ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED
AUG 31 2020
HEALTH FACILITIES & SERVICES REVIEW BOARD

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Mercy Hospital & Medical Center (Discontinuation)		
Street Address: 2525 South Michigan Avenue		
City and Zip Code: Chicago, Illinois 60616		
County: Cook	Health Service Area: 6	Health Planning Area: A-03

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

Exact Legal Name: Mercy Hospital and Medical Center
Street Address: 2525 South Michigan Avenue
City and Zip Code: Chicago, Illinois 60616
Name of Registered Agent: CT Corporation System
Registered Agent Street Address: 208 South LaSalle Street, Suite 814
Registered Agent City and Zip Code: Chicago, Illinois 60604
Name of Chief Executive Officer: Carol L. Garikes Schneider
CEO Street Address: 2525 South Michigan Avenue
CEO City and Zip Code: Chicago, Illinois 60616
CEO Telephone Number: 312-567-2100

Type of Ownership of Applicants

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

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

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Edward J. Green, Esq.
Title: Attorney
Company Name: Foley & Lardner LLP
Address: 321 North Clark Street, Suite 2800, Chicago, Illinois 60654
Telephone Number: (312) 832-4375
E-mail Address: egreen@foley.com
Fax Number: (312) 832-4700

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

Name:
Title:
Company Name:
Address:
Telephone Number:
E-mail Address:
Fax Number:

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
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City and Zip Code: Chicago, Illinois 60616		
County: Cook	Health Service Area: 6	Health Planning Area: A-03

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

Exact Legal Name: Mercy Health System of Chicago
Street Address: 2525 South Michigan Avenue
City and Zip Code: Chicago, Illinois 60616
Name of Registered Agent: Carol L. Garikes Schneider
Registered Agent Street Address: 2525 South Michigan Avenue
Registered Agent City and Zip Code: Chicago, Illinois 60616
Name of Chief Executive Officer: Carol L. Garikes Schneider
CEO Street Address: 2525 South Michigan Avenue
CEO City and Zip Code: Chicago, Illinois 60616
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Facility/Project Identification

Facility Name: Mercy Hospital & Medical Center (Discontinuation)		
Street Address: 2525 South Michigan Avenue		
City and Zip Code: Chicago, Illinois 60616		
County: Cook	Health Service Area: 6	Health Planning Area: A-03

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

Exact Legal Name: Trinity Health Corporation
Street Address: 20555 Victor Parkway
City and Zip Code: Livonia, Michigan 46152
Name of Registered Agent: CT Corporation
Registered Agent Street Address: 208 South LaSalle Street
Registered Agent City and Zip Code: Chicago, Illinois 60604
Name of Chief Executive Officer: Michael A. Slubowski
CEO Street Address: 20555 Victor Parkway
CEO City and Zip Code: Livonia, Michigan 46152
CEO Telephone Number: (734) 343-1000

Type of Ownership of Applicants

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

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Fax Number: (312) 832-4700

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

Name:
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: Carol L. Garikes Schneider
Title: President & CEO
Company Name: Mercy Hospital & Medical Center
Address: 2525 South Michigan Avenue, Chicago, Illinois 60616
Telephone Number: 312-567-2100
E-mail Address: carol.schneider@mercy-chicago.org
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Mercy Hospital and Medical Center
Address of Site Owner: 2525 South Michigan Avenue, Chicago, Illinois 60616
Street Address or Legal Description of the Site: **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.**
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name: Mercy Hospital and Medical Center
Address: 2525 South Michigan Avenue, Chicago, Illinois 60616

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

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

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

Organizational Relationships

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

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

Flood Plain Requirements: NOT APPLICABLE

[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: NOT APPLICABLE

[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 1110.20 and Part 1120.20(b)]

Part 1110 Classification:

☒ Substantive

☐ 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.

Mercy Hospital and Medical Center ("Mercy Hospital"), Mercy Health System of Chicago ("Mercy System"), and Trinity Health Corporation ("Trinity," and collectively with Mercy Hospital and Mercy System, the "Applicants") hereby seek authority from the Illinois Health Facilities & Services Review Board (the "Review Board") to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center (the "Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616 (the "Campus").

