Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

17-046

RECEIVED

SEP 01 2017

HEALTH FACILITIES &
SERVICES REVIEW BOARD

by FedEX

August 29, 2017

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

Dear Courtney:

Enclosed please find two copies of a Certificate of Need application addressing a modernization project at AMITA Health St. Alexius Medical Center. Also enclosed is a check, in the amount of $2,500.00, as a filing fee.

Should any additional information be required, please do not hesitate to contact me.

Sincerely,

Jacob M. Axel
President

enclosures

675 North Court, Suite 210
Palatine, Illinois 60067

Phone (847) 776-7101
Fax (847) 776-7004

17-046

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

ORIGINAL

RECEIVED
SEP 01 2017
HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	AMITA Health St. Alexius Medical Center		
Street Address:	1555 N. Barrington Road		
City and Zip Code:	Hoffman Estates, IL 60169		
County: Cook	Health Service Area: VII	Health Planning Area: A-07	

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

Exact Legal Name:	St. Alexius Medical Center
Street Address:	1555 N. Barrington Road
City and Zip Code:	Hoffman Estates, IL 60169
Name of Registered Agent:	CT Corporation
Registered Agent Street Address:	208 S. La Salle Street, Suite 814
Registered Agent City and Zip Code:	Chicago, IL 60604
Name of Chief Executive Officer:	Len Wilk
CEO Street Address:	1555 N. Barrington Road
CEO City and Zip Code:	Hoffman Estates, IL 60169
CEO Telephone Number:	847/490-6901

Type of Ownership of Applicants

X	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☐	Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which 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.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court, Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

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

Name:	none
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

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Facility/Project Identification

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City and Zip Code:	Hoffman Estates, IL 60169		
County: Cook	Health Service Area: VII	Health Planning Area: A-07	

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

Exact Legal Name:	Alexian Brothers-AHS Midwest Region Health Co. d/b/a AMITA Health
Street Address:	3040 West Salt Creek Road
City and Zip Code:	Arlington Heights, IL 60005
Name of Registered Agent:	C T Corporation System
Registered Agent Street Address:	208 S. La Salle Street, Suite 814
Registered Agent City and Zip Code:	Chicago, IL 60604
Name of Chief Executive Officer:	Mark A. Frey
CEO Street Address:	3040 West Salt Creek Road
CEO City and Zip Code:	Arlington Heights, IL 60005
CEO Telephone Number:	847/815-5100

Type of Ownership of Applicants

X Non-profit Corporation
☐ For-profit Corporation
☐ Limited Liability Company
☐ Partnership
☐ Governmental
☐ Sole Proprietorship
☐ Other

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Name:	none
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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

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Facility/Project Identification

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Name of Chief Executive Officer:	Mark A. Frey
CEO Street Address:	3040 West Salt Creek Road
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Type of Ownership of Applicants

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Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court, Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

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

Name:	none
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

Facility Name:	AMITA Health St. Alexius Medical Center				
Street Address:	1555 N. Barrington Road				
City and Zip Code:	Hoffman Estates, IL 60169				
County: Cook		Health Service Area:	VII	Health Planning Area:	A-07

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

Exact Legal Name:	Ascension Health
Street Address:	4600 Edmunson Road
City and Zip Code:	St. Louis, MO 63134
Name of Registered Agent:	Illinois Corporation Service C
Registered Agent Street Address:	801 Adlai Stevenson Drive
Registered Agent City and Zip Code:	Springfield, IL 62703
Name of Chief Executive Officer:	Anthony R. Tersigni, Ed.D, FACHE
CEO Street Address:	4600 Edmunson Road
CEO City and Zip Code:	St. Louis, MO 63134
CEO Telephone Number:	314/737-8000

Type of Ownership of Applicants

X Non-profit Corporation
☐ For-profit Corporation
☐ Limited Liability Company
☐ Partnership
☐ Governmental
☐ Sole Proprietorship
☐ Other

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
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Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court, Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

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

Name:	none
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:	Ms. Peg Wendell
Title:	Sr. Vice President and General Counsel
Company Name:	AMITA Health
Address:	3040 West Salt Creek Road Arlington Heights, IL 60005
Telephone Number:	847/815-5100
E-mail Address:	peg.wendell@amitahealth.org
Fax Number:	

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: St. Alexius Medical Center
Address of Site Owner: 1555 N. Barrington Road Hoffman Estates, IL 60169
Street Address or Legal Description of the Site: 1555 N. Barrington Road Hoffman Estates, IL 60169 **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 <u>ATTACHMENT 2,</u> IN NUMERIC SEQUENTIAL OROER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name:	St. Alexius Medical Center
Address:	1555 N. Barrington Road Hoffman Estates, IL 60169

X	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☐	Other

- o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- o **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

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

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 <u>ATTACHMENT 4,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #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.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT

1. Project Classification

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

Part 1110 Classification:

☐ Substantive

X Non-substantive

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.

The applicants propose a modernization program, with the focus being on the expansion of St. Alexius Medical Center's surgical capacity. Other clinical and non-clinical areas identified in this application are included in the modernization project primarily to allow the expansion of the surgical program.

The hospital is located at 1555 North Barrington Road in Hoffman estates, Illinois.

This project does not involve the establishment or discontinuation of an IDPH-identified "category of service". As a result, the project is classified as "non-substantive".

PROJECT COST AND SOURCES OF FUNDS

	Reviewable	Non-Reviewable	Total
Project Cost:			
Preplanning Costs	$ 187,600	$ 44,000	$ 231,600
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts	$ 5,583,750	$ 2,308,600	$ 7,892,350
Contingencies	$ 377,100	$ 37,400	$ 414,500
Architectural/Engineering Fees	$ 548,400	$ 234,600	$ 783,000
Consulting and Other Fees	$ 1,007,680	$ 64,320	$ 1,072,000
Movable and Other Equipment (not in construction contracts)	$ 5,395,435	$ 241,322	$ 5,636,757
Net Interest Expense During Construction Period			
Fair Market Value of Leased Space or Equipment			
Other Costs to be Capitalized	$ 380,700	$ 24,300	$ 405,000
Acquisition of Building or Other Property			
TOTAL USES OF FUNDS	**$ 13,480,665**	**$ 2,954,542**	**$ 16,435,207**
Sources of Funds:			
Cash and Securities	$ 13,480,665	$ 2,954,542	$ 16,435,207
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$ 13,480,665**	**$ 2,954,542**	**$ 16,435,207**

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 X No

Purchase Price: $__________

Fair Market Value: $__________

The project involves the establishment of a new facility or a new category of service

☐ Yes X 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 $ __________.

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

X Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): ___November 1, 2020_________

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

X Financial Commitment will occur after permit issuance.

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

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable:

X Cancer Registry

X APORS

X All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted

X 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							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

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

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert 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: St. Alexius Medical Center			**CITY: Hoffman Estates, IL**		
REPORTING PERIOD DATES:		**From: January 1, 2016**	**to: December 31, 2016**		
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	212	9,548	47,912	---	212
Obstetrics	38	4,038	10,858	---	38
Pediatrics	17	1,052	3,618	---	17
Intensive Care	35	2,560	10,042	---	35
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care	16	323	3,531	---	16
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	318	17,521	75,961	—	318

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 __St. Alexius Medical Center__________*
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
LEN WILK	HENRY ZEISEL
PRINTED NAME	PRINTED NAME
CEO	CFO
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 28th day of August, 2017	Notarization: Subscribed and sworn to before me this 29th day of August, 2017
Signature of Notary	Signature of Notary
Seal COLETTE L HAZEK OFFICIAL SEAL Notary Public, State of Illinois My Commission Expires August 08, 2019	Seal COLETTE L HAZEK OFFICIAL SEAL Notary Public, State of Illinois My Commission Expires August 08, 2019

*Insert the EXACT legal name of the applicant

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- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Alexian Brothers-AHS Midwest Region Health Co.* 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.

Mark A. Frey
SIGNATURE

Mark A. Frey
PRINTED NAME

President/CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me this 29th day of August 2017

Margaret J Wendell
Signature of Notary

Seal

MARGARET J WENDELL
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
September 05, 2018

Paul E Bolton
SIGNATURE

Paul E Bolton
PRINTED NAME

SVP/CFO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me this 29th day of August 2017

Margaret J Wendell
Signature of Notary

Seal

MARGARET J WENDELL
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
September 05, 2018

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- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of _Alexian Brothers 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.

Mark A. Frey	Paul E Beran
SIGNATURE	SIGNATURE
Mark A. Frey	PAUL E BERAN
PRINTED NAME	PRINTED NAME
President/CEO	SVP CFO
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
Margaret J. Wendell Signature of Notary	Margaret J. Wendell Signature of Notary
Seal MARGARET J WENDELL OFFICIAL SEAL Notary Public, State of Illinois My Commission Expires September 05, 2018	Seal MARGARET J WENDELL OFFICIAL SEAL Notary Public, State of Illinois My Commission Expires September 05, 2018

*Insert the EXACT legal name of the applicant

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- 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 _Ascension Health_________________* 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.

Chris K McCoy
SIGNATURE

Christine K. McCoy
PRINTED NAME

Assistant Secretary
PRINTED TITLE

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

Tunderleah Walker
Signature of Notary

Seal
TUNDERLEAH WALKER
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis City
My Commission Expires: March 22, 2020
Commission Number: 12414868

Rhonda Anderson
SIGNATURE

Rhonda Anderson
PRINTED NAME

Assistant Treasurer
PRINTED TITLE

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

Tunderleah Walker
Signature of Notary

Seal
TUNDERLEAH WALKER
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis City
My Commission Expires: March 22, 2020
Commission Number: 12414868

*Insert the EXACT legal name of the applicant

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.

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.

ALTERNATIVES

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

Alternative options **must** include:

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

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

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

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

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

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

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

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

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative 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?

APPENDDOCUMENTATION AS ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

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

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

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

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

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

UNFINISHED OR SHELL SPACE:

not applicable, no shell space

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.

ASSURANCES:

not applicable, no shell space

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.

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

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

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

Service	# Existing Key Rooms	# Proposed Key Rooms
☐ Operating Rooms	15	17
☐ Surgical Recovery-Stage 1	29	35
☐ Surgical Recovery-Stage 2	27	33

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

Project Type	Required Review Criteria
New Services or Facility or Equipment	(c) - Need Determination - Establishment
Service Modernization	(d)(1) - Deteriorated Facilities
	AND/OR
	(d)(2) - Necessary Expansion
	PLUS
	(d)(3)(A) - Utilization - Major Medical Equipment
	OR
	(d)(3)(B) - Utilization - Service or Facility

APPEND DOCUMENTATION AS <u>ATTACHMENT 31,</u> 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

Not Applicable---capital expenditures are completely funded through internal sources

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.

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				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

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

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

Not Applicable---capital expenditures are completely funded through internal sources

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

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 40.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			
Charity (cost In dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
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.

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 41.

St. Alexius Medical Center

CHARITY CARE			
	2014	**2015**	**2016**
Net Patient Revenue	**$334,206,800**	**$319,890,000**	**$353,094,000**
Amount of Charity Care (charges)*	$50,669,454	$27,143,649	$30,717,841
Cost of Charity Care	$10,551,000	$5,444,000	$5,569,686

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

Alexian Brothers Medical Center

CHARITY CARE			
	2014	**2015**	**2016**
Net Patient Revenue	**$430,346,881**	**$437,427,000**	**$457,480,000**
Amount of Charity Care (charges)*	$45,145,248	$23,820,931	$26,603,784
Cost of Charity Care	$9,480,000	$4,657,000	$5,166,051

Alexian Brothers Behavioral Health Hospital

CHARITY CARE			
	2014	**2015**	**2016**
Net Patient Revenue	**$65,513,515**	**$70,510,000**	**$76,916,399**
Amount of Charity Care (charges)*	$1,021,287	$1,977,048	$1,804,729
Cost of Charity Care	$363,750	$716,000	$646,317

Adventist Bolingbrook Hospital

CHARITY CARE			
	2014	2015	2016
Net Patient Revenue	**$122,770,019**	**$127,514,483**	**$139,118,131**
Amount of Charity Care (charges)	$10,804,017	$8,285,425	$7,158,798
Cost of Charity Care	$2,314,070	$1,666,539	$1,483,641

Adventist GlenOaks Hospital

CHARITY CARE			
	2014	2015	2016
Net Patient Revenue	**$87,030,421**	**$86,962,317**	**$91,470,724**
Amount of Charity Care (charges)	$9,382,108	$6,807,836	$6,783,953
Cost of Charity Care	$2,558,867	$1,899,807	$1,854,074

Adventist Hinsdale Hospital

CHARITY CARE			
	2014	2015	2016
Net Patient Revenue	**$294,213,713**	**$289,729,872**	**$300,654,866**
Amount of Charity Care (charges)	$6,544,128	$6,365,048	$6,288,869
Cost of Charity Care	$1,483,318	$1,124,380	$1,042,632

Adventist La Grange Memorial Hospital

CHARITY CARE			
	2014	2015	2016
Net Patient Revenue	**$159,501,217**	**$169,493,466**	**$168,305,071**
Amount of Charity Care (charges)	$9,083,505	$5,867,986	$6,375,574
Cost of Charity Care	$1,773,951	$1,286,807	$1,327,600

*YE June 30

File Number 6009-640-6

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

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

ST. ALEXIUS MEDICAL CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON AUGUST 21, 1998, 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* 11TH *day of* MAY *A.D.* 2017 .

Authentication #: 1713102004 verifiable until 05/11/2018
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

ATTACHMENT 1

File Number 6964-462-7

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

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

ALEXIAN BROTHERS-AHS MIDWEST REGION HEALTH CO., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 26, 2014, ADOPTED THE ASSUMED NAME AMITA HEALTH ON APRIL 14, 2015, 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* 31ST *day of* MARCH *A.D.* 2017 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

uthentication #: 1709001842 verifiable until 03/31/2018
uthenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

ATTACHMENT 1

File Number 5322-408-3

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

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

ALEXIAN BROTHERS HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 03, 1983, 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* 31ST *day of* MARCH *A.D.* 2017 .

Authentication #: 1709001886 verifiable until 03/31/2018
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

ATTACHMENT 1

File Number 6783-860-2

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

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

ASCENSION HEALTH, INCORPORATED IN MISSOURI AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON JUNE 27, 2011, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 31ST *day of* MARCH *A.D.* 2017 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1709001850 verifiable until 03/31/2018
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

ATTACHMENT 1

CERTIFICATE OF COVERAGE

Issue Date: 7/1/2016
Certificate #: AH 23939

Producer Ascension Risk Services P.O. Box 46944 11775 Borman Drive, Suite 300 St. Louis, MO 63146 certrequest@ascension.org	This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded below. **Trust Plan Letter** A Ascension Health Alliance Self-Insurance Trust Account
Covered Entity St. Alexius Medical Center 1555 Barrington Road Hoffman Estates, IL 60194	

COVERAGES

This is to certify that the coverage listed below has been issued to the Covered Entity named above for the period indicated. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the coverage afforded as described herein is subject to all the terms, exclusions and conditions of such coverage. Limits shown are minimum liability limits required and may have been reduced by defense costs and paid claims.

TRUST PLAN LTR	TYPE OF COVERAGE	TRUST PLAN	EFFECTIVE DATE	EXPIRATION DATE	MINIMUM LIABILITY LIMITS	
A	**General Liability** [ ] Occurrence [X] Claims-Made	#805 1522-0400	7/1/2016	7/1/2017	General Aggregate	Unlimited
					Products-Comp/Op Agg	Unlimited
					Personal/Advertising Injury	$10,000,000
					Each Occurrence	$10,000,000
					Med Exp (Any One Person)	$5,000
A	**Professional Liability** [ ] Occurrence [X] Claims-Made	#805 1522-0400	7/1/2016	7/1/2017	$10,000,000 Each Medical Incident Unlimited Aggregate	
	Professional Excess Liability (Claims-Made Coverage)				Each Medical Incident	
	Extended Reporting (Tail):		Effective Date: Retro Date:			

DESCRIPTION OF OPERATIONS / LOCATIONS / SPECIAL ITEMS:

Evidence of coverage.

01012076 - St. Alexius Medical Center, 1555 Barrington Road, Hoffman Estates, IL 60194

Limits are not pyramiding or stacking if more than one coverage applies to the same claim.
Except where otherwise required by law, all insureds share the limits of liability.

Certificate Holder	Cancellation Clause
St. Alexius Medical Center 1555 Barrington Road Hoffman Estates, IL 60194	Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. **Authorized Representative** Sandra R. Boillot

ATTACHMENT 2

File Number 6009-640-6

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

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

ST. ALEXIUS MEDICAL CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON AUGUST 21, 1998, 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* 11TH *day of* MAY *A.D.* 2017 .

Authentication #: 1713102004 verifiable until 05/11/2018

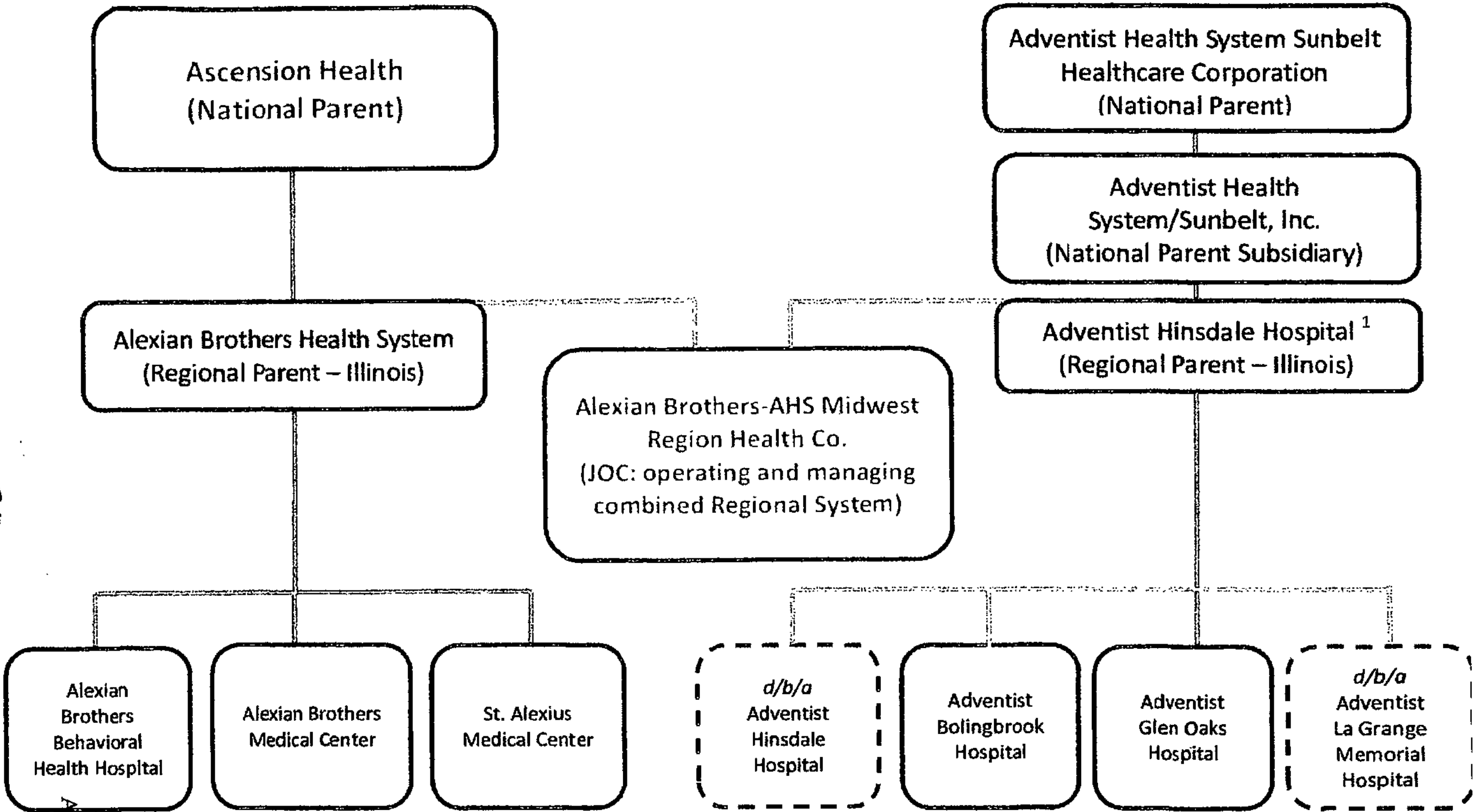
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

ATTACHMENT 3

Ascension - Adventist Joint Operating Company



☐ = legal entity

⬚ = operating division of legal entity

[1] Once regulatory approval is obtained, the legal entity "Adventist Hinsdale Hospital" will change its name to "Adventist Midwest Health" and will establish "Adventist Hinsdale Hospital" and "Adventist La Grange Memorial Hospital" as d/b/a's for the licensed health care facilities it operates.

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Attachment 4

AMITA HEALTH

Illinois Health Facilities and
Services Review Board
Springfield, IL

To Whom It May Concern:

Please be advised that AMITA Health St. Alexius Medical Center, located at 1555 N. Barrington Road in Hoffman Estates, Illinois is not located in a flood plain, and construction on that site is consistent with Illinois Executive Order #2005-5.

