



STATE OF ILLINOIS  
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

<b>DOCKET NO:</b> H-05	<b>BOARD MEETING:</b> January 15, 2019	<b>PROJECT NO:</b> 18-041	<b>PROJECT COST:</b> Original:\$19,290,435
<b>FACILITY NAME:</b> OSF HealthCare Allied Agencies Building Program and Services Relocation		<b>CITY:</b> Peoria	
<b>TYPE OF PROJECT:</b> Non Substantive			<b>HSA: II</b>

**PROJECT DESCRIPTION:** The Applicants (OSF Multi-Specialty Group and OSF Healthcare System) are proposing to relocate outpatient care services from the campus of OSF St. Francis Medical Center, to a 65,000 DGSF facility, located off campus at a cost of \$19,290,435. The completion date as stated in the application for permit is August 31, 2020.

## EXECUTIVE SUMMARY

### **PROJECT DESCRIPTION:**

- The Applicants (OSF Multi-Specialty Group and OSF Healthcare System) are proposing to relocate programs currently stationed in the Allied Agencies Building, 320 East Armstrong Avenue, Peoria, to a vacant building located at 1800 North Knoxville Avenue, Peoria (.7 miles away), at a cost of \$19,290,435. The completion date as stated in the application for permit is August 31, 2020.

### **WHY THE PROJECT IS BEFORE THE STATE BOARD:**

- The project is before the State Board because the project proposes a capital expenditure in excess of \$13,477,931 and is “by or on behalf of a health care facility” as defined at 20 ILCS 3960/3

### **BACKGROUND:**

- OSF HealthCare System, and its subsidiary, OSF Multi-Specialty Group currently operate the Allied Agencies Building, a three-story medical office building, housing physician offices and various non-clinical support functions. The 57,733 GSF building is located on the OSF St. Francis Medical Center campus in Peoria.
- The APPLICANTS propose to move the services in the Allied Agencies Building to a single-level, 65,000 GSF building approximately two blocks (.7 miles) north of the OSF St. Francis campus. The now vacant building is approximately 24 years old, and was formerly a grocery store.
- The current MOB was not designed for physician office space/clinic programs. Although it was remodeled in recent years to accommodate programs and services, its three levels and the inefficient use of steps, corridors, and ramps, result in challenges for patients in terms of movement and way finding.

### **PURPOSE:**

- According to the Applicants *“The proposed relocation to the Knoxville Avenue site will address and improve current issues by:*
  - *Developing the relocated programs and services on a single-level allowing for appropriate traffic flow unhindered by current vertical transportation and way finding issues.*
  - *Developing modern physician offices and clinics which are functionally appropriate for the respective programs and services.*
  - *Providing easier access to the new site with parking and easier access to the facility.*
  - *Contemporary, accessible, well designed, and functionally appropriate facilities will facilitate an improved, enhanced population health status and well-being.*

### **PUBLIC HEARING/COMMENT:**

- No public hearing was requested. No letters of opposition were received.
- The following individuals submitted letters in support of project #18-041
  - Jim Ardis, Mayor of Peoria
  - David Koehler, State Senator, 46<sup>th</sup> District
  - Timothy Riegenbach, 3<sup>rd</sup> District Councilman, City of Peoria
  - Dr. Sarah Rusch, M.D. Regional Dean, University of Illinois College of Medicine
  - Chuck Weaver, State Senator, 37<sup>th</sup> District

### **SUMMARY:**

- The State Board Staff reviewed the application for permit and additional information provided by the Applicants and notes the following.
- The proposed project does not involve the relocation, establishment, or discontinuation of any clinical components. The project is by or on behalf of a health care system, and the project cost

(\$19,290,435), is in excess of the FY 2019 Capital Expenditure Minimum Threshold of \$13,477,931.

**CONCLUSIONS:**

The Applicants addressed a total of fourteen (14) criteria and have met them all.

**STATE BOARD STAFF REPORT**  
**#18-041**  
**OSF St. Francis Allied Agencies Building Relocation**

<b>APPLICATION SUMMARY/CHRONOLOGY</b>	
Applicants	OSF Multi-Specialty Group and OSF Healthcare System
Facility Name	Allied Agencies Building, Peoria
Location	320 East Armstrong, Peoria, Illinois (current) 1800 North Knoxville Ave., Peoria, Illinois (new)
Application Received	October 19, 2018
Application Deemed Complete	October 19, 2018
Review Period Ends	December 18, 2018
Permit Holder	OSF Multi-Specialty Group
Operating Entity	OSF Healthcare System OSF Multi-Specialty Group
Owner of the Site	OSF Healthcare System
Project Financial Commitment Date	January 15, 2020
Departmental Gross Square Footage	65,000 DGSF
Project Completion Date	August 31, 2020
Expedited Review	No
Can Applicants Request a Deferral?	Yes
Has the Application been extended by the State Board?	No

**I. The Proposed Project**

The Applicants (OSF Multi-Specialty Group and OSF Healthcare System) are proposing to relocate a Medical Office Building (MOB) on the campus of OSF St. Francis Hospital, Peoria at a cost of \$19,290,435. The anticipated completion date as stated in the application for permit is August 31, 2020.