The Project will result in the discontinuation of all of Mercy Hospital's categories of service and all of Mercy Hospital's authorized inpatient beds. Mercy Hospital currently has 412 authorized inpatient beds, allocated as follows: 289 medical/surgical beds, 30 intensive care beds, 30 obstetric/gynecology beds, 39 acute mental illness beds, and 24 rehabilitation beds. Through June of 2020, the Hospital had an average daily census of 136, with the following utilization rates for each category of service: medical/surgical beds at 30.3% utilization; intensive care beds at 52.3% utilization; obstetric/gynecology beds at 23.4% utilization; acute mental illness beds at 48.8% utilization; and rehabilitation beds at 29.7% utilization.

In terms of timing, the Applicants anticipate that Mercy Hospital's final date of operation will be no sooner than February 1, 2021 and no later than May 31, 2021, subject to Review Board approval. Project completion would happen soon thereafter.

Background

The decision to discontinue Mercy Hospital was not an easy one. Indeed, it was not a single decision made at a single meeting; but rather, the culmination of a multi-year, multi-factorial process that ultimately resulted in the consensus that Mercy Hospital needed to be at the forefront of transforming the health care options available on the South Side of Chicago and needed to move forward with a new model of care.

More specifically, to advance its new model of care, Mercy Hospital is developing plans for a care center that will offer diagnostics (which may include CT, MRI, X-Ray, ultrasound, mammography, echo, bone densitometry), urgent care (non-emergent on-demand medical services), and care coordination (to connect patients with specialty providers, develop care plans, and facilitate access to community services). These programs will have the potential to serve more than 50,000 patients annually. Overall, the focus will be to give access to preventive and early diagnostic services, and to help local residents avoid expensive emergency room visits and hospitalizations.

There is a radical difference in life expectancy within the City of Chicago when comparing prosperous neighborhoods with some communities on the South Side. For example, people in Streeterville on Chicago's North Side live an average of **30 years** longer than those in Englewood, where the average life expectancy is only 60 years (NYU School of Medicine analysis cited in the Chicago Tribune, June 9, 2019).

The prevalence of chronic health conditions is a key driver of this disparity. According to the Community Health Needs Assessment compiled by the Alliance for Health Equity, 65% of all deaths in Chicago and Suburban Cook County were attributable to chronic diseases. The communities served by Mercy Hospital disproportionately suffer from these chronic conditions and desperately need more early detection and diagnosis of illnesses and diseases, better care

coordination among a multitude of providers to better treat chronic diseases, and more cost effective and accessible urgent care and other outpatient services. The COVID 19 pandemic has further highlighted these disparities.

At the same time, the future of healthcare has changed and continues to change rapidly. Inpatient care is being replaced by outpatient care due to advancements in medicine and payor demands. Hence, the need for a new model of care that will focus on keeping people healthy, early detection of diseases, and advocating for patients by finding provider partners such as hospitals, federally qualified health centers ("FQHCs"), and specialty providers to better manage chronic diseases, is imperative.

Mercy Hospital (The Distant Past)

In 1852, at a site that today would be near Rush Street and the Chicago River, the Sisters of Mercy converted an old rooming house into Mercy Hospital, the first chartered hospital in Chicago. In 1859, the Sisters of Mercy moved their hospital into a new building at the corner of Wabash and Van Buren. In 1863, the Sisters of Mercy moved their hospital once again. This time, the Sisters of Mercy moved to the site of a former academy at 26th Street and Calumet Avenue. In January of 1968, Mercy Hospital opened a new 517-bed facility between 25th and 26th Street, from Michigan Avenue to King Drive. More than 50 years later, Mercy Hospital is still at that same location.

In 1970, Sister Sheila Lyne ("Sister Sheila") began her tenure at Mercy Hospital. From 1976 to 1991, Sister Sheila served as the CEO of Mercy Hospital. The 1990s ushered in significant financial turmoil at Mercy Hospital. On the brink of closure, turnaround experts were engaged and those turnaround experts implemented a number of short term fixes to keep Mercy Hospital open. In 2000, Sister Sheila returned to Mercy Hospital as its CEO once again. Upon her return, Sister Sheila worked, as best she could, to implement a strategic plan to preserve Mercy Hospital and its ability to provide care to the residents of the South Side of Chicago. Unfortunately, Mercy Hospital's finances continued to deteriorate over the next decade as the census at the hospital decreased, the hospital's reimbursements decreased, and the capital needs of the hospital increased exponentially.