Sincerely,

Mark A. Frey

Mark A. Frey
President and
Chief Executive Officer

Date: 8/15/17

Notarized:

MARGARET J WENDELL
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
September 06, 2018

Margaret J Wendell
8-15-17

3040 Salt Creek Lane
Arlington Heights, IL 60005
847.385.7100
AMITAhealth.org

ATTACHMENT 5

FEMA

Info

Help

Zoom Win

Pan

Zoom In

Zoom Out

1:1 Zoom In

MAX Zoom Out

Follow Instructions

Letter 8.5x11

Legal 8.5x14

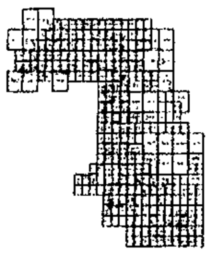
Tabloid 11x17

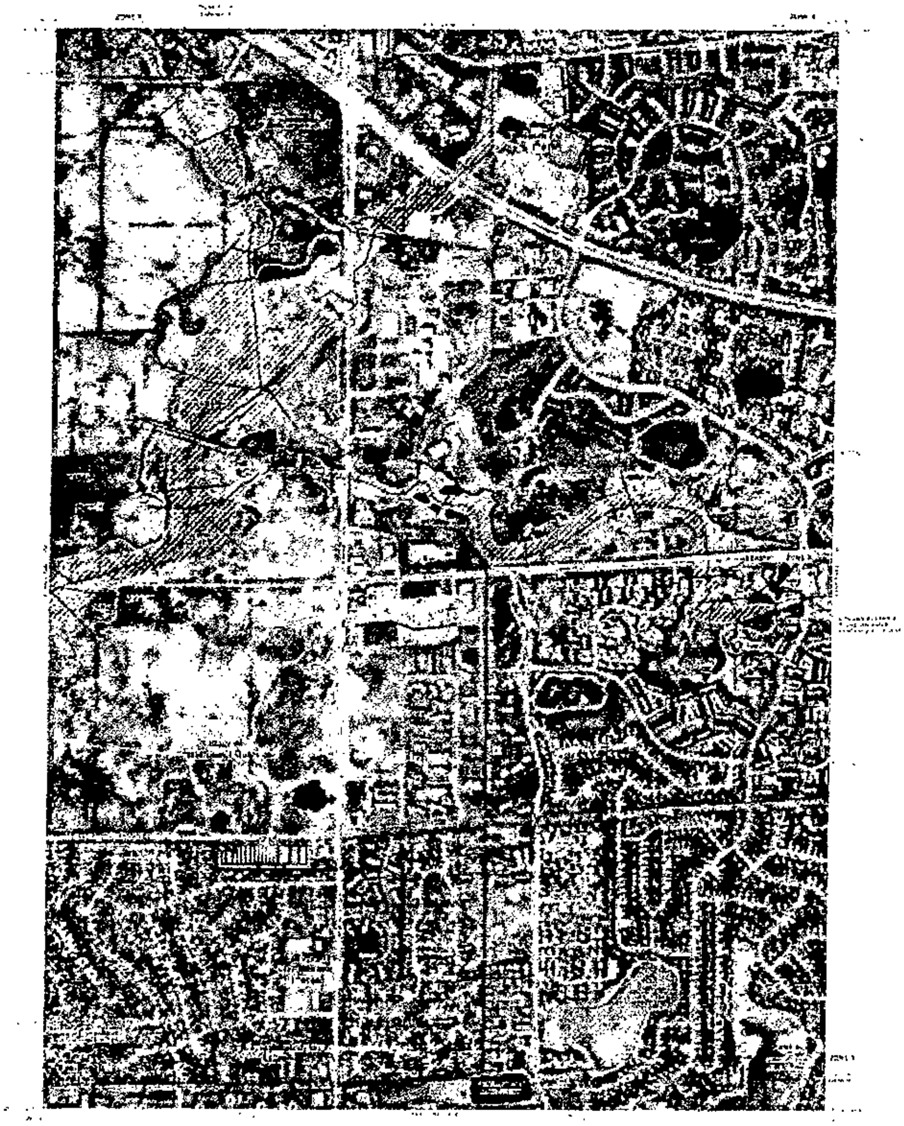
Print Area

Scale and North Arrow

Title Block

PANEL INDEX





ATTACHMENT 5

35

Illinois Historic Preservation Agency

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

FAX (217) 524-7525
www.illinoishistory.gov

Cook County
Hoffman Estates
CON - Rehabilitation of the Main Building, AMITA Health St. Alexius Medical Center
1555 N. Barrington Rd.
IHPA Log #021060917

June 29, 2017

Jacob Axel
Axel & Associates, Inc.
675 North Court, Suite 210
Palatine, IL 60067

Dear Mr. Axel:

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

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

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

If you have any further questions, please contact David Halpin, Cultural Resources Manager, at 217/785-4998.

Sincerely,

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

ATTACHMENT 6

PROJECT COSTS AND SOURCES OF FUNDS

USES OF FUNDS				
Preplanning Costs				
evaluation of alternatives	$	75,000		
initial programming	$	60,000		
cost estimating	$	20,000		
misc/other	$	76,600		
			$	231,600
Modernization				
per ATTACHMENT 39C			$	7,892,350
Contingency				
$20.00 per dgsf			$	414,500
Architectural/Engineering Fees				
design	$	560,000		
document preparation	$	65,000		
interface with agencies	$	40,000		
project monitoring	$	45,000		
other	$	73,000		
			$	783,000
Consulting and Other Fees				
Project Management	$	442,000		
interior design	$	90,000		
IT planning and consulting	$	75,000		
CON-related	$	85,000		
equipment planning	$	50,000		
mock-ups	$	30,000		
local permitting	$	60,000		
hazardous abatement	$	100,000		
re-location related	$	40,000		
other	$	100,000		
			$	1,072,000
Movable and Other Equipment				
surgery & recovery	$	4,493,853		
instrument allowance	$	300,000		
eye center	$	218,294		
PT gym	$	25,608		
admin/conference	$	120,000		
staff areas	$	25,200		
equipment storage	$	33,375		
student education	$	46,750		
other, clinical	$	100,755		
other, non-clinical	$	4,506		
deliv. and install., clinical	$	256,925		
deliv. and install., non-clinical	$	11,491		
			$	5,636,757
Other Costs to be Capitalized				
demolition-2nd floor	$	330,000		
demolition-5th floor	$	75,000		
			$	405,000
			$	16,435,207
SOURCES OF FUNDS				
cash and liquid assets	$	16,435,207		
			$	16,435,207

Cost Space Requirements

				Amount of Proposed Total Square Feet			
		Gross Square Feet			That is:		
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Reviewable							
Surgery	$ 9,436,466	19,205	30,110		10,905	19,205	
Recovery	$ 674,033	21,255	22,755		1,500	21,255	
Eye Center	$ 1,617,680	4,800	2,100		2,100		4,800
Recovery	$ 1,213,260	520	2,700		2,700		520
PT Gym	$ 539,227	810	1,650		1,650		810
	$ 13,480,665	46,590	59,315		18,855	40,460	6,130
Non-Reviewable							
Admin. Offices/Conf.	$ 1,684,089		6,000		6,000		
Staff Areas	$ 443,181		1,680		1,680		
Equipment Storage	$ 236,363		4,450		4,450		810
Student Ed.	$ 590,908		1,870		1,870		
	$ 2,954,542		14,000		14,000		810
PROJECT TOTAL	**$ 16,435,207**	**46,590**	**61,185**		**32,855**	**40,460**	**6,940**

36

ATTACHMENT 9

BACKGROUND

The applicants own and operate the following licensed health care facilities in Illinois:

AMITA Health Adventist Medical Center Bolingbrook
500 Remmington Blvd.
Bolingbrook, IL 60440

AMITA Health Adventist Medical Center GlenOaks
701 N. Winthrop Avenue
Glendale Heights, IL 60139

AMITA Health Adventist Medical Center Hinsdale
120 North Oak Street
Hinsdale, IL 60521

AMITA Health Adventist Medical Center La Grange
5101 S. Willow Springs Road
La Grange, IL 60525

AMITA Health Alexian Brothers Medical Center Elk Grove Village
800 Biesterfield Road
Elk Grove Village, IL 60007

AMITA Health St. Alexius Medical Center Hoffman Estates
1555 Barrington Road
Hoffman Estates, IL 60169

AMITA Health Alexian Brothers Behavioral Health Hospital
1650 Moon Lake Blvd.
Hoffman Estates, IL 60169

Ms. Courtney Avery
Illinois Health Facilities
And Services review Board
525 West Jefferson
Springfield, IL 62761

Dear Ms. Avery:

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the Illinois Health Facilities and Services Review Board that:

1. AMITA Health has not had any adverse actions against any facility owned and operated by the applicant during the three (3) year period prior to the filing of this application, and
2. AMITA Health authorizes the State Board and Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or Agency finds pertinent to this application.

If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

Sincerely,

Mark A. Frey
President and
Chief Executive Officer

Date: April 11, 2017 Donna Gauthier

Notarized: DONNA GAUTHIER
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
June 17, 2018

ATTACHMENT 11

HF112314

Illinois Department of
PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

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

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
1/31/2018		0004994

General Hospital

Effective: 02/01/2017

St. Alexius Medical Center
1555 Barrington Road
Hoffman Estates, IL 60194

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

DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 1/31/2018
Lic Number 0004994

Date Printed 12/16/2016

St. Alexius Medical Center

1555 Barrington Road
Hoffman Estates, IL 60194

FEE RECEIPT NO.

St. Alexius Medical Center

Hoffman Estates, IL

has been Accredited by

The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

Hospital Accreditation Program

February 11, 2017

Accreditation is customarily valid for up to 36 months.

Craig W. Jones, FACHE Chair, Board of Commissioners	ID #5173 Print/Reprint Date: 04/27/2017	Mark R. Chassin, MD, FACP, MPP, MPH President

The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.

AMA AMERICAN MEDICAL ASSOCIATION

ATTACHMENT 11

PURPOSE OF THE PROJECT

The primary purpose of the proposed project is to modernize and expand St. Alexius Medical Center's surgical facilities, resulting in a more contemporary setting and improving accessibility. As such, the project will improve the health care and well-being of the patient population that has traditionally received care at St. Alexius.

Patient origin is not anticipated to change in a substantial way as a result of the proposed project, and the table below provides an analysis of the hospital's 2016 patient origin.

Zip Code & Community	% Cases	Cum % Cases
60107 - Streamwood, IL	11.90%	11.90%
60169 - Hoffman Estates, IL	11.80%	23.60%
60133 - Hanover Park, IL	8.50%	32.10%
60103 - Bartlett, IL	6.50%	38.60%
60193 - Schaumburg, IL	6.00%	44.60%
60194 - Schaumburg, IL	6.00%	50.60%
60120 - Elgin, IL	4.70%	55.30%
60110 - Carpentersville, IL	3.20%	58.50%
60010 - Barrington, IL	2.80%	61.20%
60192 - Hoffman Estates, IL	2.70%	63.90%
60123 - Elgin, IL	2.00%	65.90%
60067 - Palatine, IL	1.60%	67.50%
60172 - Roselle, IL	1.40%	68.90%
60007 - Elk Grove Village, IL	1.30%	70.30%
60173 - Schaumburg, IL	1.30%	71.60%
60195 - Schaumburg, IL	1.30%	72.90%
60102 - Algonquin, IL	1.10%	74.00%
60118 - Dundee, IL	1.10%	75.10%
60074 - Palatine, IL	1.10%	76.20%
Other, < 1.0%	23.80%	100.00%

Among the issues to be addressed are operating rooms that are below contemporary size standards and a lack of supply and equipment storage within the surgical suite, resulting in inefficiencies and crowded conditions.

The proposed project will result in the availability of four contemporary-sized operating rooms, capable of accommodating cases with larger in-room equipment requirements, such as orthopedic surgery/joint replacement and robot-assisted surgery. The goal is to have these rooms available by the fourth quarter of 2020.

ALTERNATIVES

The primary goal of the proposed project is to modernize and expand the hospital's surgical suite. As such, two primary alternatives were available to the applicants, both of which were found to be inferior to the proposed project.

The first alternative considered was to expand the existing ambulatory surgical treatment center ("ASTC") on the hospital campus (the applicants have a partial ownership share, along with physicians), or to develop a second ASTC. This alternative was dismissed because the existing campus ASTC, which is located on the lower level of a medical office building connected to the hospital, is unable to expand, physically; there are numerous ASTCs located within close proximity to the hospital; and because this alternative would not address primarily inpatient-related shortcomings of the existing surgical suite. Had the decision been made to construct a second ASTC, the capital costs would have been similar to those of the proposed project, which does not involve new construction, and the operating costs would be similar to those of the proposed project. The quality of care provided would be identical, and assuming a site was selected on the hospital's campus, access would be very similar.

The second alternative considered was the renovation and expansion of the hospital's existing surgical suite, which is located on the first floor of the hospital. (The proposed project is on the second floor.) This alternative was dismissed primarily due to the disruption that it would cause in the surgical suite during renovation/expansion, and because of the "domino effect" that would result from the need to expand into other departments adjacent to the surgical suite. In addition, because of the need to not limit the surgical suite's schedule during renovation/expansion, the renovation associated with this alternative would be considerably longer and more costly than that of the proposed project. Operating costs would be minimally less than those of the proposed project, and quality and accessibility would be identical.

For the reasons discussed above, the proposed project represents the most reasonable path to meeting the applicant's goals. Two absolute benefits to the proposed approach are that the area to be renovated to allow the development of four operating rooms and the associated support space is largely vacant, and it is immediately adjacent to an inpatient surgical unit, therein facilitating the movement of in patients from the recovery area to their room.

SIZE

Four floors of the hospital will be impacted by the proposed project:

- Approximately 5,000 square feet of vacant space on the first floor will be renovated for the eye center and associated support space.
- Approximately 17,600 square feet on the second floor will be renovated to house the following functions: surgery/recovery, PT gym, student education, and staff areas. The area currently houses the eye center and associated support areas, and equipment storage. Approximately 70% of the space to be renovated is currently vacant.
- Approximately 10,400 square feet of vacant space on the fifth floor will be renovated for administrative offices, conference rooms and equipment storage.
- The PT gym, which is on the sixth floor will be relocated to the second floor (in close proximity to the orthopedic unit), with its current location subsequently being unassigned/vacant.

Three clinical areas will be addressed through the proposed project. First, the primary clinical focus of the proposed project is to transform largely vacant space on the second floor of the hospital into a surgical suite and associated support space. The area had originally been used for obstetrical services, which were relocated in 2012-2013. The current primary occupant of the space is the hospital's eye center (which uses two former C-Section rooms for procedures and two former postpartum rooms as four recovery stations), totaling 5,320 square feet. Following internal demolition, a 4-OR surgical suite, pre-operative patient prep and holding, post-operative recovery areas (4 Stage 1 and 5 Stage 2), and support space required by the surgical suite (staff areas, administrative areas, storage, etc.).

Second, the eye center will be relocated to vacant space on the first floor, and consist of two operating rooms, two Stage 1 and six Stage 2 recovery stations, and the required support space.

Third, the physical therapy gym will be re-located to improve accessibility for orthopedic patients, the most common users of the area.

The table below addresses those areas having IDPH-adopted space standards.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Surgery	10,905	11,000	-95	YES
Stage 1 Recovery	720	720	0	YES
Stage 2 Recovery	780	800	-20	YES
Eye Center	2,100	2,200	-100	YES
Stage 1 Recovery	350	360	-10	YES
Stage 2 Recovery	2,350	2,400	-50	YES

UTILIZATION

The proposed project includes one clinical area for which the HFSRB has adopted utilization standards, surgery. The applicable standard is 1,500 hours per operating room.

The hospital currently provides a main surgical suite, consisting of twelve "general" ORs and one urology/cystoscopy room; a 2-OR ophthalmic surgery suite (the "eye center"); 5 gastro-intestinal procedure rooms; 1 laser eye procedure room; 1 minor procedures room; and one pain management room. No changes are anticipated for the gastro-intestinal, laser eye, minor procedures or pain management rooms.

Through the proposed project, the hospital will build four new operating rooms, discontinue two existing operating rooms, and relocate/replace the two ophthalmic surgery ORs. At the conclusion of the project, the hospital will have 17 operating rooms, including the two designated for ophthalmic surgery (and located outside of the main surgical suite), and one cystoscopy/urology room.

During 2016, 16,736 hours of usage were provided in the "general-purpose" ORs. Discussions with surgeons and internal assessments do not suggest any reduction in future utilization. The historical utilization identified above "supports" twelve current "general-purpose" ORs, and with the proposed discontinuation (see discussion above) of ORs 4 and 8, the surgical suite will have insufficient capacity to address demand. In addition, discussions with surgeons (and supported through the provided letters) indicate increasing demand for OR time. Consistent with HFSRB requirements, the fifteen letters from surgeons who would utilize the "general" ORs, document an additional 2,841 hours of anticipated demand for "general" OR time, within two years of the proposed project's completion. Combined with the historical utilization identified above, a demand for 19,577 hours of OR time (16,736 + 2,841) will exist, supporting the fourteen proposed "general-purpose" operating rooms.

Additionally, during 2016, 859 hours of usage were provided in the eye center. Discussions with ophthalmologists and internal assessments do not suggest any reduction in future utilization. Discussions with ophthalmologists (and supported through the letters provided in ATTACHMENT 31) indicate increasing demand for OR time. The letters, consistent with HFSRB requirements, document an additional 185 hours of anticipated demand for OR time in the eye center, within two years of the proposed project's completion. Combined with the historical utilization identified above, a demand for 1,044 hours of eye center time (859 + 185) will exist.

The applicants acknowledge that the projected utilization of the eye center presented above does not, based on the IDPH's utilization target, support the two proposed ORs. However, the applicants believe that two ORs are needed to support SAMC's tradition patient population. Specifically, SAMC is a primary hospital provider of Medicaid services in the area. During 2015 (the last year for which comparative data is available) 17.0% of the hospital's outpatient encounters involved Medicaid recipients, compared to only 12.4% in the entirety of HSA-07. In addition, during FY 2017 to date, 18% of the ophthalmic surgery performed at SAMC was performed on Medicaid recipients. Most ophthalmic surgeons prefer to perform a majority of their surgery in the surgery center/ASTC setting, using two ORs simultaneously, resulting in a very efficient use of time because of the short duration of most ophthalmic surgery procedures, and the elimination of the need to wait while a single OR is turned over. Medicaid recipients, however, rarely have access to a surgery center. The rationale supporting the proposed two ORs is to provide the same "rapid turn-over" setting in the hospital as in the ASTC setting, therein encouraging surgeons' use of the eye center.

All of the operating rooms discussed above will be designed as Class C Surgical Operating Suites.

CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE

Due to the limited nature of the proposed project, only three clinical services areas are addressed, those being: surgery, post-anesthesia recovery, and physical therapy. The surgical suite and post-anesthesia recovery are being modernized through renovation and expanded in capacity; the ophthalmic surgery program is being re-located through the renovation of existing space, and the physical therapy ("PT") gym is being relocated through the renovation of space in close proximity to the orthopedics unit.

Surgery

Surgery will be modernized through the renovation of space on the second floor of the hospital. A major portion of the space to be renovated is currently vacant, with the remainder housing two ophthalmic surgery rooms and the supportive pre- and post-surgical recovery area. The area, in its entirety, originally housed the hospital's labor and delivery department, including its Caesarian section suite.

The existing surgical suite, located on the first floor, consists of twelve "general purpose" operating rooms and one cystoscopy room. The only substantive changes anticipated to the first floor surgical suite will be the removal of ORs # 4 and 8 from service, These two ORs are both under-sized based on contemporary standards, and will be used for needed supply and equipment storage upon the project's completion. Ten "general purpose" ORs and one cystoscopy room will be located in the first floor surgical suite upon the completion of the project.

The second floor surgical suite will consist of four "general-purpose" operating rooms, and the required support space.

In addition to the first floor surgical suite described above, the hospital operates a separate surgical suite for ophthalmic surgery, and will continue to do so. That suite is currently located on the second floor of the hospital's west wing, and will be relocated to the first floor. Separate surgical facilities are provided for routine outpatient ophthalmic surgery to replicate the efficiencies of an ASTC setting, allowing ophthalmologists to alternate procedures between two operating rooms, as is typically the norm with ophthalmic surgeries in ASTCs.

During 2016, 16,736 hours of usage were provided in the "general-purpose" ORs. Discussions with surgeons and internal assessments do not suggest any reduction in future utilization. The historical utilization identified above "supports" twelve current "general-purpose" ORs, and with the proposed discontinuation (see discussion above) of ORs 4 and 8, the surgical suite will have insufficient capacity to address demand. In addition, discussions with surgeons (and supported through the provided letters) indicate increasing demand for OR time. Consistent with HFSRB requirements, the fifteen letters from surgeons who would utilize the "general" ORs, document an additional 2,931 hours of anticipated demand for "general" OR time, within two years of the proposed project's completion. Combined with the historical utilization identified above, a demand for 19,667 hours of OR time (16,736 + 2,931) will exist, supporting the fourteen proposed "general-purpose" operating rooms.