**II. Summary of Findings**

- A. The State Board Staff finds the proposed project is in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project is in conformance with the provisions of Part 1120.

**III. General Information**

The Applicants are OSF Multi-Specialty Group. OSF Healthcare System is an Illinois not for profit corporation incorporated in 1880 as The Sisters of the Third Order of St. Francis. Saint Francis Medical Center-Peoria is a six hundred twenty nine (629) bed acute care hospital located at 530 NE Glen Oak Avenue, Peoria, Illinois. OSF currently owns and operates the following acute care hospitals.

**TABLE ONE**  
**Hospitals owned by OSF Healthcare System in Illinois**

Hospital	City	Number of Beds <sup>(1)</sup>
OSF St. Francis Medical Center	Peoria	629
OSF St. Anthony Medical Center	Rockford	254
OSF St. James - John W. Albrecht Medical Center	Pontiac	42
OSF St. Joseph Medical Center	Bloomington	149
OSF St. Mary Medical Center	Galesburg	81
OSF Holy Family Medical Center (CAH)	Monmouth	23
OSF Saint Luke Medical Center (CAH)	Kewanee	25
OSF Saint Anthony Health Center	Alton	140
Ottawa Regional Hospital & Healthcare Center d/b/a St Elizabeth Hospital	Ottawa	97
OSF St. Paul Medical Center (CAH)	Mendota	25

1. Number of beds as of 12/31/2017
2. CAH = Critical Access Hospital

The proposed medical office building will be located at 1800 North Knoxville Avenue, Peoria, two blocks north of the St. Francis Medical center campus, in the HSA II Health Service Area and the C-01 Hospital Planning Area. HSA II includes the Illinois Counties of Bureau, Fulton, Henderson, Knox, LaSalle, Marshall, McDonough, Peoria, Putnam, Stark, Tazewell, Warren, and Woodford. The C-01 Hospital Planning Area includes Woodford Peoria, Tazewell, Marshall Counties; Stark County Townships of Goshen, Toulon, Penn, West Jersey, Valley, and Essex. There are six (6) hospitals in the C-01 Hospital Planning Area

**TABLE TWO**  
**Hospitals within the C-01 Hospital Planning Area**

Hospital	City	Beds <sup>(1)</sup>
Advocate Eureka Hospital (CAH)	Eureka	25
Hopedale Hospital (CAH)	Hopedale	25
Methodist Medical Center of Illinois	Peoria	329
OSF St. Francis Medical Center	Peoria	629
Pekin Memorial Hospital	Pekin	107
Proctor Community Hospital	Peoria	210

1. Number of beds as of 12/31/2017
2. CAH = Critical Access Hospital
3. Time Determined by Map Quest

This is a non-substantive project subject to a Part 1110 and Part 1120 review. Financial commitment will occur after permit issuance. A non-substantive project is all projects not classified as substantive or emergency projects.

*Substantive projects shall include no more than the following:*

1. *Projects to construct a new or replacement facility located on a new site; or a replacement facility located on the same site as the original facility and the costs of the replacement facility exceed the capital expenditure minimum.*
2. *Projects proposing a new service or discontinuation of a service, which shall be reviewed by the Board within 60 days.*
3. *Projects proposing a change in the bed capacity of a health care facility by an increase in the total number of beds or by a redistribution of beds among various categories of service or by a relocation of beds from one facility to another by more than 20 beds or more than 10% of total bed capacity, as defined by the State Board in the Inventory, whichever is less, over a 2-year period. [20 ILCS 3960/12]*

*Emergency Projects means projects that are emergent in nature and must be undertaken immediately to prevent or correct structural deficiencies or hazardous conditions that may harm or injure persons using the facility, as defined at 77 Ill. Adm. Code 1110.40(a). [20 ILCS 3960/12(9)]*

#### **IV. Project Details**

The Applicants (OSF Multi-Specialty Group and OSF Healthcare System) are proposing to relocate its Allied Agencies Building, located at 320 East Armstrong Avenue, on the campus of OSF St. Francis Hospital, Peoria. The Applicants propose to move all services located in this building to a building located at 1800 North Knoxville Avenue, two blocks (.7 miles) north of the St. Francis campus, in the former Cub Foods grocery store. The one-story, 65,000 GSF facility will offer more space, (formerly 57,733 GSF), greater circulation, and modernized office space for physicians and clinicians. The former three-story facility was not designed for clinic space, and was inconsistent with modern medical office building design. The new one-story facility will provide greater accessibility, easier way-finding, and more patient/staff parking.

