms, nor in any way to damage the reputation of the Building; and Tenant shall not disturb or permit the disturbance of other tenants of the Building by the use of musical instruments or other noises, nor by any interference whatsoever. Nothing shall be placed or permitted upon the outside window sills.

**7.** No person or persons, other than employees of the Building, shall be employed by Tenant for the purpose of cleaning or taking care of the Premises without the written consent of Landlord. Any person or persons so employed by Tenant (with the written consent of Landlord) shall be subject to, and under the control and direction of Landlord in the use of the Building and its facilities.

**8.** Landlord shall have the right to exclude or eject from the Building animals of every kind (other than any service anirnal while assisting an individual with a disability), bicycles, and all canvassers and other persons who conduct themselves in such a manner as to be, in the judgment of Landlord, an annoyance to the tenants or a detriment to the Building.

**9.** Keys to the Premises will be provided at no cost. A reasonable number of additional keys will be provided upon payment of fees therefor. No locks shall be placed upon any doors of the Premises without first obtaining the written consent of Landlord and furnishing Landlord with keys to the same. Tenant will not permit any duplicate keys to be made (all necessary keys to be furnished by Landlord). Upon termination of this lease, Tenant shall surrender to Landlord all keys to the Premises.

**10.** The lavatories, rooms, water-closets and other water apparatus shall not be used for any purpose other than those for which they are intended, and no sweeping, rubbish, rags, or other injurious substances shall be placed therein. The cost of repair of any damage resulting from misuse or abuse by Tenant, its employees or guests shall be borne by Tenant.

**11.** Tenant may use the Building on nights, weekends, or holidays, without Landlord's prior written consent.

**12.** Landlord agrees to post on the directory of the Building the Tenant's name and the names of any physicians who are members of the Tenant's staff who conduct their practices from the Premises. There shall be no charge for initially listing Tenant and Tenant's physicians on the Building's directory, but Landlord reserves the right to impose a charge for any changes made to Tenant's listing on the directory.

**13.** In advertising or other publicity, Tenant shall not without Landlord's prior written consent use Landlord's name or the name of the Building, except as the address of Tenant's business and shall not use pictures of the Building in advertising or publicity.

**14.** Landlord has declared the Premises, the Building and the land on which the Building is situated as a "smoke free" environment. No smoking of tobacco products of any type or form shall be permitted by Tenant or its physicians, staff, employees, agents, contractors, patients or invitees in any area of the Premises, Building or the land on which the Building is situated unless specifically designated by Landlord and subject to any restrictions or limitations imposed by Landlord from time to time.

# Financial Viability Waiver

Proctor Community Hospital qualifies for a financial viability waiver. The project is being financed in its entirety through existing cash and securities. The 2016 audit of Iowa Health System is attached as evidence of adequate equity funds. Additionally, the bond rating of Iowa Health System is Aa3, as indicated by the attached credit opinion from Moody's Investors Service.

# Iowa Health System and Subsidiaries
# d/b/a UnityPoint Health

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2016 and 2015

BKD LLP
CPAs & Advisors

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ATTACHMENT 35

# Iowa Health System and Subsidiaries
# d/b/a UnityPoint Health
## Consolidated Balance Sheets
## December 31, 2016 and 2015

### Assets

| | 2016 | 2015 |
|---|---|---|
| | *(in thousands)* | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 257,105 | $ 181,267 |
| Short-term investments | 13,547 | 49,790 |
| Assets limited as to use – required for current liabilities | 13,054 | 13,599 |
| Patient accounts receivable, less estimated uncollectibles; 2016 – $57,582, 2015 – $65,335 | 509,899 | 461,082 |
| Other receivables | 85,179 | 80,899 |
| Inventories | 70,428 | 69,679 |
| Prepaid expenses | 53,318 | 57,315 |
| Total current assets | 1,002,530 | 913,631 |
| **Assets Limited As to Use, Noncurrent** | | |
| Held by trustee under bond indenture agreements | 1,213 | 1,217 |
| Internally designated | 1,124,107 | 1,049,003 |
| Total assets limited as to use, noncurrent | 1,125,320 | 1,050,220 |
| **Property, Plant and Equipment, Net** | 1,804,269 | 1,782,685 |
| **Other Long-term Investments** | 970,821 | 946,066 |
| **Investments in Joint Ventures and Other Investments** | 140,508 | 133,854 |
| **Contributions Receivable, Net** | 87,657 | 83,107 |
| **Other** | 110,417 | 120,409 |
| Total assets | $ 5,241,522 | $ 5,029,972 |