Additionally, during 2016, 859 hours of usage were provided in the eye center. Discussions with ophthalmologists and internal assessments do not suggest any reduction in future utilization. Discussions with ophthalmologists (and supported through the provided letters) indicate increasing demand for OR time. The letters, consistent with HFSRB requirements, document an additional 185 hours of anticipated demand for OR time in the eye center, within two years of the proposed project's completion. Combined with the historical utilization identified above, a demand for 1,044 hours of eye center time (859 + 185) will exist.

Please see ATTACHMENT 15 for additional discussion of the need for the proposed two eye center operating rooms.

All of the operating rooms discussed above will be designed as Class C Surgical Operating Suites.

With the filing of this application, it is the expectation of the applicants that the services discussed above will reach the adopted utilization targets by the second year following the project's completion.

Post-Anesthesia Recovery

The proposed project includes the development of a six-station recovery area to support the second floor (4-OR) surgical suite discussed above, and eight stations to support the eye center. The second floor recovery area will be developed through the renovation of existing vacant space adjacent to the proposed surgical suite, and will consist of four Stage 1 and two Stage 2 recovery stations, as well as support space. Only two Stage 2 recovery stations are being provided because of the close proximity of the recovery area to a surgical unit. It is anticipated that the typical Stage 2 recovery care for most inpatients using the second floor surgical suite will be provided on that surgical unit. The eye center's recovery area will consist of two Stage 1 stations and six Stage 2 stations, to be developed through renovation.

This area is being programmed consistent with the standards of a minimum of one Stage 1 station per OR and a maximum of four recovery stations per OR.

Physical Therapy

The physical therapy ("PT") gym will be relocated from the fifth floor of the west wing to the second floor of the west wing, to improve accessibility for orthopedic inpatients. The vacated space has not been assigned to another function. Both PT and occupational therapy ("OT") evaluations and treatments are provided through this area. Utilization is documented in "units", with each unit equating to fifteen minutes of a therapist's time. During 2015, 66,446 PT units and 27,418 OT units were provided, with those volumes increasing to 86,197 and 33,469 respectively in 2016. To remain conservative, utilization is anticipated to remain at the 2016 level through the second year following the project's completion.

The IDPH has not adopted utilization of space standards for this service.

Name	Specialty	Incremental Cases	Hours per Case	Incremental Hours
Lopez. Eugene	Orthopedics	299	2.14	640
Odell, Sean	Orthopedics	208	2.14	445
Alvi, Hasham	Orthopedics	80	2.14	171
Obermeyer, Thomas	Orthopedics	43	2.14	92
Berstein, Matthew	Orthopedics	2	2.14	4
Rotstein, Jason	Orthopedics	71	2.14	152
Nourbash, Paul	Orthopedics	100	2.14	214
Chhadia, Ankur	Orthopedics	100	2.14	214
Bowersox, Keith	Thoracic	90	1.95	176
Bresticker, Michael	Thoracic	10	1.95	20
Komnick, Keith	Orthopedics	84	2.14	180
Patari, Sanjay	Orthopedics	120	2.14	257
Suchy, Theodore	Orthopedics	96	2.14	205
Lipnick, Sheryl	Orthopedics	58	2.14	124
Yadla, Sanjay	Neurosurgery	13	2.91	38
				2,931
Mack, Robert	Ophthalmology	108	0.81	87
Majmudar, Parag	Ophthalmology	65	0.81	53
Cabin, Mark	Ophthalmology	56	0.81	45
				185

Name (print): Dr. Sheryl Lipnick, D.O.

Specialty: ORTHOPEDIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	2015	2016
ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	58	32
ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	8	6
NORTHWEST COMMUNITY HOSPITAL	7	
HOFFMAN ESTATES SURGERY CENTER	13	8
Glen Oaks	23	51
Total:	109	97

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 90 cases in those ORs.

I estimate that 90 % of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized:

ELIZABETH D NEARY
Official Seal
Notary Public - State of Illinois
My Commission Expires Jun 10, 2020

Elizabeth D Neary
8/29/2017

ATTACHMENT 31

Name (print): SEAN ODELL, MD

Specialty: ORTHOPEDIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	2015	2016
ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	2	2
ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	202	229
Total:	204	231

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 210 cases in those ORs.

I estimate that 90% of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized:

ELIZABETH D NEARY
Official Seal
Notary Public - State of Illinois
My Commission Expires Jun 10, 2020

Elizabeth D Neary
8/10

ATTACHMENT 31

Name (print): PAUL NOURBASH, MD

Specialty: ORTHOPEDIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	2015	2016
ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	127	133
ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	131	135
NORTHWEST COMMUNITY HOSPITAL	0	0
HOFFMAN ESTATES SURGERY CENTER	0	0
Total:	258	268

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 233 cases in those ORs.

I estimate that 80% of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized:

Roxane Keany

OFFICIAL SEAL
ROXANE KEANY
Notary Public - State of Illinois
My Commission Expires Dec 18, 2018

ATTACHMENT 31

Name (print): KEITH BOWERSOX, MD

Specialty: THORACIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	2015	2016
ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	69	36
ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	218	221
Total:	287	257

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 126 cases in those ORs.

I estimate that 80 % of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized:

ELIZABETH D NEARY
Official Seal
Notary Public - State of Illinois
My Commission Expires Jun 10 2020

8/22/2017
Elizabeth D Neary

ATTACHMENT 31

Name: Mark Cabin, MD

Specialty: Ophthalmology

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed modernization program at AMITA Health St. Alexius Medical Center.

Below are the numbers of patients that I performed surgery on during each of the last two years:

	2015	2016
1). SAMC	138	144
2). Hoffman Estates	207	216
3).		
TOT	345	360

I anticipate that I will perform 200 annual cases in SAMC's Eye Center, once it is relocated.

I estimate that 75 % of my patients to use the Eye Center reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized:

ELIZABETH D NEARY
Official Seal
Notary Public - State of Illinois
My Commission Expires Jun 10, 2020

8/24/2017
EDN
Elizabeth D Neary

ATTACHMENT 31

Name (print): Jason Rotstein, MD

Specialty: ORTHOPEDIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	2015	2016
ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	62	73
ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	18	12
NORTHWEST COMMUNITY HOSPITAL	217	220
HOFFMAN ESTATES SURGERY CENTER	40	72
Total:	337	377

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 144 cases in those ORs.

I estimate that 80% of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized: Roxane Keany

OFFICIAL SEAL
ROXANE KEANY
Notary Public - State of Illinois
My Commission Expires Dec 18, 2018

ATTACHMENT 31

Name: Mack, Robert, MD

Specialty: Ophthalmology

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed modernization program at AMITA Health St. Alexius Medical Center.

Below are the numbers of patients that I performed surgery on during each of the last two years:

	2015	2016
1). AMITA Health St. Alexius Medical Center	212	167
2).		
3).		

TOT

I anticipate that I will perform 275 annual cases in SAMC's Eye Center, once it is relocated.

I estimate that 90% of my patients to use the Eye Center reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

ROBERT J MACK, MD

Notarized:

ELIZABETH D NEARY
Official Seal
Notary Public - State of Illinois
My Commission Expires Jun 10, 2020

Elizabeth D Neary
8/28/17

ATTACHMENT 31

Name (print): Dr. Michael Breslicker MD

Specialty: THORACIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	**2015**	**2016**
AMITA HEALTH- ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	217	226
AMITA HEALTH- HINSDALE HOSPITAL	7	5
AMITA HEALTH- LAGRANGE HOSPITAL	0	3
Total:	224	234

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 10 cases in those ORs.

I estimate that 80 % of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Michael Breslicker

Notarized:

ELIZABETH D NEARY
Official Seal
Notary Public - State of Illinois
My Commission Expires Jun 10, 2020

Elizabeth D Neary
8/22/2017

ATTACHMENT 31

Name (print): SANJAY YADLA, M.D., M.P.H

Specialty: Neurosurgery

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	2015	2016
AMITA HEALTH ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	91	77
AMITA HEALTH ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	184	167
Total:	275	244

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 90 cases in those ORs.

I estimate that 100 % of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

S. Yadla

OFFICIAL SEAL
NATALIE A GIACOMINO
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/15/19

Notarized:

Natalie A. Giacomino 8/24/2017

ATTACHMENT 31

Name (print): MATTHEW BERNSTEIN, MD

Specialty: ORTHOPEDIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	2015	2016
ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	164	166
ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	4	13
NORTHWEST COMMUNITY HOSPITAL	52	62
HOFFMAN ESTATES SURGERY CENTER	139	138
Total:	359	379

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 168 cases in those ORs.

I estimate that 80 % of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized: Roxane Keany

OFFICIAL SEAL
ROXANE KEANY
Notary Public - State of Illinois
My Commission Expires Dec 18, 2018

ATTACHMENT 31

Name (print): Dr. Theodore Suchy, D.O

Specialty: ORTHOPEDIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	2015	2016
ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	168	158
ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE		
NORTHWEST COMMUNITY HOSPITAL		
HOFFMAN ESTATES SURGERY CENTER	35	36
GLEN OAKS	39	60
Total:	242	254

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 350 cases in those ORs.

I estimate that 90 % of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized:

Official Seal
Nancy A Nalepa
Notary Public State of Illinois
My Commission Expires 07/05/2020

Nancy A. Nalepa
8-15-17

ATTACHMENT 31

Name (print): Dr. Sanjay Patari, M.D

Specialty: ORTHOPEDIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	2015	2016
ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	71	50
ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	4	2
NORTHWEST COMMUNITY HOSPITAL		
HOFFMAN ESTATES SURGERY CENTER	77	76
Glen Oaks	55	94
Sherman	35	2
Total:	242	224

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 170 cases in those ORs.

I estimate that 90 % of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized:

Official Seal
Nancy A Nalepa
Notary Public State of Illinois
My Commission Expires 07/06/2020

Nancy A Nalepa
8-15-17

ATTACHMENT 31

Name (print): Dr. Keith Komnick, M.D

Specialty: ORTHOPEDIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	2015	2016
ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	79	56
ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	9	6
NORTHWEST COMMUNITY HOSPITAL	7	1
HOFFMAN ESTATES SURGERY CENTER	32	48
Glen Oaks	7	29
Sherman	4	1
Total:	138	141

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 140 cases in those ORs.

I estimate that 90 % of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized:

Official Seal
Nancy A Nalepa
Notary Public State of Illinois
My Commission Expires 07/06/2020

Nancy A Nalepa
8-15-17

ATTACHMENT 31

Name (print): EUGENE LOPEZ, MD

Specialty: ORTHOPEDIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	2015	2016
ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	0	1
ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	319	320
Total:	319	321

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 300 cases in those ORs.

I estimate that 80% of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized:

ELIZABETH D NEARY
Official Seal
Notary Public - State of Illinois
My Commission Expires Jun 10, 2020

Elizabeth D Neary
8/10/17

ATTACHMENT 31

Name (print): THOMAS OBERMEYER, MD

Specialty: ORTHOPEDIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	**2015**	**2016**
ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	138	204
ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	44	27
NORTHWEST COMMUNITY HOSPITAL	60	35
HOFFMAN ESTATES SURGERY CENTER	63	82
Total:	305	348

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 247 cases in those ORs.

I estimate that 80 % of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Roxane Keany

Notarized:

OFFICIAL SEAL
ROXANE KEANY
Notary Public - State of Illinois
My Commission Expires Dec 18, 2018

Name: HASHAM ALVI

Specialty: ORTHOPEDIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

In mid-2016 Dr. Russell Benuck, an active member of Barrington Orthopedics, notified the group of his intent to leave the area in mid-2017. The group subsequently recruited Dr. Hasham Alvi to assume Dr. Benuck's caseload, and Dr. Alvi joined the group in October, 2016. Since that time, Dr. Alvi has attracted referrals on his own, and has assumed responsibility for Dr. Benuck's former patients. Barrington Orthopedics fully believes, that by 2018, Dr. Alvi's caseload will surpass that experienced by Dr. Benuck in 2016.

Below are the number of patients that Dr. Benuck performed surgery on during each of the last two years:

	2015	2016
St. Alexius Medical Center	70	103
Alexian Brothers Medical Center	37	49
Hoffman Estates Surgery Center	21	19
NWCH	29	43

Had the proposed operating rooms been available during 2016, I estimate that Drs. Benuck/Alvi would have performed 183 cases in those ORs.

I estimate that 80 % of the patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Ciro Cirrincione, MD
President, Barrington Orthopedics

Notarized: Roxane Keany

OFFICIAL SEAL
ROXANE KEANY
Notary Public - State of Illinois
My Commission Expires Dec 18, 2018

Hasham Alvi, MD

ATTACHMENT 31

Name (print): ANKUR CHHADIA, MD

Specialty: ORTHOPEDIC SURGERY

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed additional operating rooms at AMITA Health St. Alexius Medical Center.

Below are the number of patients that I performed surgery on during each of the last two years:

Facility	2015	2016
ST. ALEXIUS MEDICAL CENTER, HOFFMAN ESTATES	134	119
ALEXIAN BROTHERS MEDICAL CENTER, ELK GROVE VILLAGE	31	28
ADVOCATE SHERMAN HOSPITAL	76	77
Ashton Center for Day Surgery in Hoffman Estates	231	228
Total:		

Had the proposed operating rooms been available to me during 2016, I estimate that I would have performed 100 cases in those ORs.

I estimate that 90 % of my patients to use the proposed operating rooms reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized:

ELIZABETH D NEARY
Official Seal
Notary Public - State of Illinois
My Commission Expires Jun 10, 2020

Elizabeth D Neary
8/22/2017

Name: Parag Majmudar, MD

Specialty: Ophthalmology

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.3030 in support of the proposed modernization program at AMITA Health St. Alexius Medical Center.

Below are the numbers of patients that I performed surgery on during each of the last two years:

	2015	2016
1). SAMCS	239	258
2). Hoffman Estates	196	212
3).		
TOT	435	470

I anticipate that I will perform 323 annual cases in SAMC's Eye Center, once it is relocated.

I estimate that 90% of my patients to use the Eye Center reside within 30 minutes of AMITA Health St. Alexius Medical Center.

The information contained in this letter is true and correct, to the best of my information and belief, and has not been used in the support of another project.

Sincerely,

Notarized:

ELIZABETH D NEARY
Official Seal
Notary Public - State of Illinois
My Commission Expires Jun 10, 2020

Elizabeth D. Neary
8/21/17

ATTACHMENT 31

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
8 December 2016

Update

Rate this Research »

Contacts

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Beth I. Wexler 212-553-1384
VP-Sr Credit Officer
beth.wexler@moodys.com

Alexian Brothers Health System, IL

Update - Moody's Affirms Alexian Brothers Health System's (IL) A2; Outlook Stable

Summary Rating Rationale

Moody's Investors Service affirms Alexian Brothers Health System's (ABHS) A2 rating, affecting approximately $62 million of debt. The outlook is stable. Ascension (Ascension Health Alliance rated Aa2, stable) is the sole corporate member of ABHS, although not obligated on ABHS' debt. ABHS is also part of a Joint Operating Company (JOC), AMITA Health, with several hospitals part of Adventist Health System Sunbelt, Inc. (rated Aa2, stable), as discussed below.

The A2 affirmation reflects material financial and strategic benefits derived from ABHS' tight integration with Ascension and AMITA, good market position, manageable leverage and adequate margins. The rating also incorporates challenges related to moderate liquidity, a very competitive market, and costs and disruption from upcoming technology conversions.

Credit Strengths

» High degree of integration and centralization with parent Ascension and AMITA Health, providing significant financial and management benefits

» Sizable health system with good market position in favorable Chicago suburban service areas

» Manageable leverage including limited unfunded pension obligation

» Track record of adequate cashflow margins

Credit Challenges

» Highly competitive and consolidating Chicagoland market

» Although improved, liquidity is modest driving moderate cash-to-debt

» Expected decline in margins in FY 2017 and potential disruptions from two large systems conversions

Rating Outlook

The stable outlook reflects our expectation that ABHS will return to adequate margins following expected decline in FY 2017 and minimize short-term disruptions to liquidity as the system implements large-scale systems conversions next year. The outlook anticipates no material new debt and ABHS will continue to benefit from its high integration with Ascension and AMITA.

Factors that Could Lead to an Upgrade

» Improved and sustained operating margins

» Growth in liquidity

» Deleveraging of balance sheet and operations

» Significant enterprise growth resulting in stronger market position

Factors that Could Lead to a Downgrade

» Notable multi-year decline in margins

» Dilutive acquisition or merger

» Adverse change in relationship with Ascension or AMITA Health

» Increase in leverage or material decline in liquidity

Key Indicators

Exhibit 1
Alexian Brothers Health System, IL

	2013	2014	2015	2016
Operating Revenue ($'000)	993,567	1,047,561	1,018,932	1,042,336
Operating Cash Flow Margin (%)	10.6	10.2	14.2	13.8
PM: Medicare (%)	39.2	41.6	43.1	43.0
PM: Medicaid (%)	10.7	12.1	13.6	14.2
Days Cash on Hand	145	144	154	171
Unrestricted Cash and Investments to Total Debt (%)	73.3	78.8	78.9	91.9
Total Debt to Cash Flow (x)	3.9	3.7	2.9	2.8

Fiscal years 2013 and 2014 reflect Alexian Brothers Health System and Subsidiaries; fiscal years 2015 and 2016 reflect Alexian Brothers Health System Obligated Group; fiscal year end June 30.
Recurring transfers to Ascension for centralized services reallocated to operating expenses.
Investment returns normalized at 6% prior to FY 2015 and 5% in FY 2015 and beyond.
Source: Moody's Investors Service

Recent Developments

Recent developments are included under Detailed Rating Considerations.

Detailed Rating Considerations

Market Position: Good Market Position in Competitive Region

ABHS maintains a good market position in a very competitive market with over $1 billion of revenue and 41,000 admissions. The JOC to form AMITA Health, which became operational February 2015, notably enhanced the system's market position. The JOC allows the hospitals to implement coordinated strategies to gain efficiencies and grow revenue, even though asset ownership and debt obligations remain separate. AMITA's primary strategies include expanding ambulatory locations for greater access as well as expanding the physician network, in part through employment.

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ATTACHMENT 25

The greater Chicago region is becoming increasingly competitive with rapid consolidation and major investments in facilities and physicians. Top competitors include Advocate Health Care Network, Northwest Community Hospital and Cadence (now part of Northwestern Memorial HealthCare).

Operating Performance, Balance Sheet and Capital Plans: Adequate Margins, But Liquidity Moderate

ABHS has a track record of producing adequate cashflow margins, although FY 2017 is likely to decline when including the costs of two large systems conversions. Starting in FY 2015, ABHS reports obligated group performance only, excluding a related physician enterprise which is now consolidated with Ascension. Also, Moody's adjusts ABHS performance to reclassify recurring transfers to Ascension for centralized services to operating expenses. ABHS obligated group adjusted operating cashflow margins were very good at 14% in fiscal years 2015 and 2016; including the physican-related enterprise, cashflow margins approximate historical averages of 9-10%.

ABHS has benefited from the centralized services provided by AMITA and Ascension. AMITA has one management team over all functional areas and ABHS has benefitted from savings in supply chain and labor as well as other areas. Investment and debt management is consolidated with Ascension. ABHS will achieve another level of consolidation and savings under Ascension's enterprise resource management project, Symphony.

FY 2017 will be a challenging year for ABHS and margins are likely to decline including several large technology investments that are expected to be non-recurring. ABHS will be installing a clinical electronic medical record software at the hospitals by the first quarter of FY 2018. At the same time, the system will be migrating to Symphony, expected to be complete by March 2017. Both will require large expenses in FY 2017, most of which is expected to be non-recurring in FY 2018.

ABHS' capital plans are manageable and include investments in ambulatory locations. Capital projects are approved by the AMITA board and partly funded by the AMITA sponsors.

LIQUIDITY

While ABHS' liquidity grew in FY 2016, cash on hand for the obligated group is modest at 171 days; as discussed above, the obligated group does not include a related physician enterprise, which would depress relative liquidity if included. The majority of ABHS' investments are managed by Ascension and mirror the Ascension investment allocation.

Debt Structure and Legal Covenants: Manageable Leverage and Absence of Debt Structure Risks

ABHS' leverage is manageable at 45% debt-to-revenue for the obligated group. Cash-to-debt is moderate at 92%, reflecting modest liquidity. Debt-to-cashflow for the obligated group is good at 2.8 times; including related physician subsidies, debt-to-cashflow worsens but is still adequate. There are no plans for new debt to be issued under the ABHS MTI.

DEBT STRUCTURE

ABHS' public debt, totaling approximately $62 million, is fixed rate. The remaining debt is an intercompany loan with Ascension.

DEBT-RELATED DERIVATIVES

There are no debt-related derivatives as of FYE 2016.

PENSIONS AND OPEB

ABHS' defined benefit pension plan was frozen in 2010. The system offers a defined contribution plan. At FYE 2016 the liability was a modest $19 million.

Management and Governance

Since AMITA became operational in February 2015, one management team has been created for all functional areas in the JOC, allowing for fully consolidated and coordinated planning. The AMITA board is comprised of four members each appointed by Ascension and Adventist.