The current Allied Agencies Building houses clinic/office space for clinicians associated with the University of Illinois College of Medicine Peoria (UICOMP), and the Heartland Community Health Clinic, a Federally Qualified Health Clinic (FQHC), responsible for the provision of comprehensive healthcare services/preventative care to persons of all ages, regardless of their ability to pay. It is noted that these FQHCs are providing safety net services to a population in need. All current services will be relocated to the Knoxville Avenue medical office building upon project completion.

The Applicants note Armstrong Avenue medical office building will be vacated and evaluated for future purpose. However, it is likely to be demolished, and the space used for parking or future campus expansion.

**V. Project Uses and Sources of Funds**

The Applicants are funding this project with cash/securities of \$2,290,435 and a bond issue in the amount of \$17,000,000.

**TABLE THREE <sup>(1)</sup>  
Project Costs and Sources of Funds**

<b>Use of Funds</b>	<b>Reviewable</b>	<b>Non Reviewable</b>	<b>Total</b>	<b>% of Total</b>
Preplanning Costs	\$0	\$214,200	\$214,200	1.1%
Modernization Contracts	\$0	\$7,520,000	\$7,520,000	39%
Contingencies	\$0	\$902,400	\$902,400	4.6%
Architectural & Engineering Fees	\$0	\$665,370	\$665,370	3.4%
Consulting and Other Fees	\$0	\$159,820	\$159,820	1%
Movable or Other Equipment	\$0	\$3,495,169	\$3,495,169	18.1%
Bond Issuance Expense	\$0	\$340,000	\$340,000	1.7%
Net Interest During Construction	\$0	\$1,530,000	\$1,530,000	8%
Other Costs to Be Capitalized	\$0	\$713,476	\$713,476	3.7%
Acquisition of Building/Property	\$0	\$3,750,000	\$3,750,000	19.4%
<b>Total Uses of Funds</b>	<b>\$0</b>	<b>\$19,290,435</b>	<b>\$19,290,435</b>	<b>100.00%</b>

<b>Sources of Funds</b>	<b>Reviewable</b>	<b>Non Reviewable</b>	<b>Total</b>	<b>% of Total</b>
Cash	\$0	\$2,290,435	\$2,290,435	11.8%
Bond Issues	\$0	\$17,000,000	\$17,000,000	88.2%
<b>Total Sources of Funds</b>	<b>\$0</b>	<b>\$19,290,435</b>	<b>\$19,290,435</b>	<b>100.00%</b>

**VI. Costs Space Requirements**

The Applicants are proposing 65,000 GSF for the Allied Agencies Building. The entirety of this spatial configuration will consist of remodeled space. The existing 57,733 GSF of space will be classified as vacated. Board Staff notes all space is classified as non-clinical/non-reviewable.

**TABLE FOUR  
Cost/Space Requirements**

<b>Non-Reviewable</b>	<b>Cost</b>	<b>Exist</b>	<b>Proposed</b>	<b>Modernization</b>	<b>Vacated Space</b>
Heartland FQHC/UICOMP Clinics	\$5,147,708	12,814	17,454	17,454	12,814
University Peds Clinics	\$1,307,720	4,625	4,434	4,434	4,625
University Peds Resource Ctr.	\$924,016	2,268	3,133	3,133	2,268
Multi-Specialty Clinics	\$6,309,437	21,000	21,393	21,393	21,000
Shared Non-Clinical Space	\$575,600	3,044	2,155	2,155	3,044
Infectious Disease Clinic	\$682,468	1,456	2,314	2,314	1,456
Shared Waiting/Lobby	\$780,824	--	3,289	3,289	
Building Structure	\$3,562,662	12,526	10,828	10,828	12,526
<b>TOTAL NON-CLINICAL</b>	<b>\$19,290,435</b>	<b>57,733</b>	<b>65,000</b>	<b>65,000</b>	<b>57,733</b>

## **VII. Background of the APPLICANTS**

### **A) Criterion 1110.110 (a)(1) to (3) – Background of the Applicants**

**To demonstrate compliance with this criterion, the Applicants must provide**

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. "Adverse Action" means a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations.

1. The Applicants provided a listing with license and certification data of all health care facilities owned or operated by the Applicants at pages 38-39 of the application for permit.
2. No adverse actions have been taken against any facility owned and/or operated by the Applicants. [Application for Permit page 40]
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify information submitted has been provided at Application for Permit page 40.
4. OSF Healthcare System, A Domestic Corporation, Incorporated under the Laws of This State On January 02, 1880, is in Good Standing as a Domestic Corporation in the State of Illinois.
5. OSF Multi-Specialty Group, Incorporated under the Laws of This State On September 8, 2011, is in Good Standing as a Domestic Corporation in the State of Illinois.
6. Evidence of Site Ownership was provided at page 22 of the Application for Permit.
7. The Applicants are in compliance with Executive Order #2006-05 and the Illinois Historic Preservation Agency.
8. All required reports have been provided to the State Board as required.