Mercy Hospital (The Recent Past)

On April 1, 2012, Mercy Hospital, after being independent for nearly 160 years, joined the Trinity Health ("Trinity") ministry and Sister Sheila retired shortly thereafter. The level of commitment shown by Trinity to Mercy Hospital and the poor and uninsured on the South Side of Chicago is unquestionable. Based on audited financial statements from April 1, 2012 to June 30, 2019, Trinity: (i) has invested more than $124 million in infrastructure improvements at Mercy Hospital; (ii) has provided more than $112 million in funding so Mercy Hospital could meet its short-term operating needs; (iii) has suffered financial statement impairments of more than $187 million because of Mercy Hospital; and (iv) continues to guarantee Mercy Hospital loans (currently $52 million). Despite all of this support, inpatient discharges at Mercy Hospital have continued to decline as the population served by Mercy Hospital has declined and healthcare has shifted from inpatient services to outpatient services (e.g., the average daily census at Mercy Hospital has dropped from 161 in July 2018 to 136 in June of 2020), the large systems and academic medical centers, with new and updated facilities, to the north, south and west of Mercy Hospital, continue to dominate positive consumer opinions in the market (siphoning off commercial and Medicare patients), and these same systems and academic medical centers have made material investments in outpatient services (siphoning off outpatients).

In addition, Mercy Hospital's aging facility will require at least $100 million of additional capital investments in the next five years to maintain a safe and sustainable acute care environment.

Given the challenges faced by Mercy Hospital, Trinity began a formal process to identify and assess options for Mercy Hospital. In June of 2016, Trinity and the Board of Directors for Mercy

Hospital initiated a comprehensive assessment of Mercy Hospital's service lines, patient perceptions, competitors, payers, and the potential for economic growth. Financial models evaluated sustainability and the capital investment needed to maintain Mercy Hospital's long-term viability and financial modeling was used extensively to determine Mercy Hospital's sustainability under a variety of service reductions and/or reconfigurations. No scenario was financially viable.

After Trinity determined that it could not develop a financially sustainable reconfiguration of Mercy Hospital, Trinity began exploring the option of selling or transferring Mercy Hospital to a third party or affiliating with another health system. This work included a comprehensive RFP process that involved over 20 potential partners over an eighteen-month period. Ultimately, none expressed an interest in Mercy Hospital.

Against this backdrop, the Mercy Hospital Board of Directors, in collaboration with Trinity, began an extensive review of the best path forward for Mercy Hospital and the patients served by Mercy Hospital. Guided by the aforementioned realities, the Community Health Needs Assessment compiled by the Alliance for Health Equity, and its own community health needs assessment, the Mercy Hospital Board of Directors, in collaboration with Trinity, ultimately concluded that Mercy Hospital needed to completely transform its care delivery model from an inpatient model to an outpatient model. Critically, the Illinois Legislature and Governor also recognized the immediate need for the hospital community to transform its care delivery models to better meet the unmet needs of the communities served by hospitals, with a focus on shifting from inpatient services to outpatient services and models that improve the coordination, effectiveness and efficiency of care, when they passed and signed the Illinois Hospital Transformation Program into law. See SB1773, House Amendment #4, as enacted into law at Public Act 100-0581 (305 ILCS 5/14-12(d-5); see also Illinois Hospital Association State Position Paper and Statement of President and CEO of Illinois Hospital Association (August 8, 2018).

To that end, in August of 2019, senior management from Mercy Hospital approached the Illinois Department of Healthcare & Family Services (the "Department") to discuss closure of Mercy Hospital and the transformation of Mercy Hospital to an outpatient care center that will offer preventative and urgent care, diagnostics and care coordination.

These conversations led the Department to convene a group with Mercy Hospital, St. Bernard Hospital, Advocate Trinity Hospital and South Shore Hospital (collectively, the "South Side Coalition"). With the Department's involvement, the South Side Coalition spent more than nine months exploring solutions that could transform health care for Chicago's most at-risk population.