Legal Security

ABHS's bonds are secured by a pledge of the unrestricted receivables of the Obligated Group, which includes the ABHS parent, the Alexian Brothers Hospital Network (regional parent in Illinois), Alexian Brothers Medical Center, Saint Alexius Medical Center, Alexian Brothers Behavioral Health Hospital, Alexian Brothers of San Jose, the Alexian Village of Milwaukee, the Alexian Village of Tennessee,

[Type text]

ATTACHMENT 35

Savelli Properties, Alexian Brothers Lansdowne Village, Alexian Brothers Sherbrooke Village, and Alexian Brothers Community Services. The Obligated Group does not included a related entity (part of Ascension Health) the employs or contracts with 260 physicians and mid-level providers in ABHS's service area. The bonds are supported by a mortgage pledge and a debt service reserve fund is included. Ascension is not obligated on ABHS' rated debt.

Use of Proceeds
Not applicable.

Obligor Profile
Alexian Brothers Health System operates two acute care hospitals, a psychiatric hospital, and a rehabilitation hospital in the Chicago region. ABHS also operates several long-term care sites.

Methodology
The principal methodology used in this rating was Not-For-Profit Healthcare Rating Methodology published in November 2015. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

[Type text]

REPORT NUMBER 1052389

MOODY'S
INVESTORS SERVICE

[Type text]

ATTACHMENT 25

Consolidated Financial Statements and Supplementary Information

Ascension Health Alliance
d/b/a Ascension
Years Ended June 30, 2016 and 2015
With Reports of Independent Auditors

[Type text]

ATTACHMENT 35

PO

Ascension

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2016 and 2015

Contents

EY
Building a better working world

Ernst & Young LLP
The Plaza in Clayton
Suite 1300
190 Carondelet Plaza
St. Louis, MO 63105-3434

Tel: +1 314 290 1000
Fax: +1 314 290 1882
ey.com

Report of Independent Auditors

Board of Directors
Ascension Health Alliance d/b/a Ascension

We have audited the accompanying consolidated financial statements of Ascension Health Alliance d/b/a Ascension, which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of operations and changes in nets assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

EY
Building a better working world

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ascension Health Alliance d/b/a Ascension at June 30, 2016 and 2015, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

September 12, 2016

Ascension

Consolidated Balance Sheets
(Dollars in Thousands)

	June 30, 2016	June 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ **696,237**	$ 688,228
Short-term investments	**122,545**	146,822
Accounts receivable, less allowance for doubtful accounts ($1,362,060 and $1,280,568 at June 30, 2016 and 2015, respectively)	**2,746,506**	2,520,115
Inventories	**349,077**	324,423
Due from brokers *(see Notes 4 and 5)*	**313,717**	148,865
Estimated third-party payor settlements	**186,354**	226,122
Other *(see Notes 4 and 5)*	**978,744**	973,109
Total current assets	**5,393,180**	5,027,684
Long-term investments *(see Notes 4 and 5)*	**15,069,123**	14,990,505
Property and equipment, net	**9,020,005**	8,273,930
Other assets:		
Investment in unconsolidated entities	**1,115,871**	789,693
Capitalized software costs, net	**926,710**	790,881
Other *(see Notes 4 and 5)*	**944,288**	972,197
Total other assets	**2,986,869**	2,552,771
Total assets	**$ 32,469,177**	$ 30,844,890

	June 30, 2016	June 30, 2015
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	$ **96,193**	$ 84,985
Long-term debt subject to short-term remarketing arrangements*	**1,666,245**	1,176,790
Accounts payable and accrued liabilities *(see Notes 4 and 5)*	**2,500,748**	2,314,922
Estimated third-party payor settlements	**513,677**	416,908
Due to brokers *(see Notes 4 and 5)*	**105,660**	131,061
Current portion of self-insurance liabilities	**219,638**	247,356
Other	**292,044**	367,130
Total current liabilities	**5,394,205**	4,739,152
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	**5,427,616**	5,010,084
Self-insurance liabilities	**513,985**	513,856
Pension and other postretirement liabilities	**1,298,653**	564,342
Other *(see Notes 4 and 5)*	**1,241,678**	1,084,794
Total noncurrent liabilities	**8,481,932**	7,173,076
Total liabilities	**13,876,137**	11,912,228
Net assets:		
Unrestricted		
Controlling interest	**16,498,086**	16,749,357
Noncontrolling interests	**1,429,444**	1,572,608
Unrestricted net assets	**17,927,530**	18,321,965
Temporarily restricted	**467,994**	417,909
Permanently restricted	**197,516**	192,788
Total net assets	**18,593,040**	18,932,662
Total liabilities and net assets	$ **32,469,177**	$ 30,844,890

*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates occurring prior to June 30, 2017. In the event that bonds are not remarketed upon the exercise of put options or the scheduled mandatory tenders, management would utilize other sources to access the necessary liquidity. Potential sources include liquidating investments, a draw on the line of credit totaling $1 billion, and issuing commercial paper. The commercial paper program is supported by $500 million of the $1 billion line of credit.

The accompanying notes are an integral part of the consolidated financial statements.

Ascension

Consolidated Statements of Operations and Changes in Net Assets

(Dollars in Thousands)

	Year Ended June 30, 2016	2015
Operating revenue:		
Net patient service revenue	**$ 21,301,133**	$ 19,857,725
Less provision for doubtful accounts	**1,142,289**	1,101,118
Net patient service revenue, less provision for doubtful accounts	**20,158,844**	18,756,607
Other revenue	**1,739,490**	1,782,196
Total operating revenue	**21,898,334**	20,538,803
Operating expenses:		
Salaries and wages	**9,043,625**	8,518,165
Employee benefits	**1,748,110**	1,733,798
Purchased services	**1,500,887**	1,256,530
Professional fees	**1,369,103**	1,268,911
Supplies	**3,114,261**	2,903,487
Insurance	**160,232**	158,786
Interest	**194,962**	196,013
Depreciation and amortization	**1,032,541**	949,477
Other	**2,737,244**	2,707,929
Total operating expenses before impairment, restructuring and nonrecurring losses, net	**20,900,965**	19,693,096
Income from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring losses, net	**997,369**	845,707
Self-insurance trust fund investment return	**(16,334)**	(15,137)
Impairment, restructuring and nonrecurring losses, net	**(227,832)**	(134,022)
Income from operations	**753,203**	696,548
Nonoperating gains (losses):		
Investment return	**(358,297)**	36,455
Loss on extinguishment of debt	**(13,594)**	(992)
Losses on interest rate swaps	**(86,536)**	(23,596)
(Loss) income from unconsolidated entities	**(40,649)**	5,210
Contributions from business combinations	**304,961**	-
Other	**(81,339)**	(75,852)
Total nonoperating losses, net	**(275,454)**	(58,775)
Excess of revenues and gains over expenses and losses	**477,749**	637,773
Less noncontrolling interests	**16,365**	75,177
Excess of revenues and gains over expenses and losses attributable to controlling interest	**461,384**	562,596

Continued on next page.

Ascension

Consolidated Statements of Operations and Changes in Net Assets (continued)

(Dollars in Thousands)

	Year Ended June 30, 2016	2015
Unrestricted net assets, controlling interest:		
Excess of revenues and gains over expenses and losses	$ 461,384	$ 562,596
Transfers to sponsors and other affiliates, net	(8,654)	(14,877)
Net assets released from restrictions for property acquisitions	45,058	38,008
Pension and other postretirement liability adjustments	(729,197)	(513,220)
Change in unconsolidated entities' net assets	(6,976)	(15,874)
Other	3,344	592
(Decrease) increase in unrestricted net assets, controlling interest, before loss from discontinued operations	(235,041)	57,225
Loss from discontinued operations	(16,230)	(44,058)
(Decrease) increase in unrestricted net assets, controlling interest	(251,271)	13,167
Unrestricted net assets, noncontrolling interests:		
Excess of revenues and gains over expenses and losses	16,365	75,177
Distributions of capital	(254,788)	(195,794)
Contributions of capital	96,150	47,192
Membership interest changes, net	-	(5,824)
Other	(891)	(4,249)
Decrease in unrestricted net assets, noncontrolling interests	(143,164)	(83,498)
Temporarily restricted net assets, controlling interest:		
Contributions and grants	140,210	117,547
Investment return	(4,643)	6,491
Net assets released from restrictions	(97,392)	(98,959)
Contributions from business combinations	16,091	-
Other	(4,181)	1,604
Increase in temporarily restricted net assets, controlling interest	50,085	26,683
Permanently restricted net assets, controlling interest:		
Contributions	5,298	6,087
Investment return	(1,706)	1,278
Contributions from business combinations	2,363	-
Other	(1,227)	(6,192)
Increase in permanently restricted net assets, controlling interest	4,728	1,173
Decrease in net assets	(339,622)	(42,475)
Net assets, beginning of year	18,932,662	18,975,137
Net assets, end of year	$18,593,040	$ 18,932,662

The accompanying notes are an integral part of the consolidated financial statements.

Ascension

Consolidated Statements of Cash Flows
(Dollars in Thousands)

	Year Ended June 30, 2016	2015
Operating activities		
Decrease in net assets	$ (339,622)	$ (42,475)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,032,541	949,477
Amortization of bond premiums	(20,714)	(22,657)
Loss on extinguishment of debt	13,594	992
Provision for doubtful accounts	1,148,342	1,105,816
Pension and other postretirement liability adjustments	729,197	513,220
Contributions from business combinations	(323,415)	-
Unrealized losses on investments, net	493,528	457,096
Change in fair value of interest rate swaps	84,433	21,780
Gain on sale of assets, net	(192,042)	(38,167)
Impairment and nonrecurring expenses	21,271	27,968
Transfers to sponsor and other affiliates, net	8,654	14,877
Restricted contributions, investment return, and other	(165,458)	(129,843)
Other restricted activity	(61,162)	(20,087)
Distributions of noncontrolling interest, net	158,638	148,602
Other	(222)	(261)
Decrease (increase) in:		
Short-term investments	71,832	(43,877)
Accounts receivable	(1,190,839)	(1,230,601)
Inventories and other current assets	(64,525)	(57,801)
Due from brokers	(164,852)	(111,379)
Investments classified as trading	(516,524)	(436,686)
Other assets	108,461	42,581
Increase (decrease) in:		
Accounts payable and accrued liabilities	7,596	39,674
Estimated third-party payor settlements, net	128,440	(22,753)
Due to brokers	(25,401)	47,285
Other current liabilities	(89,934)	113,974
Self-insurance liabilities	(53,004)	(7,409)
Other noncurrent liabilities	(200,824)	(325,766)
Net cash provided by continuing operating activities	597,989	993,580
Net cash provided by and adjustments to reconcile change in net assets for discontinued operations	134,956	127,984
Net cash provided by operating activities	732,945	1,121,564

Ascension

Consolidated Statements of Cash Flows (continued)

(Dollars in Thousands)

	Year Ended June 30, 2016	2015
Investing activities		
Property, equipment, and capitalized software additions, net	**(1,139,060)**	(918,586)
Proceeds from sale of property and equipment	**13,643**	6,701
Issuance of note receivable for business combination	**(637,109)**	-
Net proceeds from sale/acquisition of other assets	**296,071**	40,516
Net cash used in investing activities	**(1,466,455)**	(871,369)
Financing activities		
Issuance of debt	**5,154,869**	753,371
Repayment of debt	**(4,403,407)**	(892,816)
Decrease in assets under bond indenture agreements	**18,303**	5,564
Transfers to sponsors and other affiliates, net	**(12,867)**	(27,745)
Restricted contributions, investment return, and other	**143,259**	129,843
Distributions of noncontrolling interest, net	**(158,638)**	(148,602)
Net cash provided by (used in) financing activities	**741,519**	(180,385)
Net increase in cash and cash equivalents	**8,009**	69,810
Cash and cash equivalents at beginning of year	**688,228**	618,418
Cash and cash equivalents at end of year	**$ 696,237**	$ 688,228

The accompanying notes are an integral part of the consolidated financial statements.

1. Organization and Mission

Organizational Structure

Ascension Health Alliance, d/b/a Ascension (Ascension), is a Missouri nonprofit corporation formed on September 13, 2011. Ascension is the sole corporate member and parent organization of Ascension Health, a Catholic national health system consisting primarily of nonprofit corporations that own and operate local healthcare facilities, or Ministry Markets, located in 24 states and the District of Columbia.

Ascension serves as the member or shareholder of various subsidiaries as listed below:

- Alpha Fund
- Ascension Care Management
- Ascension Global Mission
- Ascension Health
- Ascension Holdings
- Ascension Information Services
- Ascension Investment Management (AIM)
- Ascension Leadership Institute
- Ascension Ministry and Mission Fund
- Ascension Ministry Service Center
- Ascension Risk Services
- Ascension Ventures (AV)
- AV Holding Company
- The Resource Group
- Smart Health Solutions

Ascension and its member organizations are hereafter referred to collectively as the System.

Sponsorship

Ascension is sponsored by Ascension Sponsor, a Public Juridic Person. The Participating Entities of Ascension Sponsor are the Daughters of Charity of St. Vincent de Paul, St. Louise Province; the Congregation of St. Joseph; the Congregation of the Sisters of St. Joseph of Carondelet; the Congregation of Alexian Brothers of the Immaculate Conception Province, Inc. – American Province; and the Sisters of the Sorrowful Mother of the Third Order of St. Francis of Assisi – US/Caribbean Province.

1. Organization and Mission (continued)

Mission

The System directs its governance and management activities toward strong, vibrant, Catholic Ministries united in service and healing, and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with the System's mission of service to those persons living in poverty and other vulnerable persons, each Ministry Market accepts patients regardless of their ability to pay. The System uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs:

- Traditional charity care includes the cost of services provided to persons who cannot afford healthcare because of inadequate resources and/or who are uninsured or underinsured.
- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons.
- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.
- Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research.

Discounts are provided to all uninsured and underinsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for financial assistance are not included in the cost of providing care of persons living in poverty and other community benefit programs. The cost of providing care to persons living in poverty and other community benefit programs is estimated by reducing charges forgone by a factor derived from the ratio of each entity's total operating expenses to the entity's billed charges for patient care. Certain costs such as graduate medical education and certain other activities are excluded from total operating expenses for purposes of this computation.

(Dollars in Thousands)

1. Organization and Mission (continued)

The amount of traditional charity care provided, determined on the basis of cost, was $495,863 and $500,067 for the years ended June 30, 2016 and 2015, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost is reported in the accompanying supplementary information.

2. Significant Accounting Policies

Principles of Consolidation

All corporations and other entities for which operating control is exercised by the System or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where the System does not have operating control are recorded under the equity or cost method of accounting. Income (loss) from unconsolidated entities is included in consolidated excess of revenues and gains over expenses and losses in the accompanying Consolidated Statements of Operations and Changes in Net Assets as follows:

	Year Ended June 30,	
	2016	**2015**
Other revenue	**$ 114,085**	$ 64,792
Nonoperating (losses) gains	**(40,649)**	5,210

Use of Estimates

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

2. Significant Accounting Policies (continued)

Fair Value of Financial Instruments

Carrying values of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of financial instruments measured at fair value are disclosed in the Fair Value Measurements note.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits with original maturities of three months or less.

Short-Term Investments

Short-term investments consist of investments with original maturities exceeding three months and up to one year.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value using first-in, first-out (FIFO) or a methodology that closely approximates FIFO.

Long-Term Investments and Investment Return

Investments, excluding investments in unconsolidated entities, are measured at fair value, are classified as trading securities, and include pooled short-term investment funds; U.S. government; state, municipal and agency obligations; corporate and foreign fixed income securities; asset-backed securities; and equity securities. Investments also include alternative investments and other investments which are valued based on the net asset value of the investments, as further discussed in the Fair Value Measurements note. Investments also include derivatives held by the Alpha Fund, also measured at fair value, as discussed in the Pooled Investment Fund note.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Long-term investments include assets limited as to use of approximately $1,284,000 and $1,306,000, at June 30, 2016 and 2015, respectively, comprised primarily of investments placed in trust and held by captive insurance companies for the payment of self-insured claims and investments which are limited as to use, as designated by donors.

Purchases and sales of investments are accounted for on a trade-date basis. Investment returns consist of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the average cost method. Investment returns, excluding returns of self-insurance trust funds, are reported as nonoperating gains (losses) in the Consolidated Statements of Operations and Changes in Net Assets, unless the return is restricted by donor or law. Investment returns of self-insurance trust funds are reported as a separate component of income from operations in the Consolidated Statements of Operations and Changes in Net Assets.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. A summary of property and equipment at June 30, 2016 and 2015, is as follows:

	Year Ended June 30,	
	2016	**2015**
Land and improvements	**$ 935,542**	$ 882,702
Buildings and equipment	**16,505,068**	15,646,664
	17,440,610	16,529,366
Less accumulated depreciation	**8,981,575**	8,646,863
	8,459,035	7,882,503
Construction in progress	**560,970**	391,427
Total property and equipment, net	**$ 9,020,005**	$ 8,273,930

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. Depreciation expense in 2016 and 2015 was $825,681 and $772,407, respectively.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Several capital projects have remaining construction and related equipment purchase commitments of approximately $587,000 as of June 30, 2016.

Intangible Assets

Intangible assets primarily consist of goodwill and capitalized computer software costs, including internally developed software. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage, and the nature of the costs. Intangible assets are included in the Consolidated Balance Sheets as presented in the table that follows. Capitalized software costs in the table below include software in progress of $244,552 and $180,427 at June 30, 2016 and 2015, respectively:

	Year Ended June 30,	
	2016	**2015**
Capitalized software costs	**$ 2,050,184**	$ 1,743,423
Less accumulated amortization	**1,123,474**	952,542
Capitalized software costs, net	**926,710**	790,881
Goodwill	**210,320**	206,563
Other, net	**31,731**	37,974
Intangible assets included in other assets	**242,051**	244,537
Total intangible assets, net	**$ 1,168,761**	$ 1,035,418

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually or when circumstances indicate a possible impairment may exist, while intangible assets with definite lives, primarily capitalized computer software costs, are amortized over their expected useful lives. Amortization expense for these intangible assets in 2016 and 2015 was $206,860 and $177,070, respectively.

2. Significant Accounting Policies (continued)

The System is in the final phases of a significant multi-year, System-wide enterprise resource planning project, including information technology and process standardization (Symphony), which is expected to continue through fiscal year 2017. The project is facilitating a transition to a common software product for various finance, information technology, procurement, and human resources management processes, including standardization of those processes throughout the System. Capitalized costs of Symphony were approximately $329,000 and $323,000 at June 30, 2016 and 2015, respectively, and are being amortized on a straight-line basis over the expected useful life of the software. Certain costs of this project were also expensed. Accumulated amortization of Symphony was approximately $120,000 and $87,000 at June 30, 2016 and 2015, respectively. See the Impairment, Restructuring, and Nonrecurring Losses discussion below for additional information about costs associated with Symphony.

Noncontrolling Interests

The consolidated financial statements include all assets, liabilities, revenues, and expenses of entities that are controlled by the System and therefore consolidated. Noncontrolling interests in the Consolidated Balance Sheets represent the portion of net assets owned by entities outside the System, for those entities in which the System's ownership interest is less than 100%.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the System has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, which include endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donors' wishes, primarily to purchase equipment and to provide charity care and other health and educational services. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted.

Temporarily and permanently restricted net assets consist solely of controlling interests of the System.

2. Significant Accounting Policies (continued)

Performance Indicator

The performance indicator is the excess of revenues and gains over expenses and losses. Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, change in unconsolidated entities' net assets, discontinued operations, and contributions received of property and equipment.

Operating and Nonoperating Activities

The System's primary mission is to meet the healthcare needs in its market areas through a broad range of general and specialized healthcare services, including inpatient acute care, outpatient services, long-term care, and other healthcare services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to the System's primary mission are considered to be nonoperating.

Net Patient Service Revenue, Accounts Receivable, and Allowance for Doubtful Accounts

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. The System recognizes patient service revenue at the time services are rendered, even though the patient's ability to pay may not be completely assessed at that time. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by $102,217 and $100,950 for the years ended June 30, 2016 and 2015, respectively.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

The percentage of net patient service revenue, less provision for doubtful accounts earned by payor for the years ended June 30, 2016 and 2015, is as follows:

	Year Ended June 30, 2016	Year Ended June 30, 2015
Medicare - traditional and managed	35 %	35 %
Medicaid - traditional and managed	12	11
Commercial and other managed care	49	50
Self-Pay and other	4	4
	100 %	100 %

The System grants credit without collateral to its patients, who are primarily local residents and are insured under third-party payor arrangements. Significant concentrations of accounts receivable, less allowance for doubtful accounts, at June 30, 2016 and 2015, are as follows:

	Year Ended June 30, 2016	Year Ended June 30, 2015
Medicare - traditional and managed	27 %	27 %
Medicaid - traditional and managed	9	9
Commercial and other managed care	42	43
Self-Pay and other	22	21
	100 %	100 %

2. Significant Accounting Policies (continued)

The provision for doubtful accounts is based upon management's assessment of expected net collections considering historical experience, economic conditions, trends in healthcare coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance. The results of this review are then used to make any modifications to the provision for doubtful accounts to establish an appropriate allowance for doubtful accounts. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the System. Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies. The methodology for determining the allowance for doubtful accounts and related write-offs on uninsured patient accounts has remained consistent with the prior year.