## **VIII. Purpose Of The Project, Safety Net Impact Statement, Alternatives To The Project**

These three (3) criteria are informational only. No determination on whether the Applicants have met the requirements of the three (3) criteria is being made by the State Board Staff.

### **A) Criterion 1110.110 (b) – Purpose of the Project**

**To demonstrate compliance with this criterion, the Applicants must document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area or market area, or other, per the applicant's definition.**

The project will relocate existing non-clinical programs and services in the allied Agencies Building, 320 East Armstrong Avenue, to a vacant, one-story building located at 1800

North Knoxville Avenue, Peoria, 0.7 miles away from the current site. There will be no change in services or programs, and the facilities are in the same planning area/service area. The existing facility is a three-story structure that was not designed to house health care services. Movement between services is hindered by having different levels and a myriad of corridors, stairs, and ramps, resulting in inefficient circulation and way-finding. The goal of the proposed project is to provide the patients to the Heartland Community Clinic and University of Illinois College of Medicine Peoria with a modernized clinic facility that is easy to navigate, and with ample parking to serve patients and staff.

**B) Criterion 1110.110 (c) – Safety Net Impact Statement**

All health care facilities, with the exception of skilled and intermediate long-term care facilities licensed under the Nursing Home Act [210 ILCS 45], shall provide a safety net impact statement, which shall be filed with an application for a substantive project (see Section 1110.40). *Safety net services are the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation.*

This project is considered a non-substantive project. Non-substantive projects are not required to submit a safety net impact statement, only projects that are deemed substantive projects. Non-substantive projects are all projects that are not classified as either substantive or emergency.

*Substantive projects shall include no more than the following:*

- a. *Projects to construct a new or replacement facility located on a new site; or a replacement facility located on the same site as the original facility and the costs of the replacement facility exceed the capital expenditure minimum.*
- b. *Projects proposing a new service or discontinuation of a service, which shall be reviewed by the Board within 60 days.*
- c. *Projects proposing a change in the bed capacity of a health care facility by an increase in the total number of beds or by a redistribution of beds among various categories of service or by a relocation of beds from one facility to another by more than 20 beds or more than 10% of total bed capacity, as defined by the State Board in the Inventory, whichever is less, over a 2-year period. [20 ILCS 3960/12]*

The Applicants provided charity care information for OSF St. Francis Medical Center and OSF Healthcare System.

**TABLE FIVE**  
**Charity Care Information**

	OFS Healthcare System		
	2015	2016	2017
Net Patient Revenue	\$1,917,020,581	\$1,970,497,456	\$2,057,383,657
Amount of Charity Care	\$123,684,713	\$121,815,596	\$123,255,304
Cost of Charity Care	\$24,351,000	\$25,170,596	\$26,127,456
% of Charity Care to Net Revenue	1.27%	1.27%	1.27%

**C) Criterion 1110.110 (d) - Alternatives to the Proposed Project**

To demonstrate compliance with this criterion the Applicants must document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

The Applicants considered three (3) alternatives to the proposed project.

**Alternative 1**

The Applicants considered the modernization of the existing Allied Services Building to accommodate the existing programmatic needs. The Applicants identified a project cost of \$20,215,000. The Applicants rejected this alternative, based on project cost, the proposed modernization timeline, and the fact that any modernization of existing structure would not result in a facility compliant with modern day medical office building standards. The Applicants also took into account the disruption of current operations in a building of its size, and realized the disruption may result in significant losses in revenue.

**Alternative 2**

The Applicants considered building a new building on a Green Field site in close proximity to the OSF St. Francis campus. The Applicants determined the price of this alternative to be \$26,975,000, a price significantly higher than the option chosen. The Applicants also determined this option carries the potential for increased travel and the potential for reduced access to health care for its patient base. The Applicants concern for reduced access and increased project cost compelled them to reject this alternative.

**Alternative 3**

The option of modernizing the existing Cub Foods building was deemed most feasible to the Applicants, based on the project cost, building proximity the OSF Peoria campus, and the overall structural design/condition of the building. The project cost of \$19,290,435 was deemed acceptable, considering the benefits realized through the modernization of a 1-story building and the ability to build out the facility to their specifications.

#### **Alternative 4**

A joint venture was judged not to be appropriate because the respective programs and services are integral to the OSF HealthCare System. That being said, two of the existing programs, the FQHC and University of Illinois at Peoria work with both OSF Saint Francis Medical Center and Unity Point Health Methodist.