The hospitals on the South Side make up a fragmented network of aging, inefficient facilities requiring significant capital investments and are not able to combat, on their own, the challenges evident in their community health needs assessments. Financial instability at all of the South Side Coalition hospitals has been mounting for years. Fifty eight percent (58%) of patients (61,000 inpatient discharges) leave the service area to receive care. The four hospitals are less than 52% occupied, and patients do not have access to ambulatory services to maintain health, identify early stages of disease and manage chronic diseases.

In January of 2020, the South Side Coalition members signed a non-binding memorandum of understanding to create an independent health system and build one to two new, state-of-the-art hospitals and three to six outpatient centers to ultimately replace the four hospital facilities. The South Side Coalition's transformation plan (the "South Side Transformation Plan") was to build these new hospitals and outpatient sites before any of the existing hospitals closed with these goals:

- Expand access to quality preventive care and services;

- Increase access to coordinated care – the right care, at the right time, in the right setting; and
- Address the significant and historic health inequities South Side residents face

The South Side Transformation Plan was to be funded with public and private commitments over ten years for a total investment of $1.1 billion. The South Side Transformation Plan was to include a medical group with 140 employed providers (from Mercy Hospital and Advocate Trinity Hospital) and would have maintained 3,445 jobs in the Community (with retraining and reassignment of health care workers to work in the new centers). Critically, the South Side Transformation Plan requested that the State commit $520 million over five years as part of the Illinois Hospital Transformation Program funding.

In early 2020, the South Side Coalition launched a community outreach initiative, including a website for the South Side Transformation Plan, and held community town halls (virtually due to the COVID-19 pandemic) during which over 700 community members in 11 zip codes heard the details of the South Side Transformation Plan. The South Side Coalition also contacted elected officials as part of the community outreach initiative. The neighborhoods included South Shore, Englewood, South Chicago, Chatham, Calumet Heights, Bronzeville, Chinatown, Auburn Gresham and Washington Heights.

Sadly, it was not meant to be. During the last few hours of the Spring Legislative Session, the Illinois Legislature changed course and elected not to fund the South Side Transformation Plan as part of the funding for the Illinois Hospital Transformation Program. On May 25, 2020, the South Side Coalition notified the Department that there was no path forward. The South Side Coalition subsequently disbanded at the end of May.

Mercy Hospital (The Future and an Orderly Transition)

In addition to moving forward with its new care center, senior management from Mercy Hospital has been working with other South Side hospitals to help ensure the safe and orderly wind down of the services at Mercy Hospital. These discussions have encompassed all of Mercy Hospital's categories of service and will continue over the next few months.

The Applicants understand that many people will question and challenge this decision because it involves closing Mercy Hospital; but, in order to continue to serve its communities, the Mercy Board of Directors and Trinity were required to challenge the traditional concept of an inpatient hospital and explore a new outpatient model of care.

Project Costs/Project Classification

The total cost of the Project will be $0.

Because this Project involves the discontinuation of a healthcare facility, this Project is considered "Substantive" pursuant to Section 1110.20(c)(1)(B)(ii).

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	$0	$0	$0
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	$0	$0	$0

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

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

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $_____
Fair Market Value: $_____

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

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

Estimated start-up costs and operating deficit cost is $ _____.

Project Status and Completion Schedules

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

Indicate the stage of the project's architectural drawings:

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

Anticipated project completion date (refer to Part 1130.140): May 31, 2021, subject to Review Board approval

Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140): **NOT APPLICABLE**

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

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

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable:
☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements: NOT APPLICABLE

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: Mercy Hospital & Medical Center			**CITY: Chicago**		
REPORTING PERIOD DATES:		**From: January 1, 2019**		**to: December 31, 2019**	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	289	6,415	29,595	-289	0
Obstetrics	30	1,526	3,763	-30	0
Pediatrics	0	0	0	-0	0
Intensive Care	30	1,169	5,275	-30	0
Comprehensive Physical Rehabilitation	24	261	2,590	-24	0
Acute/Chronic Mental Illness	39	1,334	7,447	-39	0
Neonatal Intensive Care	0	0	0	-0	0
General Long Term Care	0	0	0	-0	0
Specialized Long Term Care	0	0	0	-0	0
Long Term Acute Care	0	0	0	-0	0
Other ((identify)	0	0	0	-0	0
TOTALS:	412	10,705	48,670	-412	0