Other Operating Revenue

Other operating revenue includes net gains on sales of assets, clinical engineering services, retail pharmacy revenue, income from unconsolidated entities, premium revenue, net assets released from restrictions for operating purposes, and other nonpatient service revenue. Net gains on sales of assets were $201,330 and $47,456 for the years ended June 30, 2016 and 2015, respectively. Assets sold during the years ended June 30, 2016 and 2015 include certain nonhospital operating entities and patient care equipment.

Impairment, Restructuring, and Nonrecurring Losses

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets. Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on future discounted net cash flows or other estimates of fair value.

2. Significant Accounting Policies (continued)

Nonrecurring expenses associated with Symphony include project management and process re-engineering costs, amortization expense for those Health Ministries not yet on Symphony, as well as costs to develop a business intelligence data warehouse. Costs associated with product deployment are recorded as nonrecurring losses, and costs associated with product support are recorded as recurring operating expenses.

During the year ended June 30, 2016, the System recorded total impairment, restructuring, and nonrecurring losses, net of $227,832. This amount was comprised primarily of $129,494 of nonrecurring expenses associated with Symphony, one-time termination benefits and other restructuring expenses of $72,097, impairment expenses of $14,064, and other nonrecurring expenses of $12,177.

During the year ended June 30, 2015, the System recorded total impairment, restructuring, and nonrecurring losses, net of $134,022. This amount was comprised primarily of $100,541 of nonrecurring expenses associated with Symphony, one-time termination benefits and other restructuring expenses of $11,304, impairment expenses of $19,208, and other nonrecurring expenses of $2,969.

Amortization

Bond issuance costs, discounts, and premiums are amortized over the term of the bonds using a method approximating the effective interest method.

Capitalized software, including internally developed software, is amortized on a straight-line basis over the expected useful life of the software.

Income Taxes

The member healthcare entities of the System are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or Section 501(c)(2), and their related income is exempt from federal income tax under Section 501(a). The System accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The System has determined that no material unrecognized tax benefits or liabilities exist as of June 30, 2016.

2. Significant Accounting Policies (continued)

The System had deferred tax assets of approximately $378,000 and $354,000 for federal and state income tax purposes primarily related to net operating loss carryforwards for the years ended June 30, 2016 and 2015, respectively. A valuation allowance of approximately $377,000 and $344,000 was recorded due to the uncertainty regarding use of the deferred tax assets for the years ended June 30, 2016 and 2015, respectively.

Regulatory Compliance

Various federal and state agencies have initiated investigations regarding reimbursement claimed by certain members of the System. The investigations are in various stages of discovery, and the ultimate resolution of these matters, including the liabilities, if any, cannot be readily determined; however, in the opinion of management, the results of the investigations will not have a material adverse impact on the consolidated financial statements of the System.

Reclassifications

Certain reclassifications were made to the 2015 accompanying consolidated financial statements to conform to the 2016 presentation.

Subsequent Events

The System evaluates the impact of subsequent events, which are events that occur after the Consolidated Balance Sheet date but before the consolidated financial statements are issued, for potential recognition or disclosure in the consolidated financial statements as of the Consolidated Balance Sheet date. For the year ended June 30, 2016, the System evaluated subsequent events through September 12, 2016, representing the date on which the accompanying audited consolidated financial statements were issued.

(Dollars in Thousands)

3. Organizational Changes

Business Combinations

Crittenton Hospital Medical Center – Michigan

Effective October 1, 2015, Ascension Michigan became the sole corporate member of Crittenton Hospital Medical Center (Crittenton) under the terms of an agreement among Ascension Michigan, Crittenton and Ascension Health. The fair value of the unrestricted net assets totaling $137,912 was recognized in the Consolidated Statements of Operations and Changes in Net Assets for the year ended June 30, 2016 as a nonoperating contribution from business combination.

Wheaton Franciscan Healthcare – Southeast Wisconsin, Inc.

Effective March 1, 2016, Ascension Health became the sole corporate member of Wheaton Franciscan Healthcare – Southeast Wisconsin, Inc. (Wheaton) under the terms of an agreement between Ascension Health and Wheaton Franciscan Services, Inc. The fair value of the unrestricted net assets totaling $167,049 was recognized in the Consolidated Statements of Operations and Changes in Net Assets for the year ended June 30, 2016 as a nonoperating contribution from business combination.

The fair values of Crittenton and Wheaton's net assets, by major type, that were recognized by the System during the year ended June 30, 2016 were as follows. The valuations of these net assets were substantially complete as of June 30, 2016.

	Crittenton	Wheaton	Total
Net working capital	$ 80,335	$ 312,129	$ 392,464
Long-term investments	102,890	27,511	130,401
Property and equipment	193,174	645,299	838,473
Investments in unconsolidated entities	4,491	58,174	62,665
Intangible assets, including capitalized software costs	-	48,820	48,820
Other long-term assets	795	2,567	3,362
Long-term debt	(161,205)	(641,936)	(803,141)
Other long-term liabilites assumed	(79,177)	(270,452)	(349,629)
Fair value of total net assets	$ 141,303	$ 182,112	$ 323,415

[Type text]

(Dollars in Thousands)

3. Organizational Changes (continued)

The fair value of net assets of $323,415 in the preceding table was recognized in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2016, as a nonoperating contribution from business combinations of $304,961, and contributions of temporarily and permanently restricted net assets of $16,091 and $2,363, respectively.

During the year ended June 30, 2016, Ascension recognized revenues of Crittenton and Wheaton combined totaling $611,100, and an excess of revenues and gains over expenses and losses totaling $15,560, of which all was attributable to controlling interest. Ascension recognized a decrease in unrestricted net assets – controlling interests, excluding the excess of revenues and gains over expenses and losses of $15,560 above, of $10,003 and a decrease in temporarily restricted net assets of Crittenton and Wheaton of $618 for the year ended June 30, 2016.

The following unaudited pro forma financial information presents the combined results of operations of Ascension, Crittenton and Wheaton for the years ended June 30, 2016 and 2015, respectively, as though the business combination transactions had occurred on July 1, 2014. This pro forma financial information is not necessarily indicative of the results of operations that would occur if these entities were consolidated into the System during those periods, nor is it necessarily indicative of future operating results.

	Year Ended June 30,	
	2016	**2015**
Total operating revenue	**$ 22,838,814**	$ 22,102,272
Excess of revenues and gains over expenses and losses attributable to controlling interest	**118,977**	838,856
(Decrease) increase in unrestricted net assets - controlling interest	**(532,879)**	266,808
Decrease in unrestricted net assets - noncontrolling interests	**(143,164)**	(83,498)
Increase in temporarily restricted net assets	**36,226**	43,487
Increase in permanently restricted net assets	**2,636**	3,900

3. Organizational Changes (continued)

Divestitures

Discontinued Operations

During the year ended June 30, 2016, Ascension, including certain of its wholly owned subsidiaries, closed on the sale of, or undertook actions to sell or transfer ownership of, certain assets and liabilities, as follows:

- In February 2015, Carondelet Health, a wholly owned subsidiary of Ascension Health, sold certain assets and liabilities associated with the operations of Carondelet Health, including St. Joseph Medical Center in Kansas City, Missouri and St. Mary's Medical Center in Blue Springs, Missouri to Prime Healthcare Services (Prime). Operations and associated assets and liabilities of Carondelet Health's long-term care facilities and of two charitable foundations remain with Ascension.

- In June 2015, Ascension entered into two separate non-binding letters of intent with a third party to pursue the potential sale of certain Ascension assets and liabilities and related operations in the states of Washington and Idaho. Completion of these proposed transactions is subject to due diligence and execution of final definitive agreements, including obtaining all necessary regulatory approvals.

- On July 1, 2015, Catholic Health, Inc. (Catholic Health) became the sole corporate member of Mount St. Mary's Hospital in Lewiston, New York under the terms of an affiliation agreement between Ascension Health and Catholic Health.

- On September 1, 2015, Carondelet Health Network, a subsidiary of Ascension Health, sold certain assets, liabilities and related operations, excluding certain non-acute entities, in Tucson, Arizona to CHN Holdings, LLC, a joint venture in which Ascension holds a noncontrolling interest.

3. Organizational Changes (continued)

Assets and liabilities associated with the aforementioned transactions were held for sale and qualified for discontinued operations as of June 30, 2016 and 2015, and are included in other current assets and other current liabilities, respectively, in the System's Consolidated Balance Sheets. Assets held for sale were $144,490 and $392,613 at June 30, 2016 and 2015, respectively, while liabilities held for sale were $30,552 and $112,923 at June 30, 2016 and 2015, respectively. Net losses of the entities, which include losses of Carondelet Health Network through the September 1, 2015 sale date and a $14,520 loss on sale, are included in the loss from discontinued operations in the Consolidated Statements of Operations and Changes in Net Assets and were $15,790 and $47,916 for the years ended June 30, 2016 and 2015, respectively. Revenues of the entities were $355,516 and $1,020,288 for the years ended June 30, 2016 and 2015, respectively, which includes revenues of Carondelet Health through the sale date.

Assets Held for Sale

In March 2016, Ministry Health Care (Ministry), a subsidiary of Ascension Health, entered into a non-binding letter of intent with Marshfield Clinic Health Systems, Inc. (Marshfield Clinic) to pursue the potential sale of substantially all the assets of Saint Joseph's Hospital of Marshfield, Inc. (Marshfield), a wholly owned subsidiary of Ministry. In addition, the letter of intent also includes Ascension's acquisition of Marshfield Clinic's 50% membership interest in The Diagnostic & Treatment Center, LLC. Completion of the proposed transactions is subject to due diligence and execution of final definitive agreements, including obtaining all necessary regulatory approvals.

Assets and liabilities associated with the aforementioned transaction are designated as assets and liabilities held for sale, and included in other current assets and other current liabilities, respectively, in the System's Consolidated Balance Sheets. Assets and liabilities held for sale were $161,058 and $11,760 at June 30, 2016, respectively. Net income of Marshfield is included in the excess of revenues and gains over expenses and losses in the Consolidated Statements of Operations and Changes in Net Assets and is $35,499 and $54,207 for the years ended June 30, 2016 and 2015, respectively. Revenues of Marshfield total $319,959 and $374,539 for the years ended June 30, 2016 and 2015, respectively.

3. Organizational Changes (continued)

Other

In addition to the transactions discussed above, effective November 1, 2014, Ministry Health Care, Inc. (Ministry), a subsidiary of Ascension Health, and Ministry's wholly owned subsidiary, Ministry Holdings, Inc., (MHI), sold a 50% membership interest in MHI to Froedtert Health, Inc. The sale resulted in a loss of control by Ministry over MHI, and as such, Ministry deconsolidated MHI as of that date. The 50% investment in MHI, which was renamed Network Health, Inc. in conjunction with the sale transaction, was reported at its fair value on the November 1, 2014 transaction date, subsequent to which this investment has been accounted for using the equity method of accounting. This transaction resulted in a gain, which is included in other operating revenue in the Consolidated Statements of Operations and Changes in Net Assets for the year ended June 30, 2015.

Effective February 1, 2015, Ascension Health and Adventist Health System entered into a joint operating agreement, which provides for an integrated health delivery system in Illinois, known as AMITA Health (AMITA). AMITA includes five hospitals of Alexian Brothers Health System (Alexian) a subsidiary of Ascension Health, and four hospitals of Adventist Midwest Health (Adventist), a subsidiary of Adventist Health System. The creation of AMITA Health did not result in a change in control of the hospitals of Alexian and Adventist. Both parties share the cash flows generated by AMITA based on an agreed upon split.

In May 2016, Ascension sold primarily all of the assets, liabilities and operations of its Medxcel, Inc. business to TMX Holdings, LLLP (TMX), a partnership in which Ascension maintains a 50% interest. As a result of the transaction, Ascension recognized a gain, which is included in other operating revenue in the Consolidated Statements of Operations and Changes in Net Assets for the year ended June 30, 2016, and the interest in TMX was recorded at its initial fair value. Subsequent to the transaction, Ascension is accounting for its interest in TMX under the equity method of accounting.

4. Pooled Investment Fund

At June 30, 2016 and 2015, a significant portion of the System's investments consists of the System's interest in the Alpha Fund, a limited liability company organized in the state of Delaware. Certain System investments, including some held by the Health Ministries and their consolidated foundations, are managed outside of the Alpha Fund.

The Alpha Fund includes the investment interests of the System and other Alpha Fund members. AIM, a wholly owned subsidiary of the System, serves as the manager and primary investment advisor of the Alpha Fund, overseeing the investment strategies offered to the Alpha Fund's members. AIM provides expertise in the areas of asset allocation, selection and monitoring of outside investment managers, and risk management. The Alpha Fund is consolidated in the System's financial statements. The portion of the Alpha Fund's net assets representing interests held by entities other than the System are reflected in noncontrolling interests in the Consolidated Balance Sheets, which amount to $1,256,666 and $1,405,401 at June 30, 2016 and 2015, respectively.

The Alpha Fund invests in a diversified portfolio of investments including alternative investments, such as real asset funds, hedge funds, private equity funds, commodity funds, and private credit funds. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 1 to 120 days. Due to redemption restrictions, investments in certain of these funds, whose fair value was approximately $1,981,000 at June 30, 2016, cannot currently be redeemed. However, the potential for the Alpha Fund to sell its interest in these funds in a secondary market prior to the end of the fund term does exist.

4. Pooled Investment Fund (continued)

The Alpha Fund's investments in certain alternative investment funds also include contractual commitments to provide capital contributions during the investment period, which is typically five years and can extend to the end of the fund term. During these contractual periods, investment managers may require the Alpha Fund to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2016, contractual agreements of the Alpha Fund expire between October 2016 and January 2022. The remaining unfunded capital commitments of the Alpha Fund total approximately $1,590,000 for 141 individual funds as of June 30, 2016. Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated. These committed amounts are expected to be primarily satisfied by the liquidation of existing investments in the Alpha Fund.

In the normal course of operations and within established Alpha Fund guidelines, the Alpha Fund may enter into various exchange-traded and over-the-counter derivative contracts for trading purposes, including futures, options, and forward contracts as well as warrants and swaps. These instruments are used primarily to adjust the portfolio duration, restructure term structure exposure, change sector exposure, and arbitrage market inefficiencies. See the Fair Value Measurements note for a discussion of how fair value for the Alpha Fund's derivatives is determined.

At June 30, 2016 and 2015, the notional value of Alpha Fund derivatives outstanding was approximately $4,540,000 and $3,615,000, respectively. The fair value of Alpha Fund derivatives in an asset position was $34,713 and $15,826 at June 30, 2016 and 2015, respectively, while the fair value of Alpha Fund derivatives in a liability position was $31,677 and $33,595 at June 30, 2016 and 2015, respectively. These derivatives are included in long-term investments in the Consolidated Balance Sheets at June 30, 2016 and 2015.

Due from brokers and due to brokers on the Consolidated Balance Sheets at June 30, 2016 and 2015, represent the Alpha Fund's positions and amounts due from or to various brokers, primarily for security transactions not yet settled, and cash held by brokers for securities sold, not yet purchased.

(Dollars in Thousands)

5. Cash and Investments

The System's cash and investments are reported in the Consolidated Balance Sheets as presented in the table that follows. Total cash and investments, net, includes both the System's membership interest in the Alpha Fund and the noncontrolling interests held by other Alpha Fund members. System unrestricted cash and investments, net, represent the System's cash and investments excluding the noncontrolling interests held by other Alpha Fund members and assets limited as to use.

	June 30, 2016	June 30, 2015
Cash and cash equivalents	**$ 696,237**	$ 688,228
Short-term investments	**122,545**	146,822
Long-term investments	**15,069,123**	14,990,505
Subtotal	**15,887,905**	15,825,555
Other Alpha Fund assets and liabilities:		
In other current assets	**27,768**	28,356
In other long-term assets	**2,335**	2,491
In accounts payable and other accrued liabilities	**(9,312)**	(9,035)
In other noncurrent liabilities	**(4,569)**	(3,256)
Due from brokers, net	**208,057**	17,804
Total cash and investments, net	**16,112,184**	15,861,915
Less noncontrolling interests of Alpha Fund	**1,256,666**	1,405,401
System cash and investments, including assets limited as to use	**14,855,518**	14,456,514
Less assets limited as to use:		
Under bond indenture agreement	**20,002**	38,305
Self-insurance trust funds	**676,375**	713,174
Temporarily or permanently restricted	**595,761**	595,931
Total assets limited as to use	**1,292,138**	1,347,410
System unrestricted cash and investments, net	**$ 13,563,380**	$ 13,109,104

(Dollars in Thousands)

5. Cash and Investments (continued)

At June 30, 2016 and 2015, the composition of cash and cash equivalents, short-term investments and long-term investments, which include certain assets limited as to use, is summarized as follows.

	June 30, 2016	June 30, 2015
Cash and cash equivalents and short-term investments	$ 935,026	$ 942,760
Pooled short-term investment funds	471,099	413,223
U.S. government, state, municipal and agency obligations	3,064,411	2,749,101
Corporate and foreign fixed income securities	1,728,149	1,705,427
Asset-backed securities	771,971	874,440
Equity securities	2,996,662	3,218,447
Alternative investments and other investments:		
Private equity and real estate funds	1,648,545	1,436,158
Hedge funds	2,677,275	3,030,653
Commodities funds and other investments	1,594,767	1,455,346
Total alternative investments and other investments	5,920,587	5,922,157
Total cash and cash equivalents, short-term investments, and long-term investments	$ 15,887,905	$ 15,825,555

As of June 30, 2016 and 2015, the System's membership interest in the Alpha Fund totaled $11,861,266 and $11,974,700, respectively. As of June 30, 2016 and 2015, the noncontrolling interest (see Note 4) in the Alpha Fund, representing interests held by entities other than the System, totaled $1,256,666 and $1,405,401, respectively.

Investment return recognized by the System for the years ended June 30, 2016 and 2015, is summarized in the following table. Total investment return includes the System's return on certain investments held and managed outside the Alpha Fund and the investment return of the Alpha Fund. System investment return represents the System's total investment return, net of the investment return earned by the noncontrolling interests of other Alpha Fund members.

(Dollars in Thousands)

5. Cash and Investments (continued)

	Year Ended June 30, 2016	2015
Interest and dividends	$ **234,677**	$ 231,114
Net losses on investments reported at fair value	**(609,308)**	(209,796)
Restricted investment return and unrealized losses, net	**(6,349)**	7,769
Total investment return	**(380,980)**	29,087
Less return earned by noncontrolling interests of Alpha Fund	**(42,756)**	(9,563)
System investment return	$ **(338,224)**	$ 38,650

6. Fair Value Measurements

The System categorizes, for disclosure purposes, assets and liabilities measured at fair value in the consolidated financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs that are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

6. Fair Value Measurements (continued)

The System follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values. Level inputs are defined as follows:

Level 1 – Quoted prices (unadjusted) that are readily available in active markets or exchanges for identical assets or liabilities on the reporting date.

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 pricing inputs include prices quoted for similar assets and liabilities in active markets or exchanges or prices quoted for identical or similar assets and liabilities in markets that are not active. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Significant pricing inputs that are unobservable for the asset or liability, including assets or liabilities for which there is little, if any, market activity for such asset or liability. Inputs to the determination of fair value for Level 3 assets and liabilities require management judgment and estimation.

Net Asset Value – Values are based on the calculated net asset value. The calculated net asset values for underlying investments are fair value estimates determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector factors.

There were no significant transfers between Levels 1 and 2 during the years ended June 30, 2016 and 2015.

As of June 30, 2016 and 2015, the assets and liabilities listed in the fair value hierarchy tables below use the following valuation techniques and inputs:

6. Fair Value Measurements (continued)

Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents and certain short-term investments include certificates of deposit, whose fair value is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short-term interest rates. Other short-term investments designated as Level 2 investments primarily consist of commercial paper, whose fair value is based on the income approach. Significant observable inputs include security cost, maturity, credit rating, interest rate, and par value.

Pooled Short-term Investment Fund

The pooled short-term investment fund is a short term exchange traded money market fund primarily invested in treasury securities.

U.S. Government, State, Municipal, and Agency Obligations

The fair value of investments in U.S. government, state, municipal, and agency obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads.

Corporate and Foreign Fixed Income Securities

The fair value of investments in U.S. and international corporate bonds, including commingled funds that invest primarily in such bonds, and foreign government bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

Asset-backed Securities

The fair value of U.S. agency and corporate asset-backed securities is primarily determined using techniques consistent with the income approach. Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and quotes.

6. Fair Value Measurements (continued)

Equity Securities

The fair value of investments in U.S. and international equity securities is primarily determined using techniques consistent with the market and income approaches. The values for underlying investments are fair value estimates determined by external fund managers based on quoted market prices, operating results, balance sheet stability, growth, dividend, dividend yield, and other business and market sector fundamentals.

Alternative Investments and Other Investments

Alternative investments consist of private equity, hedge funds, private equity funds, commodity funds, and real estate partnerships. The fair value of private equity is primarily determined using techniques consistent with both the market and income approaches, based on the System's estimates and assumptions in the absence of observable market data. The market approach considers comparable company, comparable transaction, and company-specific information, including but not limited to restrictions on disposition, subsequent purchases of the same or similar securities by other investors, pending mergers or acquisitions, and current financial position and operating results. The income approach considers the projected operating performance of the portfolio company.

The fair value of hedge funds, private equity funds, commodity funds, and real estate partnerships is primarily determined using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector fundamentals.