### **IX. Size of the Project, Projected Utilization and Assurances**

#### **A) Criterion 1110.120 (a) – Size of the Project**

To demonstrate compliance with this criterion the Applicants must document that the size of the project is in conformance with standards published in Part 1110 Appendix B.

The Applicants are proposing to modernize the existing services listed below. All of the services listed are considered non-reviewable. Table Six identifies the non-reviewable services, the current size, the projected size in the replacement facility, and the percent increase/decrease. Because none of the services are applicable to State Board review standards, this criterion is inapplicable.

Service	Existing	Proposed	Difference	Increase/Decrease
Heartland FQHC/UICOMP Clinics	12,814	17,454	4,640	36.2% Increase
University Pediatrics Clinic	4,625	4,434	(191)	4.1% Decrease
University Pediatric Resource Ctr.	2,268	3,133	865	38.1% Increase
Multi-Specialty Clinics	21,000	21,393	393	1.9% Increase
Shared Non-Clinical Space	3,044	2,155	(889)	29.2% Decrease
Infectious Disease Clinic	1,456	2,314	858	59% Increase
Shared Waiting/Lobby	--	3,289	N/A	N/A
Building Structure	57,733	65,000	7,267	12.6% Increase

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT OF THE PROJECT (77 IAC 1110.120 (a))**

#### **B) Criterion 1110.120 (b) –Projected Utilization**

To demonstrate compliance with this criterion, the APPLICANTS must document that the projected utilization of the services in which the State Board has established utilization standards will be in conformance with the standards published in Part 1110 Appendix B.

The Applicants are relocating non-reviewable services to a modernized, more accessible facility. No clinical services will be added, therefore this criterion is inapplicable.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED UTILIZATION (77 IAC 1110.120 (b))**

**X. Clinical Services Other than Categories of Service**

**A) Criterion 1110.270 (d)(1) - Service Modernization**

**To demonstrate compliance with this criterion, the Applicants must document that the proposed modernization meets one of the following”**

- 1. Deteriorated Equipment of Facilities**
- 2. Necessary Expansion**

The proposed services are being relocated/modernized to better accommodate the patient base at OSF St. Francis Allied Services Building. None of the existing categories of service are classified as reviewable, and this criterion is inapplicable.

**THE STATE BOARD STAFF FINDS PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SERVICE MODERNIZATION (77 IAC 1110.270 (d)(1))**

**XI. Financial Viability**

**A) Criterion 1120.120 - Availability of Funds**

**B) Criterion 1120.130 – Financial Viability**

**To demonstrate compliance with these criteria the Applicants must document sufficient cash to fund the proposed project and that the Applicants are financially viable.**

The Applicants are funding this project with cash/securities totaling \$2,290,435 and a bond issue in the amount of \$17,000,000. As shown in the Table below the Applicants have sufficient cash to fund the cash portion of the modernization. Additionally OSF Healthcare System has received “A2-” from Moody’s Rating Services in a report dated September 25, 2018. It appears the Applicants have sufficient funds available to fund this modernization project. [Application pg. 51-56]

The Applicants have qualified for the financial viability waiver because all of the project’s capital expenditures are completely funded through internal resources (cash, securities or received pledges), and the Applicants provided evidence of an “A” or better bond rating.

<b>TABLE TEN</b> <b>OSF Healthcare System and Subsidiaries</b> <b>Years ended September 30, 2017,2016</b> <b>(in thousands)</b>		
	<b>2017</b>	<b>2016</b>
Cash	\$195,990	\$157,568
Current Assets	\$905,619	\$766,208
Total Assets	\$3,580,139	\$3,479,831
Current Liabilities	\$463,835	\$486,664
LTD	\$1,152,745	\$1,168,967
Total Liabilities	\$2,278,372	\$2,404,746
Net Patient Revenue	\$2,467,137	\$2,344,550
Total Revenues	\$2,561,395	\$2,422,880
Income from Operations	\$59,051	\$56,634
Net Income	\$144,815	\$99,151
Source: OSF Audited Financial Statement, Application, pgs 69-131		

**XII. Economic Feasibility**

**A) Criterion 1120.140(a) – Reasonableness of Financial Arrangements**

**B) Criterion 1120.140(b) –Terms of Debt Financing**

**To demonstrate compliance with this criterion the Applicants must document the terms of the debt financing and attest the financing will be at the lowest cost available to the Applicants.**

The Applicants are funding this project with cash of \$2,290,435 and a bond issue in the amount of \$17,000,000. The Applicants have supplied proof of an A2- Bond Rating from Moody’s Investors Service, Audited Financial Statements, and attestation that the selected form of debt financing will be the lowest cost available. These criteria prove their financial viability, and satisfying the requirements of this criterion.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 IAC 1120.140(a) and (b))**

**C) Criterion 1120.140(c) – Reasonableness of Project Costs**

**To demonstrate compliance with this criterion the Applicants must document that the project costs are reasonable.**

The Applicants have identified project costs that are classified as non-clinical/non-reviewable. This criterion is inapplicable to the proposed project.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 IAC 1120.140(c))**

**D) Criterion 1120.140(d) – Direct Operating Costs**

**E) Criterion 1120.140(e) – Effect of the Project on Capital Costs**

The Applicants are currently an operating entity. These criteria do not apply, because there are no applicable utilization criteria associated with this project.