*See Notes to Consolidated Financial Statements*

## Liabilities and Net Assets

| | 2016 | 2015 |
|---|---|---|
| | *(in thousands)* | |
| **Current Liabilities** | | |
| Current maturities of long-term debt | $ 104,474 | $ 187,667 |
| Accounts payable | 185,315 | 189,498 |
| Accrued payroll | 209,603 | 204,073 |
| Accrued interest | 10,319 | 10,421 |
| Estimated settlements due to third-party payers | 76,727 | 78,286 |
| Medical claims payable | 20,993 | 21,736 |
| Other current liabilities | 74,975 | 70,216 |
| Total current liabilities | 682,406 | 761,897 |
| **Long-term Debt, Net** | 1,063,306 | 928,395 |
| **Other Long-term Liabilities** | 419,804 | 444,564 |
| Total liabilities | 2,165,516 | 2,134,856 |
| **Net Assets** | | |
| Unrestricted | | |
| Attributable to UnityPoint Health | 2,856,692 | 2,687,189 |
| Attributable to noncontrolling interest | 47,642 | 50,847 |
| Total unrestricted | 2,904,334 | 2,738,036 |
| Temporarily restricted | | |
| Attributable to UnityPoint Health | 103,638 | 95,336 |
| Attributable to noncontrolling interest | 960 | 1,018 |
| Total temporarily restricted | 104,598 | 96,354 |
| Permanently restricted | 67,074 | 60,726 |
| Total net assets | 3,076,006 | 2,895,116 |
| Total liabilities and net assets | $ 5,241,522 | $ 5,029,972 |

# Iowa Health System and Subsidiaries
# d/b/a UnityPoint Health
## Consolidated Statements of Operations
## Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|---|---|---|
| | *(in thousands)* | |
| **Unrestricted Revenues** | | |
| Patient service revenue (net of contractual allowances) | $ 3,649,082 | $ 3,520,016 |
| Provision for patient uncollectible accounts | (112,524) | (115,665) |
| Net patient service revenue | 3,536,558 | 3,404,351 |
| Premium revenue | 245,091 | 252,285 |
| Other operating revenue | 263,656 | 223,866 |
| Net assets released from restrictions used for operations | 9,492 | 7,912 |
| Total unrestricted revenues | 4,054,797 | 3,888,414 |
| **Expenses** | | |
| Salaries and wages | 1,419,704 | 1,351,938 |
| Physician compensation and services | 554,551 | 500,838 |
| Employee benefits | 373,895 | 327,638 |
| Medical claims and capitation payments | 159,125 | 161,236 |
| Supplies | 633,847 | 587,381 |
| Other expenses | 642,388 | 639,570 |
| Depreciation and amortization | 229,507 | 216,196 |
| Interest | 34,017 | 34,473 |
| Provision for uncollectible accounts | 1,126 | 1,630 |
| Total expenses | 4,048,160 | 3,820,900 |
| **Operating Income** | 6,637 | 67,514 |
| **Nonoperating Gains (Losses)** | | |
| Investment income | 168,778 | 726 |
| Contribution received in affiliations | - | 2,518 |
| Other, net | (3,888) | (7,801) |
| Total nonoperating gains (losses), net | 164,890 | (4,557) |
| **Revenue Over Expenses Before Loss on Bond Refinancing Transactions** | 171,527 | 62,957 |
| Loss on bond refinancing transactions | (22,852) | - |
| **Excess of Revenues Over Expenses** | 148,675 | 62,957 |
| **Less Noncontrolling Interest** | 3,964 | 4,663 |
| **Excess of Revenue Over Expenses Attributable to UnityPoint Health** | $ 144,711 | $ 58,294 |

*See Notes to Consolidated Financial Statements*

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**ATTACHMENT 35**

# Iowa Health System and Subsidiaries
# d/b/a UnityPoint Health
## Consolidated Statements of Changes in Net Assets
## Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|---|---|---|
| | *(in thousands)* | |
| **Unrestricted Net Assets** | | |
| Excess of revenues over expenses | $ 144,711 | $ 58,294 |
| Change in the fair value of interest rate swaps | 2,514 | 1,336 |
| Net assets released from restrictions used for capital expenditures | 11,415 | 7,710 |
| Change in defined benefit pension plan gains and losses and prior costs and credits | 12,375 | (37,165) |
| Contributions of or for acquisition of property and equipment | 360 | 221 |
| Other, net | (1,872) | (1,122) |
| Increase in unrestricted net assets, UnityPoint Health | 169,503 | 29,274 |
| Unrestricted net assets, noncontrolling interest: | | |
| Excess of revenues over expenses | 3,963 | 4,663 |
| Distributions of capital | (7,507) | (3,522) |
| Contributions of capital | - | 46,113 |
| Net assets released from restrictions used for capital expenditures | 58 | 58 |
| Other | 281 | 553 |
| Increase (decrease) in unrestricted net assets, noncontrolling interests | (3,205) | 47,865 |
| **Temporarily Restricted Net Assets** | | |
| Contributions | 18,378 | 15,532 |
| Contribution received in affiliations | - | 162 |
| Investment income | 3,410 | 1,370 |
| Government grants | 106 | 208 |
| Net assets released from restrictions used for operations | (9,492) | (7,912) |
| Net assets released from restrictions used for capital expenditures | (11,415) | (7,710) |
| Change in net unrealized gains (losses) on investments | 2,419 | (2,384) |
| Change in beneficial interest in net assets of affiliate | 5,244 | 3,945 |
| Other, net | (348) | 709 |
| Increase in temporarily restricted net assets, UnityPoint Health | 8,302 | 3,920 |
| Temporarily restricted net assets, noncontrolling interest: | | |
| Net assets released from restrictions used for capital expenditures | (58) | (58) |
| Decrease in temporarily restricted net assets, noncontrolling interest | (58) | (58) |