Other investments include derivative assets and derivative liabilities of the Alpha Fund, whose fair value is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

6. Fair Value Measurements (continued)

Benefit Plan Assets

The fair value of benefit plan assets is based on original investment into a guaranteed pooled fund, plus guaranteed, annuity contract-based interest rates. Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio.

Interest Rate Swap Assets and Liabilities

The fair value of interest rate swaps is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

Investments Sold, Not Yet Purchased

The fair value of investments sold, not yet purchased is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark, constant maturity curves, and spreads.

(Dollars in Thousands)

6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2016, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2016				
Cash equivalents	$ 497,847	$ 12,173	$ -	$ 510,020
Short-term investments	46,750	20,291	287	67,328
Pooled short-term investment funds	471,099	-	-	471,099
U.S. government, state, municipal and agency obligations	-	3,064,411	-	3,064,411
Corporate and foreign fixed income securities	-	1,604,725	29,545	1,634,270
Asset-backed securities	-	629,140	142,831	771,971
Equity securities	2,671,500	130,930	3,759	2,806,189
Alternative investments and other investments:				
Private equity and real estate funds	1,409	2,400	197,886	201,695
Commodities funds and other investments	13,420	5,183	4,464	23,067
Assets at net asset value:				
Corporate and foreign fixed income securities				93,879
Equity securities				190,473
Private equity and real estate funds				1,446,850
Hedge funds				2,677,275
Commodities funds and other investments				1,454,136
Cash and other assets not at fair value				475,242
Cash and investments				$ 15,887,905
Benefit plan assets, in other noncurrent assets	$ 336,434	$ 33,055	$ 56,070	$ 425,559
Interest rate swaps, in other noncurrent assets	-	10,713	-	10,713
Investments sold, not yet purchased, in other noncurrent liabilities	-	4,569	-	4,569
Interest rate swaps, included in other noncurrent liabilities	-	236,702	-	236,702

(Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2016, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following.

	Short-term investments	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity and Real Estate Funds	Commodities Funds and Other Investments	Benefit Plan Assets
Year Ended June 30, 2016							
Beginning balance	$ 301	$ 26,599	$ 89,364	$ 2,198	$ 187,338	$ (4,245)	$ 35,256
Total realized and unrealized gains (losses):							
Included in nonoperating gains (losses)	(14)	(2,661)	(3,472)	(61)	17,014	(6,445)	(3)
Included in changes in net assets	-	-	-	-	-	(47)	-
Purchases	-	19,410	82,958	611	50,400	8,701	31,245
Sales	-	(10,790)	(40,064)	(2,222)	(55,697)	-	(19,892)
Transfers into Level 3	-	3,512	16,075	3,233	1	6,500	25,508
Transfers out of Level 3	-	(6,525)	(2,030)	-	(1,170)	-	(16,044)
Ending balance	$ 287	$ 29,545	$ 142,831	$ 3,759	$ 197,886	$ 4,464	$ 56,070
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at June 30, 2016	$ -	$ (1,625)	$ (5,621)	$ 494	$ 4,153	$ -	$ -

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

(Dollars in Thousands)

6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2015, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2015				
Cash equivalents	$ 523,021	$ 12,050	$ -	$ 535,071
Short-term investments	63,107	42,523	301	105,931
Pooled short-term investment funds	413,223	-	-	413,223
U.S. government, state, municipal and agency obligations	-	2,749,101	-	2,749,101
Corporate and foreign fixed income securities	-	1,523,567	26,599	1,550,166
Asset-backed securities	-	785,076	89,364	874,440
Equity securities	3,040,776	41,380	2,198	3,084,354
Alternative investments and other investments:				
Private equity and real estate funds	19	5,901	187,338	193,258
Commodities funds and other investments	57,566	(6,217)	(4,245)	47,104
Assets at net asset value:				
Corporate and foreign fixed income securities				155,261
Equity securities				134,093
Private equity and real estate funds				1,242,900
Hedge funds				3,030,653
Commodities funds and other investments				1,309,726
Cash and other assets not at fair value				400,274
Cash and investments				$ 15,825,555
Benefit plan assets, in other noncurrent assets	$ 323.421	$ 1,243	$ 35,256	$ 359,920
Interest rate swaps, in other noncurrent assets	-	46,495	-	46,495
Investments sold, not yet purchased, in other noncurrent liabilities	151	3,105	-	3,256
Interest rate swaps, included in other noncurrent liabilities	-	188,051	-	188,051

(Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2015, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following. Level 3 investments of the Alpha Fund are included in transfers in the table below.

	Short-term investments	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity and Real Estate Funds	Commodities Funds and Other Investments	Benefit Plan Assets
Year Ended June 30, 2015							
Beginning balance	$ 293	$ 15,611	$ 99,921	$ 51,578	$ 167,754	$ 62,686	$ 40,493
Total realized and unrealized gains (losses):							
Included in income from operations	-	(12)	1	(1,681)	-	(165)	-
Included in nonoperating gains (losses)	7	(241)	(1,411)	550	81,505	(85,737)	-
Included in changes in net assets	-	-	-	-	34	-	-
Purchases	1	18,939	62,740	749	48,858	75,174	11,580
Sales	-	(7,615)	(37,714)	(27,528)	(83,572)	(15,381)	(14,893)
Transfers into Level 3	-	2,447	10,268	-	132,964	4,648	3,518
Transfers out of Level 3	-	(2,530)	(44,441)	(21,470)	(160,205)	(45,470)	(5,442)
Ending balance	$ 301	$ 26,599	$ 89,364	$ 2,198	$ 187,338	$ (4,245)	$ 35,256
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at June 30, 2015	$ -	$ (275)	$ (1,012)	$ 407	$ 3,058	$ (81,115)	$ -

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

(Dollars in Thousands)

7. Long-Term Debt

Long-term debt at June 30, 2016 and 2015 is comprised of the following and is presented in accordance with the specific master trust indenture to which the debt relates. As further discussed below, certain portions of long-term debt are secured under the Alexian Brothers Health System Master Trust Indenture; the Mercy Regional Health Center, Inc. Master Trust Indenture; The Howard Young Medical Center, Inc. Master Trust Indenture; the St. John Health System Master Trust Indenture; and the Ministry Health Care Master Trust Indenture.

	June 30, 2016	2015
Tax-exempt hospital revenue bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:		
Variable rate demand bonds, subject to a put provision that provides for a cumulative 7-month notice and remarketing period, payable through November 2047; interest (0.68% at June 30, 2016) tied to a market index plus a spread	**$ 350,890**	$ 391,160
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2047; interest (0.40% to 0.45% at June 30, 2016) set at prevailing market rates	**254,170**	189,285
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2033; interest (0.40% to 0.45% at June 30, 2016) set at prevailing market rates	**299,650**	307,300
Indexed put bonds subject to weekly rate resets based on a taxable index, payable through November 2046; interest at 1.264% at June 30, 2016	**153,800**	153,800
Fixed rate put bonds (converted from an indexed put bond mode based on a taxable index in May 2009) payable through November 2046; interest at 4.10% at June 30, 2016	**153,690**	153,690
Fixed rate serial and term bonds payable in installments through November 2051; interest at 3.00% to 5.00%	**2,392,360**	1,168,765
Fixed rate serial and term bonds payable in installments through November 2039; interest at 5.00%	**-**	585,290
Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from February 2017 through April 2022; interest at 0.95% to 5.00% through the purchase dates	**1,120,680**	1,140,045

(Dollars in Thousands)

7. Long-Term Debt (continued)

	June 30, 2016	June 30, 2015
Tax-exempt hospital revenue bonds – unsecured under Ascension Health Alliance Subordinate Master Trust Indenture:		
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2026; interest (0.40% at June 30, 2016) set at prevailing market rates	**$ 42,985**	$ 54,180
Fixed rate serial mode bonds payable through 2027 with purchase dates through May 2020; interest at 1.15% to 5.00%	**419,055**	434,675
Taxable bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:		
Taxable fixed rate term bonds payable in installments through November 2053; interest at 3.945% and 4.847%	**1,125,000**	425,000
Total hospital revenue bonds under Senior Master Trust Indenture and Subordinate Master Trust Indenture	**6,312,280**	5,003,190
Tax-exempt hospital revenue bonds – secured under Alexian Brothers Health System Master Trust Indenture:		
Fixed rate serial and term bonds payable in installments through February 2038; interest at 4.25% to 5.50%	**61,935**	153,370
Total hospital revenue bonds under the Alexian Brothers Health System Master Trust Indenture	**61,935**	153,370
Tax-exempt hospital revenue bonds – secured under Mercy Regional Health Center, Inc. Master Trust Indenture:		
Fixed rate serial and term bonds payable in installments through November 2029; interest at 4.00% to 5.00%	**21,915**	22,995
Total hospital revenue bonds under the Mercy Regional Health Center, Inc. Master Trust Indenture	**21,915**	22,995
Tax-exempt hospital revenue bonds – secured under The Howard Young Medical Center, Inc. Master Trust Indenture:		
Fixed rate serial and term bonds payable in installments through August 2030; interest at 3.00% to 5.00%	**-**	18,310
Total hospital revenue bonds under The Howard Young Medical Center, Inc. Master Trust Indenture	**-**	18,310

(Dollars in Thousands)

7. Long-Term Debt (continued)

	June 30, 2016	June 30, 2015
Tax-exempt hospital revenue bonds – secured under St. John Health System Master Trust Indenture:		
Fixed rate serial and term bonds payable in installments through February 2042; interest at 4.00% to 5.00%	$ **385,240**	$ 395,215
Total hospital revenue bonds under the St. John Health System Master Trust Indenture	**385,240**	395,215
Tax-exempt hospital revenue bonds – secured under Ministry Health Care Master Trust Indenture:		
Fixed rate serial and term bonds payable in installments through August 2035; interest at 3.00% to 5.50%	**-**	347,230
Total hospital revenue bonds under the Ministry Health Care Master Trust Indenture	**-**	347,230
Total hospital revenue bonds – all Master Trust Indentures	**6,781,370**	5,940,310
Other debt:		
Obligations under capital leases	**24,987**	27,572
Other	**111,923**	116,586
	6,918,280	6,084,468
Unamortized premium, net	**271,774**	187,391
Less current portion	**(96,193)**	(84,985)
Less long-term debt subject to short-term remarketing arrangements	**(1,666,245)**	(1,176,790)
Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements	$ **5,427,616**	$ 5,010,084

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(Dollars in Thousands)

7. Long-Term Debt (continued)

	June 30, 2016	2015
Ascension Health Alliance Senior Master Trust Indenture long-term debt obligations, including unamortized premium, net	**$ 4,388,376**	$ 3,403,592
Ascension Health Alliance Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium, net	**434,542**	493,746
Alexian Brothers Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net	**50,296**	152,220
Mercy Regional Health Center, Inc. Master Trust Indenture long-term debt obligations, including unamortized premium, net	**22,627**	24,072
The Howard Young Medical Center, Inc. Master Trust Indenture long-term debt obligations, including unamortized premium, net	**-**	18,900
St. John Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net	**403,132**	415,212
Ministry Health Care Master Trust Indenture long-term debt obligations, including unamortized premium, net	**-**	367,008
Other	**128,643**	135,334
Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements	**$ 5,427,616**	$ 5,010,084

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2016, are as follows:

	Ascension Health Alliance MTIs	Alexian Brothers Health System MTI	Mercy Regional Health Center, Inc. MTI	St. John Health System MTI	Other Debt	Total
Year Ending June 30:						
2017	$ 65,455	$ 12,845	$ 1,125	$ 7,900	$ 8,868	$ 96,193
2018	68,530	15,355	1,175	6,810	9,140	101,010
2019	88,780	2,080	1,230	7,150	22,621	121,861
2020	91,880	2,495	1,285	7,510	21,251	124,421
2021	95,345	1,700	1,350	7,895	8,949	115,239
Thereafter	5,902,290	27,460	15,750	347,975	66,081	6,359,556
Total	$ 6,312,280	$ 61,935	$ 21,915	$ 385,240	$ 136,910	$ 6,918,280

7. Long-Term Debt (continued)

The carrying amounts of variable rate bonds and other notes payable approximate fair value. The fair values of the unsecured fixed rate serial and term bonds are obtained from independent public valuation services. The fair value of fixed rate serial and term bonds, including the component of variable rate demand bonds subject to long-term fixed interest rates, approximates carrying value at June 30, 2016 and 2015. During the years ended June 30, 2016 and 2015, interest paid was approximately $203,000 and $220,000, respectively. Capitalized interest was approximately $3,700 and $3,200 for the years ended June 30, 2016 and 2015, respectively.

Certain members of the System formed the Ascension Health Alliance Credit Group (Senior Credit Group). Each Senior Credit Group member is identified as either a senior obligated group member, a senior designated affiliate, or a senior limited designated affiliate. Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI and may be entities not controlled directly or indirectly by the System. Senior designated affiliates and senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI. The System may cause each senior designated affiliate to transfer such amounts as are necessary to enable the obligated group to comply with the terms of the Senior MTI, including payment of the outstanding obligations. Additionally, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with the System with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate's state of incorporation.

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members, which are operating entities, have pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof.

A Subordinate Credit Group, which is comprised of subordinate obligated group members, subordinate designated affiliates, and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI). The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI and may be entities not controlled directly or indirectly by the System. Subordinate designated affiliates and subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI.

7. Long-Term Debt (continued)

The System may cause each subordinate designated affiliate to transfer such amounts as are necessary to enable the obligated group members to comply with the terms of the Subordinate MTI, including payment of the outstanding obligations. Additionally, each subordinate limited designated affiliate has an independent subordinate limited designated affiliate agreement and promissory note with the System, with stipulated repayment terms and conditions, each subject to the governing law of the subordinate limited designated affiliate's state of incorporation.

The unsecured variable rate demand bonds of both the Senior and Subordinate Credit Groups, while subject to long-term amortization periods, may be put to the System at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2016, the principal amount of such bonds has been classified as a current liability in the accompanying Consolidated Balance Sheets. Management believes the likelihood of a material amount of bonds being put to the System to be remote. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including the line of credit, commercial paper program, and maintaining unrestricted assets as a source of self-liquidity.

On January 1, 2012, Alexian Brothers became part of the System. Subsequently, the System redeemed or refinanced a portion of Alexian Brothers' debt; however, a portion of the bonds previously issued for the benefit of Alexian Brothers remains outstanding (the Alexian Brothers' Bonds). The Alexian Brothers' Bonds continue to be secured by the Alexian Brothers Health System Master Trust Indenture (As Amended and Restated), dated October 1, 1992, between the Members of the Alexian Brothers Health System Obligated Group established under this document and the Alexian Brothers Health System Master Trustee.

On April 1, 2013, Marian Health System joined Ascension Health. Subsequently, the System redeemed or refinanced a portion of the debt of the Marian Systems; however, a portion of the bonds previously issued for the benefit of the Marian Systems remains outstanding. These bonds continue to be secured by the respective Master Trust Indentures, including the Amended and Restated Master Trust Indenture dated October 1, 1999, by and between St. John Health System and the St. John Health Master Trustee; and the Master Trust Indenture dated January 15, 2013, between Mercy Regional Health Center, Inc. and the Mercy Regional Health Center, Inc. Master Trustee.

7. Long-Term Debt (continued)

In order to terminate the respective Master Trust Indentures of Crittenton and Wheaton, and the redemption or defeasance of all associated outstanding debt, Ascension issued taxable commercial paper of approximately $161,000 and $637,000, respectively, during the year ended June 30, 2016. Following the discharge of these Master Trust Indentures, certain Crittenton and Wheaton entities were added to the Senior and Subordinate Credit Groups.

In May 2016, Ascension issued $2,046,250 of debt, consisting of $1,346,250 tax-exempt bonds through issuing authorities in Wisconsin, Alabama and Michigan, and $700,000 taxable bonds. The debt was issued to refund certain Ascension 2006 fixed rate bonds payable through 2039, to refund the commercial paper associated with the Crittenton and Wheaton transactions, to refund the remaining debt of Ministry Health Care, Inc. and Howard Young Health Care, Inc. and to reimburse the System for previous capital expenditures. Subsequent to the closing, both the Ministry Health Care Master Trust Indenture and The Howard Young Medical Center, Inc. Master Trust Indenture were terminated and certain Ministry Health Care, Inc. and Howard Young Health Care, Inc. entities were added to the Senior and Subordinate Credit Groups.

Due to aggregate financing activity during the fiscal years ended June 30, 2016 and 2015, losses on extinguishment of debt of $13,594 and $992, respectively, were recorded, which are included in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

As of June 30, 2016, the Senior Credit Group has two lines of credit totaling $1,000,000. The first line of credit totals $500,000 which may be used as a source of funding for unremarketed variable debt (including commercial paper) or for general corporate purposes. The second line of credit totals $500,000 which may be used for general corporate purposes. Both lines are committed to November 3, 2017 and as of June 30, 2016 and 2015, there were no borrowings under either line of credit.

(Dollars in Thousands)

7. Long-Term Debt (continued)

As of June 30, 2016, the Senior Credit Group has a $100,000 revolving line of credit related to its letters of credit program toward which a bank commitment of $100,000 extends to November 24, 2016. The revolving line of credit may be accessed solely in the form of Letters of Credit issued by the bank for the benefit of the members of the Credit Groups. Of this $100,000 revolving line of credit, letters of credit totaling $78,892 have been issued as of June 30, 2016. No borrowings were outstanding under the letters of credit as of June 30, 2016 and 2015.

8. Derivative Instruments

The System uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. Interest rate swaps with varying characteristics are outstanding under the Master Trust Indentures of the System, Alexian Brothers, Ministry Health Care, and St. John Health. These swaps have historically been used to effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates. At June 30, 2016 and 2015, the notional values of outstanding interest rate swaps were as follows:

	June 30,	
	2016	**2015**
Ascension Health Alliance MTI	**$ 2,146,107**	$ 2,128,757
Alexian Brothers Health System MTI	-	31,220
Ministry Health Care MTI	-	191,800
St. John Health System MTI	**100,000**	100,000
Total	**$ 2,246,107**	$ 2,451,777

(Dollars in Thousands)

8. Derivative Instruments (continued)

The System recognizes the fair value of its interest rate swaps in the Consolidated Balance Sheets as assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, as appropriate. The respective fair values of interest rate swaps in an asset and liability position for the System, Alexian Brothers, Ministry Health Care and St. John Health were as follows:

	June 30, 2016		June 30, 2015	
	Asset	**Liability**	**Asset**	**Liability**
Ascension Health Alliance MTI	$ 10,713	$ 236,367	$ 41,516	$ 168,008
Alexian Brothers Health System MTI	-	-	-	1,170
Ministry Health Care MTI	-	-	4,708	18,873
St. John Health System MTI	-	335	271	-
Total	$ 10,713	$ 236,702	$ 46,495	$ 188,051

The System's interest rate swap agreements include collateral requirements for each counterparty under such agreements, based upon specific contractual criteria, subject to master netting arrangements. Collateral requirements are separately calculated for the System, Alexian Brothers, Ministry Health Care, and St. John Health based on the credit ratings of each. In the case of the System, the applicable credit rating is the Senior Credit Group long-term debt credit ratings (Senior Debt Credit Ratings), as obtained from each of two major credit rating agencies. Credit rating and the net liability position of total interest rate swap agreements outstanding with each counterparty determine the amount of collateral to be posted. No collateral was posted at June 30, 2016 and 2015.

The System does not account for any of its interest rate swaps as hedges, and accordingly, all changes in the fair value of interest rate swaps are recognized in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets. The System does not offset fair value amounts recognized for derivative instruments.

9. Retirement Plans

Defined-Benefit Plans

Certain System entities participate in defined-benefit pension plans (the System Plans), which are noncontributory, defined-benefit pension plans. Benefits are based on each participant's years of service and compensation. All of the System Plans' assets are invested in Trusts, which include the Master Pension Trust (the Trust) and other trusts (the Other Trusts). The System Plans' assets primarily consist of short-term investments, equity, fixed income, and alternative investments, consisting of various hedge funds, real estate funds, private equity funds, commodity funds, private credit funds, and certain other private funds. Contributions to the System Plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to participants.

Most System defined benefit plans were frozen effective December 31, 2012. Four of the System Plans remain ongoing with $25,467 of service cost recognized during the year ended June 30, 2016.

The assets of the System Plans are available to pay the benefits of eligible employees and retirees of all participating entities. In the event entities participating in the System Plans are unable to fulfill their financial obligations under the System Plans, the other participating entities are obligated to do so.

(Dollars in Thousands)

9. Retirement Plans (continued)

The following table sets forth the combined benefit obligations and assets of the System Plans at June 30, 2016 and 2015, components of net periodic benefit costs for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements.

	Year Ended June 30,	
	2016	**2015**
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	**$7,786,840**	$ 7,691,959
Service cost	**25,467**	35,558
Interest cost	**352,212**	323,991
Assumption change	**583,125**	102,950
Actuarial loss	**41,378**	43,967
Acquisitions	**1,069,401**	-
Curtailment	**(12,206)**	(19,613)
Benefits paid	**(410,253)**	(391,972)
Projected benefit obligation at end of year	**9,435,964**	7,786,840
Accumulated benefit obligation at end of year	**9,386,710**	7,763,448
Change in plan assets:		
Fair value of plan assets at beginning of year	**7,305,030**	7,465,115
Actual return on plan assets	**482,083**	190,859
Employer contributions	**24,381**	41,027
Acquisitions	**798,138**	-
Benefits paid	**(410,253)**	(391,971)
Fair value of plan assets at end of year	**8,199,379**	7,305,030
Net amount recognized at end of year and funded status	**$ (1,236,585)**	$ (481,810)

The System Plans' funded status as a percentage of the projected benefit obligation at June 30, 2016 and 2015, was 86.9% and 93.8%, respectively. The System Plans' funded status as a percentage of the accumulated benefit obligation at June 30, 2016 and 2015, was 87.4% and 94.1%, respectively.