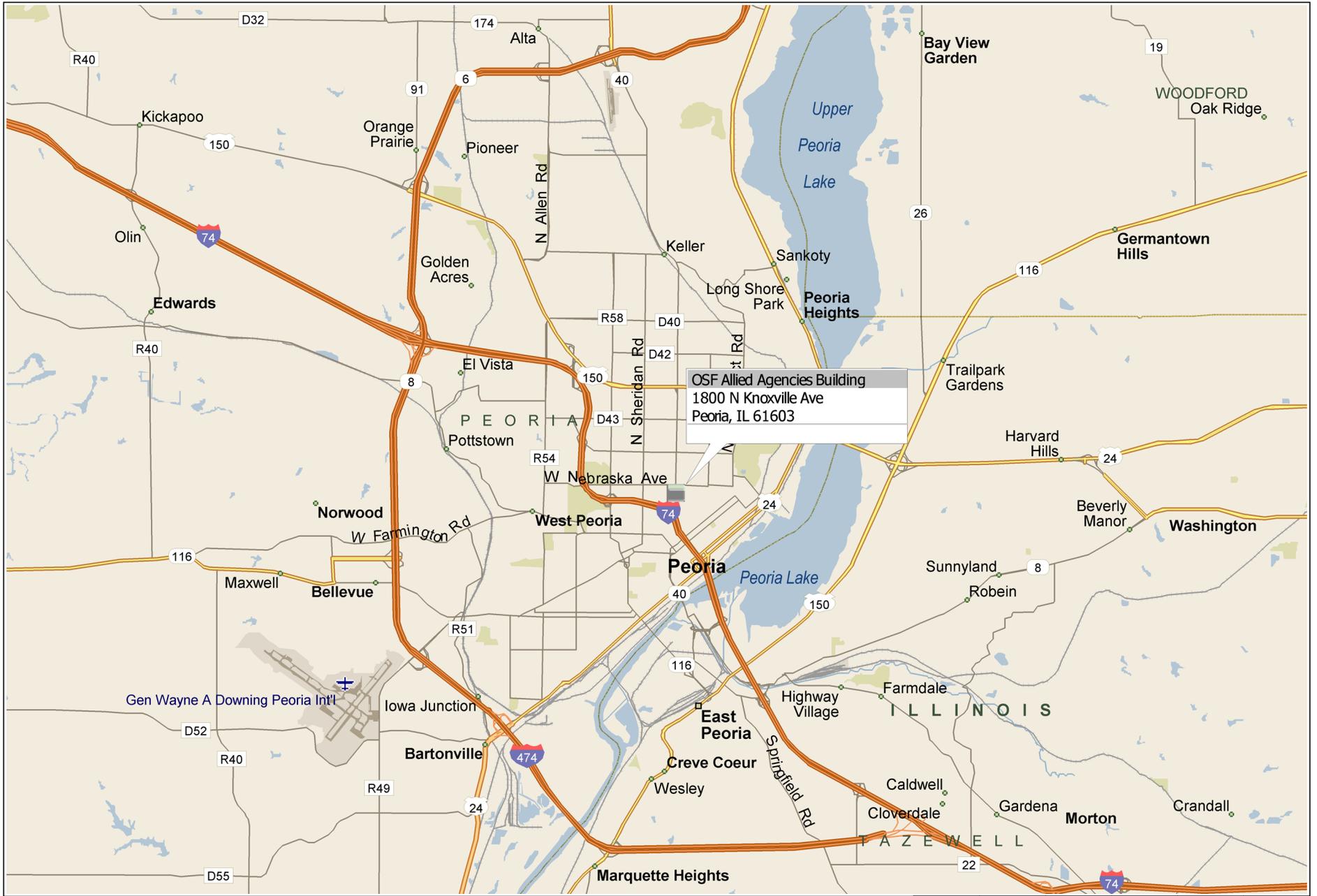
**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA DIRECT OPERATING COSTS AND EFFECT OF THE PROJECT ON CAPITAL COSTS (77 IAC 1120.140(d) and (e))**