*See Notes to Consolidated Financial Statements*

# Iowa Health System and Subsidiaries
# d/b/a UnityPoint Health
## Consolidated Statements of Changes in Net Assets (Continued)
## Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|---|---|---|
| | *(in thousands)* | |
| **Permanently Restricted Net Assets** | | |
| Contributions | $ 3,248 | $ 1,873 |
| Investment income (loss) | (21) | 178 |
| Change in net unrealized gains (losses) on investments | 442 | (143) |
| Change in beneficial interest in net assets of affiliate | 1,417 | (122) |
| Other, net | 1,262 | (1,021) |
| Increase in permanently restricted net assets | 6,348 | 765 |
| **Increase in Net Assets** | 180,890 | 81,766 |
| **Net Assets, Beginning of Year** | 2,895,116 | 2,813,350 |
| **Net Assets, End of Year** | $ 3,076,006 | $ 2,895,116 |

*See Notes to Consolidated Financial Statements*

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**ATTACHMENT 35**

MOODY'S INVESTORS SERVICE

CREDIT OPINION
9 May 2016

New Issue

Rate this Research

Contacts

Mark Pascaris 312-706-9963
VP-Senior Analyst
mark.pascaris@moodys.com

Meredith Moore 212-553-4850
Analyst
meredith.moore@moodys.com

# UnityPoint Health, IA

## New Issue – Moody's Revises UnityPoint Health's (IA) Outlook to Negative; Aa3 Assigned to Series 2016D & Series 2016E

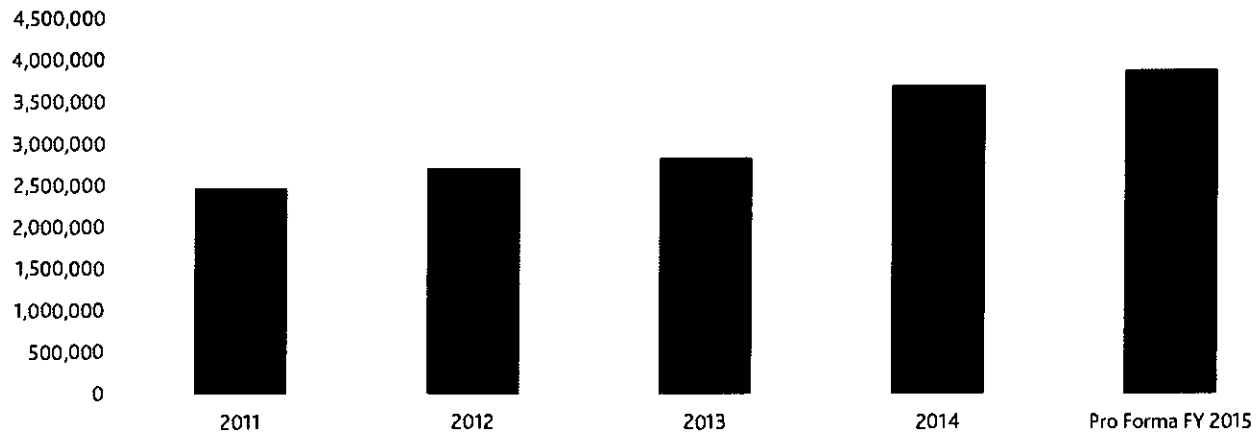
### Summary Rating Rationale

Moody's Investors Service assigns a Aa3 rating to UnityPoint Health's (UnityPoint) proposed $46 million of Series 2016D (IL) fixed rate revenue bonds and $168 million of Series 2016E (IA) fixed rate revenue bonds. The bonds are to be issued through the Illinois Finance Authority and Iowa Finance Authority, respectively. The bonds are expected to mature in 2046. Concurrent with this action, we are affirming UnityPoint's Aa3, Aa3/P-1 and P-1 ratings affecting approximately $804 million of rated debt outstanding. The rating outlook is revised to negative from stable.

The outlook revision to negative reflects UnityPoint's more modest operating cash flow margin in FY 2015 and our expectation of continued margin pressure in the intermediate period. The Aa3 rating reflects UnityPoint's size and market reach with diversified operations in multiple markets in three states, track-record of profitability, and generally sound liquidity and pro forma debt coverage ratios.