(Dollars in Thousands)

9. Retirement Plans (continued)

Included in unrestricted net assets at June 30, 2016 and 2015, are the following amounts that have not yet been recognized in net periodic pension cost for the System Plans:

	Year Ended June 30, 2016	2015
Unrecognized prior service credit	$ (8,293)	$ (12,071)
Unrecognized actuarial loss	1,546,707	833,066
	$ 1,538,414	$ 820,995

Changes in plan assets and benefit obligations recognized in unrestricted net assets for System Plans during 2016 and 2015 include:

	Year Ended June 30, 2016	2015
Current year actuarial loss	$ 749,175	$ 528,084
Amortization of actuarial loss	(35,534)	(25,956)
Amortization of prior service credit	3,778	5,277
	$ 717,419	$ 507,405

	Year Ended June 30, 2016	2015
Components of net periodic benefit cost		
Service cost	$ 25,467	$ 35,558
Interest cost	352,212	323,991
Expected return on plan assets	(618,961)	(591,639)
Amortization of prior service credit	(3,140)	(3,423)
Amortization of actuarial loss	34,985	27,360
Curtailment gain	(638)	(1,854)
Settlement gain	549	(1,404)
Net periodic benefit	$ (209,526)	$ (211,411)

(Dollars in Thousands)

9. Retirement Plans (continued)

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending June 30, 2017, are $3,000 and $64,811, respectively.

The assumptions used to determine the benefit obligation and net periodic benefit cost for the System Plans are set forth below:

	June 30,	
	2016	**2015**
Weighted-average discount rate	**3.80%**	4.48%
Weighted-average rate of compensation increase	**4.00%**	4.00%
Weighted-average expected long-term rate of return on plan assets	**8.36%**	8.30%

The expected long-term rate of return on the System Plans' assets is based on historical and projected rates of return for current and planned asset categories in the investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

The System Plans' assets invested in the Trust are invested in a portfolio designed to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating to funds and managers that correlate to one of three economic strategies: growth, deflation, and inflation. Growth strategies include U.S. equity, emerging market equity, global equity, international equity, directional hedge funds, private equity, high yield, and private credit. Deflation strategies include core fixed income, absolute return hedge funds, and cash. Inflation strategies include inflation-linked bonds, commodity-related investments, and real assets. The System Plans use multiple investment managers with complementary styles, philosophies, and approaches. In accordance with the System Plans' objectives, derivatives may also be used to gain market exposure in an efficient and timely manner.

(Dollars in Thousands)

9. Retirement Plans (continued)

In accordance with the System Plans' asset diversification targets, as presented in the table that follows, the Trust holds certain alternative investments, consisting of various hedge funds, real asset funds, private equity funds, commodity funds, private credit funds, and certain other private funds. These investments do not have observable market values. As such, each of these investments is valued at net asset value (NAV) as determined by each fund's investment manager, which approximates fair value. Management elected to use the NAV per share, or equivalent, for fair value. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 1 to 120 days. Due to redemption restrictions, investments of certain private funds, whose fair value was approximately $1,981,000 at June 30, 2016, cannot currently be redeemed. However, the potential for the System Plans to sell their interest in real asset funds and private equity funds in a secondary market prior to the end of the fund term does exist.

The investments in these alternative investment funds may also include contractual commitments to provide capital contributions during the investment period, which is typically five years, and may extend to the end of the fund term. During these contractual periods, investment managers may require the System Plans to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2016, investment periods expire between October 2016 and September 2018. The remaining unfunded capital commitments of the Trust total approximately $238,000 for 59 individual contracts as of June 30, 2016.

The weighted-average asset allocation for the System Plans in the Trust at the end of fiscal 2016 and 2015 and the target allocation for fiscal 2017, by asset category, are as follows:

Asset Category	Target Allocation 2017	Percentage of Plan Assets At Year-End 2016	2015
Growth	57 %	**46 %**	53 %
Deflation	28	**38**	29
Inflation	15	**16**	18
Total	100 %	**100 %**	100 %

(Dollars in Thousands)

9. Retirement Plans (continued)

The following tables summarize fair value measurements at June 30, 2016 and 2015, by asset class and by level, for the System Plans' assets and liabilities. As also discussed in the Fair Value Measurements note, the System follows the three-level fair value hierarchy to categorize plan assets and liabilities recognized at fair value, which prioritizes the inputs used to measure such fair values. The inputs and valuation techniques discussed in the Fair Value Measurements note also apply to the System Plans' assets and liabilities as presented in the following tables.

	Level 1	Level 2	Level 3	Total
June 30, 2016				
Short-term investments	$ 1,235,230	$ -	$ -	$ 1,235,230
Derivatives receivable	31,674	280,634	55,187	367,495
U.S. government, state, municipal and agency obligations	1,840	1,567,670	-	1,569,510
Corporate and foreign fixed income securities	-	617,395	7,870	625,265
Asset-backed securities	-	154,113	41,220	195,333
Equity securities	1,555,564	12,226	12,321	1,580,111
Assets at net asset value:				
Corporate and foreign fixed income securities				8,929
Equity securities				97,760
Private equity and real estate funds				908,403
Hedge funds				1,406,679
Commodities funds and other investments				349,516
Other receivables				241,603
Total				8,585,834
Derivatives payable	30,917	11,291	4,819	47,027
Other payables				339,428
Total				386,455
Fair value of plan assets				$ 8,199,379

(Dollars in Thousands)

9. Retirement Plans (continued)

	Level 1	Level 2	Level 3	Total
June 30, 2015				
Short-term investments	$ 388,255	$ -	$ -	$ 388,255
Derivatives receivable	4	35,381	5,443	40,828
U.S. government, state, municipal and agency obligations	-	1,304,665	-	1,304,665
Corporate and foreign fixed income securities	-	707,838	3,372	711,210
Asset-backed securities	-	170,791	19,610	190,401
Equity securities	1,648,055	309,259	1,345	1,958,659
Assets at net asset value:				
Corporate and foreign fixed income securities				28,531
Equity securities				57,027
Private equity and real estate funds				966,266
Hedge funds				1,462,938
Commodities funds and other investments				350,788
Other receivables				74,703
Total				7,534,271
Derivatives payable	54	132,987	14,180	147,221
Investments sold, not yet purchased	2,146	-	-	2,146
Other payables				79,874
Total				229,241
Fair value of plan assets				$ 7,305,030

(Dollars in Thousands)

9. Retirement Plans (continued)

For the years ended June 30, 2016 and 2015, the changes in the fair value of the System Plans' assets measured using significant unobservable inputs (Level 3) consisted of the following:

	Net Derivatives	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities
June 30, 2016				
Beginning balance	$ (8,737)	$ 3,372	$ 19,610	$ 1,345
Acquisitions	-	-	-	8,190
Total actual return on assets	(3,649)	(1,200)	(73)	2,008
Purchases, issuances, and settlements	62,754	6,184	26,325	738
Transfers (out of) into Level 3	-	(486)	(4,642)	40
Ending balance	$ 50,368	$ 7,870	$ 41,220	$ 12,321
Actual return on plan assets relating to plan assets still held at June 30, 2016	$ 50,368	$ (1,642)	$ (446)	$ (58)

	Net Derivatives	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities
June 30, 2015				
Beginning balance	$ 16,424	$ 1,820	$ 24,080	$ 3,045
Total actual return on assets	(9,715)	(1,311)	(515)	(306)
Purchases, issuances, and settlements	(15,446)	7,716	898	(1,747)
Transfers (out of) into Level 3	-	(4,853)	(4,853)	353
Ending balance	$ (8,737)	$ 3,372	$ 19,610	$ 1,345
Actual return on plan assets relating to plan assets still held at June 30, 2015	$ (9,140)	$ (1,269)	$ (139)	$ (553)

(Dollars in Thousands)

9. Retirement Plans (continued)

The Trust has entered into a series of swap agreements with a net notional amount of $4,374,410. The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust. Currently, 75% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

Information about the expected cash flows for the System Plans follows:

Expected employer contributions 2017	$ 30,042
Expected benefit payments:	
2017	625,090
2018	632,035
2019	596,819
2020	601,883
2021	599,422

The contribution amount above includes expected amounts paid to Trusts. The benefit payment amounts above reflect the total benefits expected to be paid from Trusts.

9. Retirement Plans (continued)

Other Postretirement Benefit Plans

In addition to the retirement plan described above, certain Health Ministries sponsor postretirement benefit plans that provide healthcare benefits to qualified retirees who meet certain eligibility requirements. The total benefit obligation of these plans at June 30, 2016 and 2015 is $36,044 and $44,274, respectively. The net asset included in pension and other postretirement liabilities in the accompanying Consolidated Balance Sheets at June 30, 2016 and 2015 is $7,954 and $2,040, respectively. The change in the plans' assets and benefit obligations recognized in unrestricted net assets during the year ended June 30, 2016 and 2015, was a decrease of $3,731 and $3,633, respectively.

Defined-Contribution Plans

System entities participate in contributory and noncontributory defined-contribution plans covering all eligible associates. There are three primary types of contributions to these plans: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and, for certain entities, increases over specified periods of employee service. These benefits are funded annually, and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period, and participants become fully vested in these employer contributions immediately. Expenses for the defined-contribution plans were $326,881 and $284,866 during 2016 and 2015, respectively.

10. Self-Insurance Programs

Certain System hospitals and other entities participate in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits. The System provides its self-insurance through various trust funds and captive insurance companies. Actuarially determined amounts, discounted at 6% for the System, are contributed to the trust funds and the captive insurance companies to provide for the estimated cost of claims. The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported, which are discounted at 6% in 2016 and 2015 for the System. Those entities not participating in the self-insured programs are insured under separate policies.

Professional and General Liability Programs

Professional and general liability coverage is provided on a claims-made or occurrence basis through a wholly owned onshore trust and through Ascension Health Insurance (AHIL), a direct subsidiary of Ascension Risk Services.

The wholly owned onshore revocable trust has a self-insured retention up to $10,000 per occurrence with no aggregate. Excess coverage is provided through AHIL with limits up to $205,000. AHIL retains $5,000 per incident and in the aggregate for professional liability. AHIL also retains a 20% quota share of the first $25,000 of umbrella excess. The remaining excess coverage is reinsured by commercial carriers.

Sunflower Assurance, Inc. (Sunflower) was acquired when Via Christi Health joined the System. Prior to acquisition, Sunflower provided excess coverage with limits up to $75,000 above the primary coverage for Via Christi Health and retained 10% of the first reinsurance layer of $10,000 on a quota share basis. The remaining excess coverage was reinsured by commercial carriers. As of October 1, 2013, Via Christi Health's primary and excess medical professional and general liability and employed physician programs were integrated into the System trust and AHIL. After January 1, 2014, the employer stop loss and employee life insurance coverage provided by Sunflower to Via Christi Health were not renewed and are in run off.

10. Self-Insurance Programs (continued)

Effective July 1, 2014, the reinsurance of Ascension's independent physician professional liability program with ProAssurance Corporation (ProAssurance), the System's partner insurance company, was transferred from AHIL to Sunflower.

Employed physicians and certain entities in the states of Indiana, Kansas, Pennsylvania, and Wisconsin are provided coverage by ProAssurance on a fronted basis and are reinsured through AHIL. These entities and physicians are provided professional liability coverage with limits in compliance with participation in the Patient Compensation Funds. The Patient Compensation Funds apply to claims in excess of the primary self-insured limit, except the Fund in Kansas, which only covers claims up to the first $1,000 and then the trust and AHIL cover amounts above $1,000.

Beginning July 1, 2014, Sunflower offered physician professional liability coverage through insurance or reinsurance arrangements to nonemployed physicians practicing at the System's various facilities, primarily in Michigan, Indiana, Texas, Florida, Illinois and Alabama. Coverage is offered to physicians with limits ranging from $100 per claim to $1,000 per claim with various aggregate limits. Beginning July 1, 2014, AHIL offered similar coverage to employed physicians in the states of Indiana, Kansas, Pennsylvania and Wisconsin.

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets is professional and general liability expense of $122,683 and $105,037 for the years ended June 30, 2016 and 2015, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are professional and general liability loss reserves of $552,656 and $566,134 at June 30, 2016 and 2015, respectively.

Workers' Compensation

Workers' compensation coverage is provided on an occurrence basis through a grantor trust. The self-insured trust provides coverage up to $1,500 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members. Prior to October 1, 2013, workers' compensation coverage for Via Christi Health, Ministry, and St. John Health System, a subsidiary of Ascension Health, (collectively the former Marian Health System) was self-insured or commercially insured up to various limits and excess insurance against catastrophic loss was obtained through commercial insurers.

(Dollars in Thousands)

10. Self-Insurance Programs (continued)

Included in employee benefits in the accompanying Consolidated Statements of Operations and Changes in Net Assets is workers' compensation expense of $41,777 and $44,746 for the years ended June 30, 2016 and 2015, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are workers' compensation loss reserves of $138,221 and $137,239 at June 30, 2016 and 2015, respectively.

11. Lease Commitments

Certain System entities are lessees under operating lease agreements for the use of space in buildings owned by third parties, including medical office buildings (MOBs) and medical and information technology equipment. In addition, certain System entities have subleased space within buildings where the entity has a current operating lease commitment. Certain System entities are also lessors under operating lease agreements, primarily ground leases related to third-party-owned MOBs on land owned by the System entity.

The System's future minimum noncancelable payments associated with operating leases with terms of one year or more where a System entity is the lessee, as well as future minimum noncancelable receipts associated with operating leases where a System entity is the sublessor or lessor, are presented in the table that follows. Future minimum payments and receipts relate to noncancelable leases with terms of one year or more.

	Future Payments Where the System is Lessee	Future Receipts Where the System is Sublessor/ Lessor	Net Future Payments (Receipts)
Year ending June 30:			
2017	$164,000	$ 41,813	$ 122,187
2018	145,992	35,371	110,621
2019	105,889	28,041	77,848
2020	76,478	22,119	54,359
2021	54,584	18,621	35,963
Thereafter	178,354	284,019	(105,665)
Total	$725,297	$ 429,984	$ 295,313

11. Lease Commitments (continued)

Rental expense under operating leases amounted to $391,054 and $383,752 in 2016 and 2015, respectively.

12. Contingencies and Commitments

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. Regulatory investigations also occur from time to time. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the System's Consolidated Balance Sheet.

In September 2010, Ascension Health received a letter from the U.S. Department of Justice (the DOJ) in connection with its nationwide review to determine whether, in certain cases, implantable cardioverter defibrillators (ICD) were provided to certain Medicare beneficiaries in accordance with national coverage criteria. The DOJ's investigation spans a time frame beginning in 2003. Effective June 26, 2015, the DOJ and Ascension Health entered into a Settlement Agreement, thereby settling all issues alleged as part of the investigation. The release in the Settlement Agreement extends through March 31, 2015 and includes all of Ascension Health's individual hospitals subject to the investigation.

In March 2013, Ascension and certain of its subsidiaries were named as defendants to litigation surrounding the Church Plan status of various System pension plans. On May 9, 2014, the United States District Court, Eastern District of Michigan, Southern Division, issued a Decision and Order Granting Defendants' Motion to Dismiss in favor of Ascension and the other defendants. On June 11, 2014, the plaintiff in the case filed a Notice of Appeal. On March 17, 2015, upon motion of the parties, the Sixth Circuit remanded the case to the District Court to consider approving a proposed settlement of the lawsuit by the parties. On September 17, 2015, the District Court issued its Order approving the proposed settlement, and the settlement became final on November 16, 2015.

(Dollars in Thousands)

12. Contingencies and Commitments (continued)

The System enters into agreements with non-employed physicians that include minimum revenue guarantees. The terms of the guarantees vary. The carrying amounts of the liability for the System's obligation under these guarantees were $21,152 and $31,380 at June 30, 2016 and 2015, respectively, and are included in other current and noncurrent liabilities in the accompanying Consolidated Balance Sheets. The maximum amount of future payments that the System could be required to make under these guarantees is approximately $65,589.

The System entered into Master Service Agreements for information technology services provided by third parties. The maximum amount of future payments that the System could be required to make under these agreements is approximately $142,004.

Guarantees and other commitments represent contingent commitments issued by Ascension Health Alliance Senior and Subordinate Credit Groups, generally to guarantee the performance of an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and other transactions. The terms of guarantees are equal to the terms of the related debt, which can be as long as 25 years. The following represents the remaining guarantees and other commitments of the Senior and Subordinate Credit Groups at June 30, 2016:

Hospital de la Concepción 2000 Series A debt guarantee	$	27,165
St. Vincent de Paul Series 2000 A debt guarantee		28,300
Other guarantees and commitments		26,798

Supplementary Information

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Report of Independent Auditors on Supplementary Information

The Board of Directors
Ascension Health Alliance d/b/a Ascension

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Net Cost of Providing Care of Persons Living in Poverty and Other Community Benefit Programs, Details of Consolidated Balance Sheet, Details of Consolidated Statement of Operations and Changes in Net Assets, and Details of Consolidated Statement of Cash Flows for Consolidated Alexian Brothers Health System Obligated Group is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Ernst + Young LLP

September 12, 2016

Ascension

Schedule of Net Cost of Providing Care of Persons Living in Poverty and Other Community Benefit Programs

(Dollars in Thousands)

Years Ended June 30, 2016 and 2015

The net cost of providing care to persons living in poverty and other community benefit programs is as follows:

	Year Ended June 30, 2016	2015
Traditional charity care provided	**$ 495,863**	$ 500,067
Unpaid cost of public programs for persons living in poverty	**804,361**	857,283
Other programs for persons living in poverty and other vulnerable persons	**151,177**	142,843
Community benefit programs	**365,800**	410,169
Care of persons living in poverty and other community benefit programs	**$ 1,817,201**	$ 1,910,362

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Ascension

Details of Consolidated Balance Sheet
(Dollars in Thousands)

June 30, 2016

	Consolidated Ascension	Consolidated Ascension less ABHSOG	Reclassification	Consolidated Alexian Brothers Health System Obligated Group (ABHSOG)	Alexian Brothers Health System	Alexian Brothers Hospital Network	Alexian Brothers Medical Center
Assets							
Current assets:							
Cash and cash equivalents	$ 696,237	$ 694,300	$ -	$ 1,937	$ 1,866	$ -	$ 11
Short-term investments	122,545	122,545	-	-	-	-	-
Accounts receivable, less allowance for doubtful accounts	2,746,506	2,615,040	-	131,466	2	-	65,374
Inventories	349,077	335,057	-	14,020	-	483	8,480
Due from brokers	313,717	313,717	-	-	-	-	-
Estimated third-party payor settlements	186,354	184,106	-	2,248	-	-	896
Other	978,744	946,108	-	32,636	5,868	38,860	(826)
Total current assets	5,393,180	5,210,873	-	182,307	7,736	39,343	73,935
Long-term investments	15,069,123	14,626,338	420,524	22,261	20,881	-	-
Interest in investments held by Ascension	-	-	(420,524)	420,524	336,206	-	-
Property and equipment, net	9,020,005	8,369,796	-	650,209	10,751	17,285	205,987
Other assets:							
Investment in unconsolidated entities	1,115,871	1,114,573	-	1,298	-	53,942	-
Capitalized software costs, net	926,710	918,695	-	8,015	-	7,918	-
Other	944,288	929,861	-	14,427	13,542	-	-
Total other assets	2,986,869	2,963,129	-	23,740	13,542	61,860	-
Total assets	$ 32,469,177	$ 31,170,136	$ -	$ 1,299,041	$ 389,116	$ 118,488	$ 279,922

St. Alexius Medical Center	Alexian Brothers Behavioral Health Hospital	Savelli Properties Inc.	Alexian Village of Milwaukee Inc.	Alexian Village of Tennessee	Alexian Brothers Landsdowne Village	Alexian Brothers Sherbrooke Village	Alexian Brothers Community Services	Alexian Brothers San Jose	Credit Group Eliminations
$ 11	$ 123	$ (110)	$ (232)	$ 49	$ 33	$ 32	$ 154	$ -	$ -
-	-	-	-	-	-	-	-	-	-
47,647	10,119	-	3,441	1,022	1,485	2,034	342	-	-
4,554	132	-	105	55	19	21	171	-	-
-	-	-	-	-	-	-	-	-	-
1,152	-	-	-	4	-	-	198	-	(2)
2	239	(5)	289	583	140	237	964	1,108	(14,823)
53,366	10,613	(115)	3,603	1,713	1,677	2,324	1,829	1,108	(14,825)
-	-	-	69	1,310	-	-	1	-	-
-	-	-	21,097	6,650	12,647	18,985	24,939	-	-
251,499	23,869	9,461	25,489	73,745	3,338	23,643	5,142	-	-
1,297	-	-	-	-	-	-	-	-	(53,941)
-	-	-	79	18	(66)	34	32	-	-
(720)	-	16	1,029	-	-	-	565	-	(5)
577	-	16	1,108	18	(66)	34	597	-	(53,946)
$ 305,442	$ 34,482	$ 9,362	$ 51,366	$ 83,436	$ 17,596	$ 44,986	$ 32,508	$ 1,108	$ (68,771)