Moody's Rating Methodology

1. **Aaa** - Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.
2. **Aa** - Obligations rated Aa are judged to be of high quality and are subject to very low credit risk. Obligations rated A are judged to be upper-medium grade and are subject to low credit risk. Baa Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
3. **Ba** - Obligations rated Ba are judged to be speculative and are subject to substantial credit risk. B Obligations rated
4. **B** - are considered speculative and are subject to high credit risk.
5. **Caa** - Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.
6. **Ca** - Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
7. **C** - Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

**Note:** Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. [<https://www.moodys.com/Pages/rr003006001.aspx>]

# 18-041 OSF Allied Agencies Building - Peoria



<u>Ownership, Management and General Information</u>		<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Robert Anderson	White	84.3%	Hispanic or Latino:	3.1%
ADMINSTRATOR PHONE	309-655-7796	Black	11.5%	Not Hispanic or Latino:	96.5%
OWNERSHIP:	OSF Healthcare System	American Indian	0.1%	Unknown:	0.5%
OPERATOR:	OSF Healthcare System	Asian	0.6%		
MANAGEMENT:	Church-Related	Hawaiian/ Pacific	0.0%	IDPH Number:	2394
CERTIFICATION:		Unknown	3.4%	HPA	C-01
FACILITY DESIGNATION:	General Hospital			HSA	2
ADDRESS	530 N.E. Glen Oak Ave.	CITY:	Peoria	COUNTY:	Peoria County

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	Authorized CON Beds 12/31/2017	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Bed Occupancy Rate %
<b>Medical/Surgical</b>	379	379	367	20,519	105,763	12,960	5.8	325.3	85.8	85.8
0-14 Years				104	147					
15-44 Years				3,755	17,886					
45-64 Years				6,576	34,713					
65-74 Years				4,551	23,675					
75 Years +				5,533	29,342					
<b>Pediatric</b>	40	40	40	2,381	9,983	1,765	4.9	32.2	80.5	80.5
<b>Intensive Care</b>	91	91	81	5,677	21,662	71	3.8	59.5	65.4	65.4
Direct Admission				4,326	15,800					
Transfers				1,351	5,862					
<b>Obstetric/Gynecology</b>	52	52	50	3,384	11,219	694	3.5	32.6	62.8	62.8
Maternity				3,238	10,850					
Clean Gynecology				146	369					
<b>Neonatal</b>	40	40	32	782	9,219	3	11.8	25.3	63.2	63.2
<b>Long Term Care</b>	0	0	0	0	0	0	0.0	0.0	0.0	0.0
<b>Swing Beds</b>			0	0	0		0.0	0.0		
<b>Total AMI</b>	0			0	0	0	0.0	0.0	0.0	
Adolescent AMI		0	0	0	0	0	0.0	0.0		0.0
Adult AMI		0	0	0	0	0	0.0	0.0		0.0
<b>Rehabilitation</b>	27	27	26	536	8,185	0	15.3	22.4	83.1	83.1
<b>Long-Term Acute Care</b>	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	36					1917				
<b>Facility Utilization</b>	<b>629</b>			<b>31,928</b>	<b>166,031</b>	<b>17,410</b>	<b>5.7</b>	<b>502.6</b>	<b>79.9</b>	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
<b>Inpatients</b>	45.9%	24.1%	1.0%	27.0%	0.8%	1.3%	
	14647	7698	309	8628	244	402	31,928
<b>Outpatients</b>	36.0%	23.6%	0.6%	37.4%	1.6%	0.8%	
	213653	140192	3731	222193	9426	4797	593,992

<u>Financial Year Reported:</u>	10/1/2016 to	9/30/2017	<u>Inpatient and Outpatient Net Revenue by Payor Source</u>					Charity Care Expense	Total Charity Care Expense
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals			
<b>Inpatient Revenue ( \$ )</b>	25.4%	22.5%	0.6%	50.9%	0.6%	100.0%		13,218,733	
	160,675,516	142,185,638	4,048,907	321,374,457	3,695,424	631,979,942	7,460,440		
<b>Outpatient Revenue ( \$ )</b>	12.9%	13.8%	0.8%	70.3%	2.2%	100.0%			
	58,059,354	62,134,200	3,605,559	316,570,255	10,005,834	450,375,202	5,758,293	Total Charity Care as % of Net Revenue	
								1.2%	

<u>Birthing Data</u>		<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	2,894	Level I	Level II	Level II+	Kidney:	40
Number of Live Births:	2,860	Beds	91	20	Heart:	0
Birthing Rooms:	0	Patient Days	4,722	7,137	Lung:	0
Labor Rooms:	0	Total Newborn Patient Days			Heart/Lung:	0
Delivery Rooms:	0				Pancreas:	3
Labor-Delivery-Recovery Rooms:	9				Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	0	<u>Laboratory Studies</u>			Total:	43
C-Section Rooms:	2	Inpatient Studies		1,493,428		
CSections Performed:	1,055	Outpatient Studies		2,017,412		
		Studies Performed Under Contract		180,704		