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

This Application for Permit is filed on the behalf of Mercy Hospital and 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
Carol L. Garikes Schneider PRINTED NAME	Jeffrey Mathis PRINTED NAME
President & CEO PRINTED TITLE	Secretary PRINTED TITLE
Notarization:	Notarization:
Subscribed and sworn to before me this 28th day of August 2020	Subscribed and sworn to before me this _____ day of _____
Signature of Notary	Signature of Notary
Seal	Seal

OFFICIAL SEAL
MARIANNE T. URSO
Notary Public - State of Illinois
My Commission Expires 5/10/2022

*Insert EXACT legal name of the applicant

CERTIFICATION

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- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
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SIGNATURE	SIGNATURE
Carol L. Garikes Schneider PRINTED NAME	Jeffrey Mathis PRINTED NAME
President & CEO PRINTED TITLE	Secretary PRINTED TITLE
Notarization:	Notarization:
Subscribed and sworn to before me this _____ day of _____	Subscribed and sworn to before me this 26 day of August 2020
Signature of Notary	Signature of Notary
Seal	Seal

Sherry Wright
Notary Public of Michigan
Berrien County
Expires 08/21/2025
Acting in the County of Berrien

*Insert EXACT legal name of the applicant

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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

This Application for Permit is filed on the behalf of Mercy Health System of Chicago* 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
Carol L. Garikes Schneider PRINTED NAME	Jeffrey Mathis PRINTED NAME
President & CEO PRINTED TITLE	Secretary PRINTED TITLE
Notarization:	Notarization:
Subscribed and sworn to before me this 28th day of Aug 2020	Subscribed and sworn to before me this _____ day of _____
Marianne Urso Signature of Notary	Signature of Notary
Seal	Seal

OFFICIAL SEAL
MARIANNE URSO
Notary Public - State of Illinois
My Commission Expires 5/10/2022

*Insert EXACT legal name of the applicant

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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

This Application for Permit is filed on the behalf of Mercy Health System of Chicago* 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
Carol L. Garikes Schneider PRINTED NAME	Jeffrey Mathis PRINTED NAME
President & CEO PRINTED TITLE	Secretary PRINTED TITLE
Notarization:	Notarization:
Subscribed and sworn to before me this _____ day of _____	Subscribed and sworn to before me this 26 day of August 2020
Signature of Notary	Signature of Notary
Seal	Seal

Sherry Wright
Notary Public of Michigan
Berrien County
Expires 08/24/2025
Acting in the County of Berrien

*Insert EXACT legal name of the applicant

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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

This Application for Permit is filed on the behalf of Trinity Health Corporation* 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

Cynthia A. Clemence
PRINTED NAME

Interim Chief Financial Officer
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 26th day of August 2020

Ann Marie Rosko
Signature of Notary

Seal

Ann Marie Rosko
Notary Public of Michigan
Livingston County
Expires 07/28/2026
Acting in the County of Wayne

SIGNATURE

Linda S. Ross, Esq.
PRINTED NAME

Executive Vice President & Chief Legal Officer
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 26th day of August 2020

Ann Marie Rosko
Signature of Notary

Seal

Ann Marie Rosko
Notary Public of Michigan
Livingston County
Expires 07/28/2026
Acting in the County of Wayne

*Insert EXACT legal name of the applicant

SECTION II. DISCONTINUATION

This Section is applicable to the discontinuation of a health care facility, relocation of a health care facility, or discontinuation of more than one category of service in a 6-month period. If the project is solely for a discontinuation of a health care facility the **Background of the Applicant(s) and Purpose of Project MUST** be addressed. **A copy of the Notice to the Local Media MUST be submitted with this Application for Discontinuation (20 ILCS 3960/8.7).**

Criterion 1110.290 – Discontinuation

READ THE REVIEW CRITERION and provide the following information:

GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that are to be discontinued.
2. Identify all of the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued and the length of time the records will be maintained.
6. Provide copies of the notices that were provided to the local media that would routinely be notified about facility events.
7. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 90 days following the date of discontinuation.