The P-1 commercial paper rating on variable rate debt supported by UnityPoint's own liquidity is based on the adequacy of liquid investments to support maturing commercial paper, with the Issuer and Paying Agreement (IPA) limiting maturities to a maximum of $25 million within any five-day business period, and management processes to ensure timely payment.

Exhibit 1
**Enterprise Expansion Due to Acquisitions and Organic Growth (Total Operating Revenue, $000s)**




*Source: Moody's Investors Service*

## Credit Strengths

» Large and diversified health system with hospital operations, employed physicians, and growing health plan business, operating in multiple markets in three states

» Generally sound pro forma debt coverage ratios (pro forma adjusted debt-to-cash flow under three times) despite new debt and more modest operating margins in FY 2015

» Manageable exposure to debt equivalents (operating leases and frozen defined benefit pension plan)

» Predictable and manageable capital spending plans in the coming years; no new money debt plans beyond the modest current new debt issuance

» Self-liquidity is sufficient to support the maturing commercial paper, with active treasury and investment liquidity management and appropriate liquidation procedures.

## Credit Challenges

» More modest adjusted operating cash flow margin in FY 2015 (8.2%) and expectation of continued margin pressure in the next year or two

» UnityPoint recently launched a joint-venture health plan in Iowa and Illinois, which will pressure operations as managing a health plan is very different from hospital operations; challenges offset partially by UnityPoint's health plan experience since acquiring Meriter and the JV is with a well-established provider with decades of health plan management experience

## Rating Outlook

The outlook revision to negative reflects UnityPoint's more modest operating cash flow margin in FY 2015 and our expectation of continued margin pressure in the intermediate period.

## Factors that Could Lead to an Upgrade

» Material and sustained improvement in operating margins leading to stronger debt ratios

» Stronger liquidity ratios

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

» Continued enterprise growth

## Factors that Could Lead to a Downgrade

» Failure to improve operating cash flow margin in the next year or two

» Significantly weaker liquidity ratios

» Unplanned and material increase in new debt without commensurate increase in cash flow

## Key Indicators

Exhibit 2
**UnityPoint Health, IA**

| | 2011 | 2012 | 2013 | 2014 | Pro Forma FY 2015 |
|---|---|---|---|---|---|
| Operating Revenue ($'000) | 2,472,462 | 2,714,231 | 2,837,752 | 3,701,998 | 3,886,784 |
| 3 Year Operating Revenue CAGR (%) | 7.2 | 10.4 | 9.7 | 15.9 | 12.7 |
| Operating Cash Flow Margin (%) | 9.3 | 8.8 | 9.8 | 9.6 | 8.2 |
| PM: Medicare (%) | 43.0 | 42.0 | 45.0 | 44.1 | 45.7 |
| PM: Medicaid (%) | 11.0 | 12.0 | 12.0 | 15.0 | 16.1 |
| Days Cash on Hand | 214 | 208 | 238 | 240 | 222 |
| Unrestricted Cash and Investments to Total Debt (%) | 168.2 | 178.4 | 185.7 | 200.0 | 186.4 |
| Total Debt to Cash Flow (x) | 2.9 | 2.4 | 2.3 | 2.4 | 2.8 |

Based on financial statements for Iowa Health System and Subsidiaries d/b/a UnityPoint Health
Investment returns smoothed at 6% in FY 2014 and prior and at 5% in FY 2015 and later unless otherwise noted
Pro Forma FY 2015 assumes: (a) issuance of $46.6 million of Series 2016D (IL) and $168.2 million of Series 2016E (IA) fixed rate revenue bonds; (b) refund Series 2006A and Series 2008A fixed rate bonds; (c) $57 million of cash reimbursement for prior capital spending; (e) issuance of $156.2 million of variable rate private placement debt earlier in 2016 to refund various series of variable rate demand obligation (VRDO) bonds
*Source: Moody's Investors Service*

## Recent Developments

Recent developments are incorporated in the Detailed Rating Considerations section

## Detailed Rating Considerations

### Market Position: Broad Geographic Reach with Multiple Markets Across Three States

Moody's views UnityPoint's geographic diversity operating hospitals in multiple markets across three states as a key credit strength. UnityPoint organizes its system in nine regions: Sioux City, Fort Dodge, Central Iowa (Des Moines), Waterloo, Cedar Rapids, and Dubuque in Iowa; Quad Cities in Iowa and Illinois; Peoria, IL; and Madison, WI. No individual region comprises more than 24% of UnityPoint system revenue. UnityPoint owns 17 acute care hospitals, manages multiple other hospitals, and includes a diverse network of physician practices and an insurance lines of business. UnityPoint faces acute care competition in many key markets, including Des Moines (IA), Madison (WI), Peoria (IL), Quad Cities (IA/IL), and Cedar Rapids, IA.