Ascension

Details of Consolidated Balance Sheet (continued)
(Dollars in Thousands)

June 30, 2016

	Consolidated Ascension	Consolidated Ascension less ABHSOG	Consolidated Alexian Brothers Health System Obligated Group (ABHSOG)	Alexian Brothers Health System	Alexian Brothers Hospital Network	Alexian Brothers Medical Center
Liabilities and net assets						
Current liabilities:						
Current portion of long-term debt	$ 96,193	$ 78,066	$ 18,127	$ 17,864	$ -	$ -
Long-term debt subject to short-term remarketing arrangements	1,666,245	1,666,245	-	-	-	-
Accounts payable and accrued liabilities	2,500,748	2,419,592	81,156	34,783	5,493	18,221
Estimated third-party payor settlements	513,677	406,701	106,976	-	-	53,681
Due to brokers	105,660	105,660	-	-	-	-
Current portion of self-insurance liabilities	219,638	212,183	7,455	1,334	-	3,290
Other	292,044	272,325	19,719	(27,799)	1,782	32,753
Total current liabilities	5,394,205	5,160,772	233,433	26,182	7,275	107,945
Noncurrent liabilities:						
Long-term debt (senior and subordinated)	5,427,616	4,979,681	447,935	428,111	-	-
Self-insurance liabilities	513,985	496,614	17,371	-	-	7,552
Pension and other postretirement liabilities	1,298,653	1,280,017	18,636	15,326	-	-
Other	1,241,678	1,196,157	45,521	371	-	3,230
Total noncurrent liabilities	8,481,932	7,952,469	529,463	443,808	-	10,782
Total liabilities	13,876,137	13,113,241	762,896	469,990	7,275	118,727
Net assets:						
Unrestricted						
Controlling interest	16,498,086	15,975,556	522,530	(92,608)	111,213	161,805
Noncontrolling interests	1,429,444	1,430,054	(610)	-	-	(610)
Unrestricted net assets	17,927,530	17,405,610	521,920	(92,608)	111,213	161,195
Temporarily restricted	467,994	454,518	13,476	11,492	-	-
Permanently restricted	197,516	196,767	749	242	-	-
Total net assets	18,593,040	18,056,895	536,145	(80,874)	111,213	161,195
Total liabilities and net assets	$ 32,469,177	$ 31,170,136	$ 1,299,041	$ 389,116	$ 118,488	$ 279,922

St. Alexius Medical Center	Alexian Brothers Behavioral Health Hospital	Savelli Properties Inc.	Alexian Village of Milwaukee Inc.	Alexian Village of Tennessee	Alexian Brothers Landsdowne Village	Alexian Brothers Sherbrooke Village	Alexian Brothers Community Services	Alexian Brothers San Jose	Credit Group Eliminations
$ -	$ -	$ -	$ 96	$ 167	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-
12,656	3,123	18	1,622	1,252	782	1,048	1,826	332	-
49,576	3,517	-	-	-	-	-	202	-	-
-	-	-	-	-	-	-	-	-	-
1,912	286	-	51	181	179	34	189	-	(1)
18,033	4,518	114	1,733	1,893	902	1,285	2,935	(3,604)	(14,826)
82,177	11,444	132	3,502	3,493	1,863	2,367	5,152	(3,272)	(14,827)
-	-	-	7,234	12,590	-	-	-	-	-
8,043	1,639	-	23	34	33	42	5	-	-
-	-	-	-	-	-	-	-	3,310	-
-	-	-	12,881	26,325	35	29	2,651	-	(1)
8,043	1,639	-	20,138	38,949	68	71	2,656	3,310	(1)
90,220	13,083	132	23,640	42,442	1,931	2,438	7,808	38	(14,828)
215,222	21,399	9,230	27,382	38,935	15,649	42,484	24,692	1,070	(53,943)
-	-	-	-	-	-	-	-	-	-
215,222	21,399	9,230	27,382	38,935	15,649	42,484	24,692	1,070	(53,943)
-	-	-	311	1,584	16	64	8	-	-
-	-	-	33	475	-	-	-	-	-
215,222	21,399	9,230	27,726	40,994	15,665	42,548	24,700	1,070	(53,943)
$ 305,442	$ 34,482	$ 9,362	$ 51,366	$ 83,436	$ 17,596	$ 44,986	$ 32,508	$ 1,108	$ (68,771)

Ascension

Details of Consolidated Statement of Operations and Changes in Net Assets
(Dollars in Thousands)

Year Ended June 30, 2016

	Consolidated Ascension	Consolidated Ascension less ABHSOG	Consolidated Alexian Brothers Health System Obligated Group (ABHSOG)	Alexian Brothers Health System	Alexian Brothers Hospital Network	Alexian Brothers Medical Center
Operating revenue:						
Net patient service revenue	$ 21,301,133	$ 20,272,416	$ 1,028,717	$ -	$ -	$ 474,542
Less provision for doubtful accounts	1,142,289	1,103,935	38,354	-	1,275	16,089
Net patient service revenue, less provision for doubtful accounts	20,158,844	19,168,481	990,363	-	(1,275)	458,453
Other revenue	1,739,490	1,687,517	51,973	72,908	69,119	15,418
Total operating revenue	21,898,334	20,855,998	1,042,336	72,908	67,844	473,871
Operating expenses:						
Salaries and wages	9,043,625	8,681,494	362,131	21,911	19,118	143,548
Employee benefits	1,748,110	1,676,770	71,340	(1,815)	7,806	29,825
Purchased services	1,500,887	1,365,613	135,274	44,804	18,886	23,554
Professional fees	1,369,103	1,314,212	54,891	13,002	7,754	72,928
Supplies	3,114,261	2,973,729	140,532	107	857	80,695
Insurance	160,232	158,917	1,315	405	1	(1,171)
Interest	194,962	179,035	15,927	(2,038)	(1)	7,337
Depreciation and amortization	1,032,541	980,276	52,265	1,704	10,555	14,992
Other	2,737,244	2,638,176	99,068	8,237	2,122	43,160
Total operating expenses before impairment, restructuring and nonrecurring losses, net	20,900,965	19,968,222	932,743	86,317	67,098	414,868
Income (loss) from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring losses, net	997,369	887,776	109,593	(13,409)	746	59,003
Self-insurance trust fund investment return	(16,334)	(16,334)	-	-	-	-
Impairment, restructuring and nonrecurring (losses) gains, net	(227,832)	(220,928)	(6,904)	(5,184)	380	(179)
Income (loss) from operations	753,203	650,514	102,689	(18,593)	1,126	58,824
Nonoperating gains (losses):						
Investment return	(358,297)	(348,500)	(9,797)	(8,047)	-	-
Loss on extinguishment of debt	(13,594)	(9,924)	(3,670)	(3,670)	-	-
Losses on interest rate swaps	(86,536)	(86,491)	(45)	(45)	-	-
Losses from unconsolidated entities	(40,649)	(40,649)	-	-	-	-
Contributions from business combinations	304,961	304,961	-	-	-	-
Other	(81,339)	(81,281)	(58)	1	-	(78)
Total nonoperating (losses) gains, net	(275,454)	(261,884)	(13,570)	(11,761)	-	(78)
Excess (deficit) of revenues and gains over expenses and losses	477,749	388,630	89,119	(30,354)	1,126	58,746
Less noncontrolling interests	16,365	16,365	-	-	-	-
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	461,384	372,265	89,119	(30,354)	1,126	58,746

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ATTACHMENT 35

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St. Alexius Medical Center	Alexian Brothers Behavioral Health Hospital	Savelli Properties Inc.	Alexian Village of Milwaukee Inc.	Alexian Village of Tennessee	Alexian Brothers Landsdowne Village	Alexian Brothers Sherbrooke Village	Alexian Brothers Community Services	Alexina Brothers San Jose	Credit Group Eliminations
$ 370,457	$ 79,227	$ -	$ 21,644	$ 20,757	$ 10,265	$ 15,475	$ 37,687	$ 1,108	$ (2,445)
17,365	2,311	-	561	120	352	280	-	-	1
353,092	76,916	-	21,083	20,637	9,913	15,195	37,687	1,108	(2,446)
6,767	5,150	2,727	2,500	5,564	476	768	2,038	-	(131,462)
359,859	82,066	2,727	23,583	26,201	10,389	15,963	39,725	1,108	(133,908)
99,963	39,427	-	8,907	7,289	4,268	6,285	11,415	-	-
19,311	7,052	-	2,034	2,208	1,137	1,361	2,869	(448)	-
15,198	4,544	30	5,815	6,689	2,791	2,713	10,250	-	-
57,391	13,561	339	2,317	2,485	1,088	1,491	4,049	333	(121,847)
52,172	1,225	5	814	649	632	759	2,617	-	-
691	748	10	80	149	43	93	266	-	-
9,171	843	-	230	385	-	-	-	-	-
14,942	977	529	2,332	4,361	386	898	589	-	-
34,496	7,636	2,177	2,287	3,515	1,195	1,416	4,886	-	(12,059)
303,335	76,013	3,090	24,816	27,730	11,540	15,016	36,941	(115)	(133,906)
56,524	6,053	(363)	(1,233)	(1,529)	(1,151)	947	2,784	1,223	(2)
-	-	-	-	-	-	-	-	-	-
(637)	(60)	(107)	(96)	-	-	-	(1,021)	-	-
55,887	5,993	(470)	(1,329)	(1,529)	(1,151)	947	1,763	1,223	(2)
-	-	-	(622)	(282)	(382)	(512)	48	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
18	-	(2)	-	1	-	-	2	-	-
18	-	(2)	(622)	(281)	(382)	(512)	50	-	-
55,905	5,993	(472)	(1,951)	(1,810)	(1,533)	435	1,813	1,223	(2)
-	-	-	-	-	-	-	-	-	-
55,905	5,993	(472)	(1,951)	(1,810)	(1,533)	435	1,813	1,223	(2)

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Ascension

Details of Consolidated Statement of Operations and Changes in Net Assets (continued)

(Dollars in Thousands)

Year Ended June 30, 2016

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Consolidated Alexian Brothers Health System Obligated Group (ABHSOG)	Alexian Brothers Health System	Alexian Brothers Hospital Network	Alexian Brothers Medical Center
Unrestricted net assets, controlling interest:						
Excess (deficit) of revenues and gains over expenses and losses	$ 461,384	$ 372,265	$ 89,119	$ (30,354)	$ 1,126	$ 58,746
Transfer (to) from sponsors and other affiliates, net	(8,654)	115,083	(123,737)	(101,475)	120,655	(72,203)
Net assets released from restrictions for property acquisitions	45,058	44,297	761	-	-	187
Pension and other postretirement liability adjustments	(729,197)	(723,966)	(5,231)	(3,438)	(1)	-
Change in unconsolidated entities' net assets	(6,976)	(6,976)	-	-	-	-
Other	3,344	3,255	89	1	4	-
(Decrease) increase in unrestricted net assets, controlling interest, before loss from discontinued operations	(235,041)	(196,042)	(38,999)	(135,266)	121,784	(13,270)
Loss from discontinued operations	(16,230)	(16,230)	-	-	-	-
(Decrease) increase in unrestricted net assets, controlling interest	(251,271)	(212,272)	(38,999)	(135,266)	121,784	(13,270)
Unrestricted net assets, noncontrolling interest:						
Excess of revenues and gains over expenses and losses	16,365	16,365	-	-	-	-
Distributions of capital	(254,788)	(254,788)	-	-	-	-
Contributions of capital	96,150	96,150	-	-	-	-
Other	(891)	(891)	-	-	-	-
Decrease in unrestricted net assets, noncontrolling interest	(143,164)	(143,164)	-	-	-	-
Temporarily restricted net assets, controlling interest:						
Contributions and grants	140,210	129,704	10,506	10,197	-	-
Investment return	(4,643)	(4,611)	(32)	37	-	-
Net assets released from restrictions	(97,392)	(92,412)	(4,980)	(4,203)	1	-
Contributions from business combinations	16,091	16,091	-	-	-	-
Other	(4,181)	(4,181)	-	-	-	-
Increase (decrease) in temporarily restricted net assets, controlling interest	50,085	44,591	5,494	6,031	1	-
Permanently restricted net assets, controlling interest:						
Contributions	5,298	5,298	-	-	-	-
Investment return	(1,706)	(1,706)	-	-	-	-
Contributions from business combinations	2,363	2,363	-	-	-	-
Other	(1,227)	(1,243)	16	-	-	-
Increase in permanently restricted net assets, controlling interest	4,728	4,712	16	-	-	-
(Decrease) increase in net assets	(339,622)	(306,133)	(33,489)	(129,235)	121,785	(13,270)
Net assets, beginning of year	18,932,662	18,363,028	569,634	48,361	(10,572)	174,465
Net assets, end of year	$ 18,593,040	$ 18,056,895	$ 536,145	$ (80,874)	$ 111,213	$ 161,195

St. Alexius Medical Center	Alexian Brothers Behavioral Health Hospital	Savelli Properties Inc.	Alexian Village of Milwaukee Inc.	Alexian Village of Tennessee	Alexian Brothers Landsdowne Village	Alexian Brothers Sherbrooke Village	Alexian Brothers Community Services	Alexian Brothers San Jose	Credit Group Eliminations
$ 55,905	$ 5,993	$ (472)	$ (1,951)	$ (1,810)	$ (1,533)	$ 435	$ 1,813	$ 1,223	$ (2)
(75,164)	(4,871)	107	690	(1,238)	232	391	2,218	6,920	1
182	-	-	-	392	-	-	-	-	-
-	-	-	-	-	-	-	-	(1,793)	1
-	-	-	-	-	-	-	-	-	-
(1)	-	1	(2)	35	48	(50)	55	-	(2)
(19,078)	1,122	(364)	(1,263)	(2,621)	(1,253)	776	4,086	6,350	(2)
-	-	-	-	-	-	-	-	-	-
(19,078)	1,122	(364)	(1,263)	(2,621)	(1,253)	776	4,086	6,350	(2)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	96	178	16	16	3	-	-
-	-	-	(22)	(45)	-	-	(2)	-	-
-	-	-	(206)	(532)	(6)	(6)	(28)	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	(1)	-	-	1	-	-
-	-	-	(132)	(400)	10	10	(26)	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	16	-	-	-	-	-
-	-	-	-	16	-	-	-	-	-
(19,078)	1,122	(364)	(1,395)	(3,005)	(1,243)	786	4,060	6,350	(2)
234,300	20,277	9,594	29,121	43,999	16,908	41,762	20,640	(5,280)	(53,941)
$ 215,222	$ 21,399	$ 9,230	$ 27,726	$ 40,994	$ 15,665	$ 42,548	$ 24,700	$ 1,070	$ (53,943)

[Type text]

Ascension

Details of Consolidated Statement of Cash Flows
(Dollars in Thousands)

Year Ended June 30, 2016

	Consolidated Ascension	Consolidated Ascension less ABHSOG	Consolidated Alexian Brothers Health System Obligated Group (ABHSOG)
Operating Activities			
Decrease in net assets	$ (339,622)	$ (306,133)	$ (33,489)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:			
Depreciation and amortization	1,032,541	980,276	52,265
Amortization of bond premiums	(20,714)	(19,660)	(1,054)
Loss on extinguishment of debt	13,594	9,924	3,670
Provision for doubtful accounts	1,148,342	1,109,988	38,354
Pension and other postretirement liability adjustments	729,197	723,966	5,231
Contributions from business combinations	(323,415)	(323,415)	-
Unrealized losses on investments, net	493,528	481,357	12,171
Change in fair value of interest rate swaps	84,433	85,000	(567)
(Gain) loss on sale of assets, net	(192,042)	(193,148)	1,106
Impairment and nonrecurring expenses	21,271	21,271	-
Transfers to (from) sponsor and other affiliates, net	8,654	(115,083)	123,737
Restricted contributions, investment return, and other	(165,458)	(154,882)	(10,576)
Other restricted activity	(61,162)	(61,162)	-
Distributions of noncontrolling interest, net	158,638	158,638	-
Other	(222)	(222)	-
Decrease (increase) in:			
Short-term investments	71,832	71,832	-
Accounts receivable	(1,190,839)	(1,161,357)	(29,482)
Inventories and other current assets	(64,525)	(120,282)	55,757
Due from brokers	(164,852)	(164,852)	-
Investments classified as trading	(516,524)	(454,277)	(62,247)
Other assets	108,461	112,111	(3,650)
Increase (decrease) in:			
Accounts payable and accrued liabilities	7,596	21,029	(13,433)
Estimated third-party payor settlements, net	128,440	115,984	12,456
Due to brokers	(25,401)	(25,401)	-
Other current liabilities	(89,934)	(102,409)	12,475
Self-insurance liabilities	(53,004)	(53,084)	80
Other noncurrent liabilities	(200,824)	(200,957)	133
Net cash provided by continuing operating activities	597,989	435,052	162,937
Net cash provided by and adjustments to reconcile change in net assets for discontinued operations	134,956	134,956	-
Net cash provided by operating activities	732,945	570,008	162,937

Continued on next page.

Ascension

Details of Consolidated Statement of Cash Flows (continued)
(Dollars in Thousands)

Year Ended June 30, 2016

	Consolidated Ascension	Consolidated Ascension less ABHSOG	Consolidated Alexian Brothers Health System Obligated Group (ABHSOG)
Investing activities			
Property, equipment, and capitalized software additions, net	$ (1,139,060)	$ (1,097,587)	$ (41,473)
Proceeds from sale of property and equipment	13,643	13,643	-
Issuance of note receivable for business combination	(637,109)	(637,109)	-
Net proceeds from sale/acquisition of other assets	296,071	296,071	-
Net cash used in investing activities	(1,466,455)	(1,424,982)	(41,473)
Financing activities			
Issuance of debt	5,154,869	5,063,174	91,695
Repayment of debt	(4,403,407)	(4,300,308)	(103,099)
Decrease in assets under bond indenture agreements	18,303	17,179	1,124
Transfers to sponsors and other affiliates, net	(12,867)	110,870	(123,737)
Restricted contributions, investment return, and other	143,259	132,683	10,576
Distributions of noncontrolling interest, net	(158,638)	(158,638)	-
Net cash provided by (used in) financing activities	741,519	864,960	(123,441)
Net increase (decrease) in cash and cash equivalents	8,009	9,986	(1,977)
Cash and cash equivalents at beginning of year	688,228	684,314	3,914
Cash and cash equivalents at end of year	$ 696,237	$ 694,300	$ 1,937

[Type text]

AMITA HEALTH

Illinois Health Facilities and
Services Review Board
Springfield, IL

To Whom It May Concern:

I hereby attest that the total estimated project costs associated with the modernization project proposed for AMITA Health St. Alexius Medical Center, and to be addressed by the Illinois Health Facilities and Services Review Board, will be funded through the use of cash and other liquid assets.

Sincerely,

Mark A. Frey
President and
Chief Executive Officer

Date: 8/15/17

Notarized:

MARGARET J WENDELL
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
September 05, 2018

Margaret J. Wendell
8-15-17

3040 Salt Creek Lane
Arlington Heights, IL 60005
847.385.7100
AMITAhealth.org

ATTACHMENT 37A

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	Cost/Sq. Ft.		DGSF		DGSF		New Const. $	Modernization $	Costs
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Reviewable									
Surgery		$ 350.00			10,905			$ 3,816,750	$ 3,816,750
Recovery		$ 200.00			1,500			$ 300,000	$ 300,000
Eye Center		$ 300.00			2,100			$ 630,000	$ 630,000
Recovery		$ 200.00			2,700			$ 540,000	$ 540,000
PT Gym		$ 180.00			1,650			$ 297,000	$ 297,000
Contingency		$ 20.00						$ 377,100	$ 377,100
		$ 316.14			18,855			$ 5,960,850	$ 5,960,850
Non-Reviewable									
Admin. Offices/Conf.		$ 220.00			6,000			$ 1,320,000	$ 1,320,000
Staff Areas		$ 200.00			1,680			$ 336,000	$ 336,000
Equipment Storage		$ 50.00			4,450			$ 222,500	$ 222,500
Student Ed.		$ 230.00			1,870			$ 430,100	$ 430,100
Contingency		$ 20.00						$ 37,400	$ 37,400
		$ 167.57			14,000			$ 2,346,000	$ 2,346,000
PROJECT TOTAL		$ 252.83			32,855			$ 8,306,850	$ 8,306,850

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PROJECTED OPERATING COSTS and
TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS

AMITA HealthSt. Alexius Medical Center
Year 2, post project completion

Projected Adjusted Patient Days:		67,516
Projected Operating Expenses per Treatment		
Staffing Costs:	$ 147,885,626	
Medical Supplies;	$ 147,885,626	
	$ 295,771,252	
per Adjusted Patient Day:		$ 4,380.79
Projected Capital Cost per Treatment		
Interest, Depreciation & Amortization	$ 26,705,000	
per Adjusted Patient Day:		$ 395.54

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

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