**Surgery and Operating Room Utilization**

Surgical Specialty	Operating Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	2	2	749	24	3585	38	3623	4.8	1.6
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	15	15	3162	3830	8969	7322	16291	2.8	1.9
Gastroenterology	0	0	0	0	20	34	30	39	69	1.5	1.1
Neurology	0	0	4	4	1582	678	6059	1362	7421	3.8	2.0
OB/Gynecology	0	0	0	0	300	1134	1116	2865	3981	3.7	2.5
Oral/Maxillofacial	0	0	0	0	106	63	282	147	429	2.7	2.3
Ophthalmology	0	0	0	0	8	67	13	129	142	1.6	1.9
Orthopedic	0	0	5	5	2754	2024	7844	3646	11490	2.8	1.8
Otolaryngology	0	0	0	0	99	736	208	1134	1342	2.1	1.5
Plastic Surgery	0	0	0	0	47	189	129	402	531	2.7	2.1
Podiatry	0	0	0	0	151	121	195	214	409	1.3	1.8
Thoracic	0	0	0	0	299	122	841	134	975	2.8	1.1
Urology	0	0	0	0	301	1466	1092	2201	3293	3.6	1.5
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>26</b>	<b>9578</b>	<b>10488</b>	<b>30363</b>	<b>19633</b>	<b>49996</b>	<b>3.2</b>	<b>1.9</b>

**SURGICAL RECOVERY STATIONS**

Stage 1 Recovery Stations

50

Stage 2 Recovery Stations

**Dedicated and Non-Dedicated Procedure Room Utilization**

Procedure Type	Procedure Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	5	5	1888	7376	2310	7654	9964	1.2	1.0
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	0	0	0	0	0	0	0	0.0	0.0
Cystoscopy	0	0	1	1	253	1361	271	1455	1726	1.1	1.1

**Multipurpose Non-Dedicated Rooms**

Pediatric Dental, Ga					34	842	51	1066	1117	1.5	1.3
					0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

**Emergency/Trauma Care**

Certified Trauma Center	Yes
Level of Trauma Service	<b>Level 1</b>
	Adult & Child
Operating Rooms Dedicated for Trauma Care	1
Number of Trauma Visits:	1,630
Patients Admitted from Trauma	994
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	57
Persons Treated by Emergency Services:	75,291
Patients Admitted from Emergency:	13,305
Total ED Visits (Emergency+Trauma):	<b>76,921</b>

**Free-Standing Emergency Center**

Beds in Free-Standing Centers	0
Patient Visits in Free-Standing Centers	0
Hospital Admissions from Free-Standing Center	0

**Outpatient Service Data**

Total Outpatient Visits	<b>593,992</b>
Outpatient Visits at the Hospital/ Campus:	348,430
Outpatient Visits Offsite/off campus	245,562

**Cardiac Catheterization Labs**

Total Cath Labs (Dedicated+Nondedicated labs):	<b>6</b>
Cath Labs used for Angiography procedures	1
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	2

**Cardiac Catheterization Utilization**

Total Cardiac Cath Procedures:	<b>4,326</b>
Diagnostic Catheterizations (0-14)	30
Diagnostic Catheterizations (15+)	1,845
Interventional Catheterizations (0-14):	93
Interventional Catheterization (15+)	1,230
EP Catheterizations (15+)	1,128

**Cardiac Surgery Data**

Total Cardiac Surgery Cases:	<b>591</b>
Pediatric (0 - 14 Years):	163
Adult (15 Years and Older):	428
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	190

**Diagnostic/Interventional Equipment**

	Owned Contract		Examinations		
	Owned	Contract	Inpatient	Outpt	Contract
General Radiography/Fluoroscopy	53	0	63,566	95,248	0
Nuclear Medicine	6	0	1,116	6,167	0
Mammography	7	0	15	31,631	0
Ultrasound	17	0	14,909	57,628	0
Angiography	4	0			
Diagnostic Angiography			2,093	2,598	0
Interventional Angiography			3,920	3,830	0
Positron Emission Tomography (PET)	1	0	201	1,134	0
Computerized Axial Tomography (CAT)	6	0	17,314	30,463	0
Magnetic Resonance Imaging	7	0	5,828	20,811	0

**Therapeutic Equipment**

	Owned Contract		Therapies/Treatments
	Owned	Contract	
Lithotripsy	0	1	84
Linear Accelerator	3	0	15,112
Image Guided Rad Therapy			5,511
Intensity Modulated Rad Thrpy			8,710
High Dose Brachytherapy	1	0	348
Proton Beam Therapy	0	0	0
Gamma Knife	0	1	71
Cyber knife	0	0	0