UnityPoint recently launched a JV health plan in Iowa and Illinois, which will pressure operations as managing a health plan is very different from hospital operations and even well-run and mature health plans tend to suppress hospital system operating cash flow margins. These challenges are offset partially by UnityPoint's health plan insurance experience since acquiring Meriter in Wisconsin and the fact that the health plan is a JV with HealthPartners, MN (HealthPartners, Inc. A2), which has a long track-record of insurance operations. Effective January 2016, the JV health plan covers UnityPoint Health employees and their dependents; in early 2017, the JV plans to launch Medicare Advantage products.

### Operating Performance, Balance Sheet and Capital Plans: More Modest Operating Cash Flow Margin in FY 2015; Favorable Balance Sheet Metrics

After generating an operating cash flow margin more commensurate with the Aa3 median in FY 2013 (9.8%) and FY 2014 (9.6%), UnityPoint's operating cash flow margin moderated in FY 2015 (8.2%). The Aa3 median operating cash flow margin is 10.0%.

UnityPoint's challenges in FY 2015 were not due to softer system-wide volumes. Indeed, the system recorded gains in most key volume categories in FY 2015 over FY 2014, including unique patients (2.5%), inpatient admissions (2.4%; 1.8% including observation stays), and total surgeries (6.6%). The two biggest factors contributing UnityPoint's more moderate margins in FY 2015 were rollout of Epic electronic medical record (EMR) and Lawson enterprise resource planning (ERP) information technology systems and salary increases due to increases in vacancy and turnover rates as the economy slowly improves. Also, as UnityPoint's volumes have increased, the system has faced wage pressures to keep up with volume growth.

We believe UnityPoint has the resources and breadth of management to continue to stabilize the IT systems. Additionally, UnityPoint is implementing a variety of improvement efforts, many of which are centered on taking advantage of economies of scale and system efficiencies, such as implementing a centralized agency staffing model, centralizing IT and purchased services, system-wide supply cost savings, and an executive wage freeze.

UnityPoint management has budgeted an 8.7% operating cash flow margin for full year FY 2016. The first quarter of FY 2016 was challenged, as the system recorded a 6.4% operating cash flow margin compared to 8.6% for the same period FY 2015. We believe the continued rollout of the JV health plan will pressure system margins over the next year or two.

#### LIQUIDITY

UnityPoint's absolute balance sheet ratios are sound, although lag Aa3 medians. At FYE 2015, cash on hand measured 216 days (Aa3 median is 267 days). Based on management data, at FYE 2015, 86% of unrestricted cash and investments could be liquidated in one month and allocated to 45% cash and fixed income, 41% equities, and 14% alternatives (including hedge funds and private equity).

#### CAPITAL PLANS

UnityPoint has approximately $1.1 billion of capital spending plans between FY 2016 and FY 2019, which should result in a capital spending ratio of approximately 1.3-1.4 times (Aa3 median is 1.1 times). The system does not have new patient tower or replacement hospital projects planned. Like most health systems in the U.S., UnityPoint has considerable outpatient investments planned. Beyond the planned Series 2016D&E bonds, UnityPoint does not have additional new money debt in the intermediate period.

### Debt Structure and Legal Covenants

Despite more modest operating margins in FY 2015, UnityPoint's Moody's-adjusted debt ratios are sound. Based on FY 2015 results and including the 2016 plan of finance, pro forma adjusted total debt-to-cash flow is 2.8 times (Aa3 median is 2.5 times), maximum annual debt service (MADS) coverage is 5.0 times (Aa3 median is 6.3 times), unrestricted cash and investments-to-total debt is 186% (Aa3 median is 199%), and total debt-to-total operating revenue is 30% (Aa3 median is 32%).

UnityPoint's bond documents include the following financial covenants: minimum Obligated Group share of consolidated income available for debt service (90%) and revenue (70%); minimum 1.10 times historical debt service coverage and MADS coverage; and minimum 75 days cash on hand.

#### DEBT STRUCTURE

UnityPoint has a diversified debt structure. Pro forma, 41% of the system's debt will be in demand mode, including private placements, revolving lines of credit, and commercial paper (CP). Earlier in 2016, UnityPoint issued $156 million of Series 2016A,B,&C private placement debt with Barclays and US Bank to refund the majority of UnityPoint's VRDO bonds outstanding. UnityPoint's pro forma monthly liquidity-to-demand debt is a good 407% (Aa3 median is 448%).

UnityPoint has adequate liquidity and management processes to meet maturities on its self-liquidity debt. The P-1 rating on the taxable CP notes is based on UnityPoint's ability to support CP maturities with its own liquidity under its self-liquidity program. While the CP notes are authorized up to $200 million, UnityPoint's IPA states that no more than $25 million can mature within five business days. Based on UnityPoint's current discounted daily liquidity, the limit is a key factor in Moody's assignment of the P-1 rating. Moody's

believes that UnityPoint's self-liquidity program, which relies on the system's own cash and investments for same-day liquidity, provides adequate coverage for the CP maturities.

As of unaudited March 31, 2016, UnityPoint had approximately $92 million of investments with same-day liquidity, which incorporates Moody's discounted assumptions. Discounted daily liquidity provides 3.7 times coverage of the maximum amount of CP notes maturing within any five day business period.

UnityPoint also has a Aa3/P-1 rating on its Series 2014B-1 and B-2 variable rate bonds issued in the Windows Interest Rate mode. Moody's P-1 rating reflects UnityPoint's ability to purchase the variable rate securities on the Windows Mandatory Tender Date. The P-1 rating assigned to the Series 2014B-1 and B-2 bonds reflects Moody's approach to rating a longer mandatory tender based on market access as the primary source of repayment. We expect UnityPoint will be able to access the market in advance of the Windows Mandatory Tender Date, to issue bonds to refund the tendered bonds, or to convert the bonds to another rate mode with a successful remarketing. The seven month period before a mandatory tender provides sufficient time for UnityPoint to evaluate financing alternatives and to implement a plan for a restructuring of the debt. As part of the 2016 plan of finance, UnityPoint plans to replace the Series 2014B-1&B-2 bonds with private placement debt later in May.

#### DEBT-RELATED DERIVATIVES

UnityPoint has a comprehensive swap program in place with a total notional amount outstanding of $465 million at FYE 2015. Counterparties include Morgan Stanley, Deutsche Bank, JPMorgan, Union Bank, and US Bank. UnityPoint has one basis swap, the remaining are fixed payor swaps. The net termination value at FYE 2015 was a negative $76 million to UnityPoint. No collateral posting was required. UnityPoint's obligations under the swap agreements are secured on parity with bonds issued under the Master Indenture.

#### PENSIONS AND OPEB

Given its scope of operations, UnityPoint's debt equivalents are manageable. The debt equivalent of operating leases was $296 million at FYE 2015 (based on four times lease expense method). At FYE 2015, UnityPoint's frozen defined benefit pension plan was 82% funded relative to a projected benefit obligation of $928 million. Including direct debt, operating leases, and pensions, pro forma unrestricted cash and investments-to-total adjusted debt is 134% (Aa3 median is 139%).

### Management and Governance

UnityPoint has a seasoned management team with a track record of profitability. As of January 2016, the system has a new CEO, who has been with UnityPoint for 16 years. The system has an ongoing succession planning process in place. There are no planned changes among key senior staff in the next year or two.

## Legal Security

The bonds and CP notes are secured by revenues through a joint and several obligation of the Obligated Group. The Obligated Group consists of the majority of UnityPoint, including the recently added Methodist Medical Center of Illinois, Proctor Hospital, and Meriter Hospital. Current Obligated Group Members may withdraw from the Obligated Group and other entities may become Obligated Group Members, all in accordance with the provisions of the Master Trust Indenture.

## Use of Proceeds

Proceeds from the proposed Series 2016D (IL) and Series 2016E (IA) fixed rate revenue bonds are expected to refund the Series 2006A and Series 2008A fixed rate bonds, cash-reimburse UnityPoint for $57 million of prior capital spending, and pay the costs of issuance.

## Obligor Profile

UnityPoint is a fully-integrated health system with 17 hospitals in three states, a large employed physician practice, and health insurance plans.

## Methodology

The principal methodology used in this rating was Not-For-Profit Healthcare Rating Methodology published in November 2015. An additional methodology used in the short-term rating was Rating Methodology for Municipal Bonds and Commercial Paper Supported by a Borrower's Self-Liquidity published in January 2012. Please see the Ratings Methodologies page on www.moodys.com for a copy of these methodologies.

## Ratings

Exhibit 3

### Iowa Finance Authority

| Issue | Rating |
|---|---|
| Series 2016D (IL) Fixed Rate Revenue Bonds | Aa3 |
| Rating Type | Underlying LT |
| Sale Amount | $46,610,000 |
| Expected Sale Date | 05/17/2016 |
| Rating Description | Revenue: Other |
| Series 2016E (IA) Fixed Rate Revenue Bonds | Aa3 |
| Rating Type | Underlying LT |
| Sale Amount | $168,225,000 |
| Expected Sale Date | 05/17/2016 |
| Rating Description | Revenue: Other |

*Source: Moody's Investors Service*



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ATTACHMENT 35

# Economic Feasibility

## A. Reasonableness of Financing Arrangements

The total estimated project cost will be funded through cash and investments. However, the proposed hemodialysis center will be located within leased space. Even though the building is owned by a Proctor affiliated corporation (Methodist Services, Inc.) there will be an internal lease at fair market rates. This is a lower cost option than entering into a lease with a third party or building an entirely new building.

## B. Conditions of Debt Financing

The lease between the Proctor dialysis unit and Methodist Services, Inc. will be at fair market value, as determined by an independent appraiser. Because the lease is an internal lease between two subsidiary corporations of Methodist Health Services Corporation, we are leasing to ourselves. This is a cheaper alternative than leasing from a non-related party.

## C. Reasonableness of Project and Related Costs

The cost of renovating Suite 104 of the Proctor Professional Building is estimated to be $1,125,000. The applicant is requesting a contingency allowance of $110,000 in order to cover unforeseen events. The total estimate cost of $211.80 per square foot appears to be reasonable in relation to State standards,

| 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) | |
| ESRD | | 192.93 | | | 5,831 | | 1,125,000 | | |
| Contingency | | 18.86 | | | 5,831 | | 110,000 | | |
| TOTALS | | 211.80 | | | 5,831 | | 1,235,000 | | |

* Include the percentage (%) of space for circulation

## D. Projected Operating Costs

The proposed project is expected to be completed by September 30, 2019. The first full year the center will operate at target utilization is 2021. Total direct operating costs (in current dollars) are projected to be $1,984,976 or $189.91 per treatment. The expense projection is summarized as follows:

| Direct Operating Expenses: | Amount |
|---|---|
| Salaries | $974,381 |
| Benefits | 244,595 |
| Supplies | 736,000 |
| Other (medical director) | 30,000 |
| Total Direct Expenses: | $1,984,976 |
| | |
| Estimated Treatments | 10,452 |
| | |
| Cost per Treatment | $189.91 |

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

The total estimated depreciation expense is $153,118. Renovation and associated costs are amortized over the 15-year term of the lease. Moveable capital equipment is depreciated over seven years. There is no interest expense associated with the project.

**2021 Capital Expenses**
**(2017 Dollars)**

| Item | Amount |
|---|---|
| Facility Depreciation | $91,000 |
| Equipment Depreciation | 86,145 |
| Total Capital Costs | $177,145 |
| | |
| Treatments | 10,452 |
| | |
| Cost per Treatment | $16.95 |

# Reasonableness of Financing Arrangements

**Attestation**

I hereby attest to the following:

The Proctor Hemodialysis Center will be funded through cash and investments. No external debt financing will be used.

A fair market lease will be entered into between Proctor Community Hospital and Methodist Services Inc. The actual cash outlay associated with an internal lease is less than a lease with an unrelated party. An internal lease represents the lowest net cost available.

Leasing existing facilities is less costly than constructing a new facility.

Robert Quin
Chief Financial Officer

Subscribed and sworn to before me this 28th day of August, 2017

Gwendolyn J. Nash
Notary Public

My Commission expires October 20, 2019

"OFFICIAL SEAL"
Gwendolyn J Nash
Notary Public, State of Illinois
My Commission Expires 10/20/2019

**SECTION XI – SAFETY NET IMPACT STATEMENT**

Safety net impact statement that describes 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.

   ANSWER: The project will have a material impact on the availability of dialysis services. As a non-profit hospital, Proctor provides services to all patients regardless of their ability to pay. The Peoria community will no longer be reliant on a single provider for dialysis treatment.

2. The project's impact on the ability of another provider or health system to cross-subsidize safety net services, if reasonable known to the applicant.

   ANSWER: The project should have no impact on Fresenius' ability to subsidize dialysis services should they choose to do so. Fresenius is a multi-billion dollar company with significant assets and revenue at their disposal.

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.

   ANSWER: The project does not involve the discontinuation of a facility or service.

**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.

   ANSWER: Please see Chart in ATTACHMENT-38

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.

   ANSWER: Please see Chart in ATTACHMENT-38

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

ANSWER: Not Applicable.

XI – SAFETY NET IMPACT INFORMATION

PROCTOR COMMUNITY HOSPITAL

| CHARITY CARE | | | |
|---|---|---|---|
| Charity (# of patients) | 2014 | 2015 | 2016 |
| Inpatient | 146 | 117 | 138 |
| Outpatient | 709 | 854 | 1,196 |
| Total | 855 | 971 | 1,334 |
| | | | |
| Charity (cost in dollars) | | | |
| Inpatient | $146,865 | $58,330 | $81,621 |
| Outpatient | $244,161 | $140,862 | $287,050 |
| Total | $391,026 | $199,192 | $368,671 |
| | | | |
| Medicaid (# of patients) | 2014 | 2015 | 2016 |
| Inpatient | 267 | 193 | 184 |
| Outpatient | 5,471 | 7,033 | 8,435 |
| Total | 5,738 | 7,226 | 8,619 |
| | | | |
| Medicaid (revenue) | 2014 | 2015 | 2016 |
| Inpatient | $2,392,162 | $2,061,530 | $1,996,788 |
| Outpatient | $1,742,838 | $4,312,871 | $5,293,952 |
| Total | $4,135,000 | $6,374,401 | $7,290,740 |

## XII – CHARITY CARE INFORMATION

**Charity Care information MUST be furnished for ALL projects.**

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three audited fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

   ANSWER: See Chart in ATTACHMENT-39

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.

   ANSWER: See Chart in ATTACHMENT-39

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.

   ANSWER: Not Applicable.

XII – CHARITY CARE INFORMATION

PROCTOR COMMUNITY HOSPITAL

| CHARITY CARE | | | |
|---|---|---|---|
| | 2014 | 2015 | 2016 |
| Net Patient Revenue | $83,274,075 | $89,191,663 | $100,720,439 |
| Amount of Charity Care (charges) | $2,800,688 | $920,895 | $1,907,133 |
| Cost of Charity Care | $391,026 | $199,192 | $368,671 |

UnityPoint Health
Methodist | Proctor

# Methodist Health Services Corporation

**Methodist Medical Center of Illinois Tax ID 37-0661223**
**Proctor Hospital Tax ID 37-0681540**

**Annual Non-Profit Hospital Community Benefit Plan Report**
**For Year Ending December 31, 2016**

Form AG-CBP-1
2/05

LISA MADIGAN
ATTORNEY GENERAL

# Annual Non Profit Hospital Community Benefits Plan Report

**Hospital or Hospital System:** Methodist Health Services Corporation

**Mailing Address:** 221 NE Glen Oak Avenue (Street Address/P O Box) Peoria, IL 61636 (City, State, Zip)

**Physical Address (if different thao mailing address):**

(Street Address/P O Box) (City, State, Zip)

**Reporting Period:** 01 / 01 / 16 (Month Day Year) **through** 12 / 31 / 16 (Month Day Year) **Taxpayer Number:** 37-1111135

If filing a consolidated financial report for a health system, list below the Illinois hospitals included in the consolidated report.

| Hospital Name | Address | FEIN # |
|---|---|---|
| Methodist Medical Center of Illinois | 221 NE Glen Oak Avenue Peoria, IL 61636 | 37-0661223 |
| Proctor Hospital | 5409 N Knoxville Avenue Peoria, IL 61614 | 37-0681540 |
| | | |
| | | |
| | | |

1. **ATTACH Mission Statement:**
The reporting entity must provide an organizational mission statement that identifies the hospital's commitment to serving the health care needs of the community and the date it was adopted.

2. **ATTACH Community Benefits Plan:**
The reporting entity must provide it's most recent Community Benefits Plan and specify the date it was adopted. The plan should be an operational plan for serving health care needs of the community. The plan must:
   1. Set out goals and objectives for providing community benefits including charity care and government-sponsored indigent health care.
   2. Identify the populations and communities served by the hospital.
   3. Disclose health care needs that were considered in developing the plan.

3. **REPORT Charity Care:**
Charity care is care for which the provider does not expect to receive payment from the patient or a third-party payer. Charity care does not include bad debt. In reporting charity care, the reporting entity must report the actual cost of services provided, based on the total cost to charge ratio derived from the hospital's Medicare cost report (CMS 2552-96 Worksheet C, Part 1, PPS Inpatient Ratios), not the charges for the services.

Charity Care..... $ 2,237,810

**ATTACH Charity Care Policy:**
Reporting entity must attach a copy of its current charity care policy and specify the date it was adopted.

4. **REPORT Community Benefits** actually provided other than charity care:
See instructions for completing Section 4 of the Annual Non Profit Hospital Community Benefits Plan Report.

Community Benefit Type

| | |
|---|---|
| Language Assistant Services | $ 18,111 |
| Government Sponsored Indigent Health Care | $ 22,727,140 |
| Donations | $ 917,161 |
| Volunteer Services | |
| a) Employee Volunteer Services $ 101,945 | |
| b) Non-Employee Volunteer Services $ 531,919 | |
| c) Total (add lines a and b) | $ 633,864 |
| Education | $ 6,314,924 |
| Government-sponsored program services | $ 0 |
| Research | $ 0 |
| Subsidized health services | $ 2,747,113 |
| Bad debts | $ 3,957,641 |
| Other Community Benefits | $ 566,345 |

**Attach a schedule for any additional community benefits not detailed above.**

5. **ATTACH Audited Financial Statements for the reporting period.**

**Under penalty of perjury, I the undersigned declare and certify that I have examined this Annual Non Profit Hospital Community Benefits Plan Report and the documents attached thereto. I further declare and certify that the Plan and the Annual Non Profit Hospital Community Benefits Plan Report and the documents attached thereto are true and complete.**

Robert Quin, CFO
Name / Title (Please Print)

309-672-4893
Phone: Area Code / Telephone No.

Signature

6/28/2017
Date.

Tony Moore, Controller
Name of Person Completing Form

309-672-5914
Phone: Area Code / Telephone No.

Tony.Moore@unitypoint.org
Electronic / Internet Mail Address

309-680-2467
FAX: Area Code / FAX No.