REASONS FOR DISCONTINUATION

The applicant shall state the reasons for the discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.290(b) for examples.

IMPACT ON ACCESS

1. Document whether or not the discontinuation of each service or of the entire facility will have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within the **geographic service area**.

APPEND DOCUMENTATION AS ATTACHMENT 10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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.

1110.110(a) – Background of the Applicant

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 listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.

3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.

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

    b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.

    c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.

    d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.

    e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.

4. 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.**

5. 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 1110.110(b) & (d)

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 IX. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE 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 37.

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

SECTION X. CHARITY CARE INFORMATION

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

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

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 39.

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

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

Section I
Attachment 1
Applicant Identification

The Certificates of Good Standing for the Applicants are attached at ATTACHMENT 1.

File Number 0114-154-6

To all to whom these Presents Shall Come, Greeting:

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

MERCY HOSPITAL AND MEDICAL CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 21, 1852, 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* 27TH *day of* AUGUST *A.D.* 2020 .

Authentication #: 2024000728 verifiable until 08/27/2021
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

Attachment 1

File Number 5257-458-7

To all to whom these Presents Shall Come, Greeting:

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

MERCY HEALTH SYSTEM OF CHICAGO, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 20, 1981, 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* 27TH *day of* AUGUST *A.D.* 2020 .

Authentication #: 2024000756 verifiable until 08/27/2021
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

Attachment 1

File Number 6775-210-4

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

TRINITY HEALTH CORPORATION, INCORPORATED IN INDIANA AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON MARCH 02, 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* 27TH *day of* AUGUST *A.D.* 2020 .

Authentication #: 2024000766 verifiable until 08/27/2021
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

Attachment 1

State of Indiana
Office of the Secretary of State

CERTIFICATE OF EXISTENCE

To Whom These Presents Come, Greeting:

I, CONNIE LAWSON, Secretary of State of Indiana, do hereby certify that I am, by virtue of the laws of the State of Indiana, the custodian of the corporate records and the proper official to execute this certificate.

I further certify that records of this office disclose that

TRINITY HEALTH CORPORATION

duly filed the requisite documents to commence business activities under the laws of the State of Indiana on November 10, 1978, and was in existence or authorized to transact business in the State of Indiana on August 27, 2020.

I further certify this Domestic Nonprofit Corporation has filed its most recent report required by Indiana law with the Secretary of State, or is not yet required to file such report, and that no notice of withdrawal, dissolution, or expiration has been filed or taken place. All fees, taxes, interest, and penalties owed to Indiana by the domestic or foreign entity and collected by the Secretary of State have been paid.

In Witness Whereof, I have caused to be affixed my signature and the seal of the State of Indiana, at the City of Indianapolis, August 27, 2020

Connie Lawson

CONNIE LAWSON
SECRETARY OF STATE

197811-279 / 20201595313

All certificates should be validated here: https://bsd.sos.in.gov/ValidateCertificate

Expires on September 26, 2020.

Section I
Attachment 2
Site Ownership

Mercy Hospital and Medical Center, an Illinois not for profit corporation ("Mercy Hospital"), owns the site upon which Mercy Hospital & Medical Center (the "Hospital") is located. An Affidavit from Carol Schneider, the President and CEO of Mercy Hospital, in support of this Criterion is attached at ATTACHMENT 2.

MERCY HOSPITAL & MEDICAL CENTER
2525 SOUTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60616-2477
312.567.2000 phone

August 25, 2020

Mr. Michael Constantino
Project Review Supervisor
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Certification of Corporate Ownership of Mercy Hospital & Medical Center (Discontinuation Certificate of Need)

Dear Mr. Constantino:

I hereby certify, under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, that Mercy Hospital and Medical Center, an Illinois not-for-profit, owns and operates Mercy Hospital & Medical Center, a general acute care hospital located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

Sincerely,

Carol L. Garikes Schneider
President & CEO
Mercy Hospital and Medical Center
Mercy Health System of Chicago

Subscribed and Sworn to before me
this 24 day of August, 2020.

Marianne Urso
Notary Public

OFFICIAL SEAL
MARIANNE T. URSO
Notary Public - State of Illinois
My Commission Expires 5/10/2022

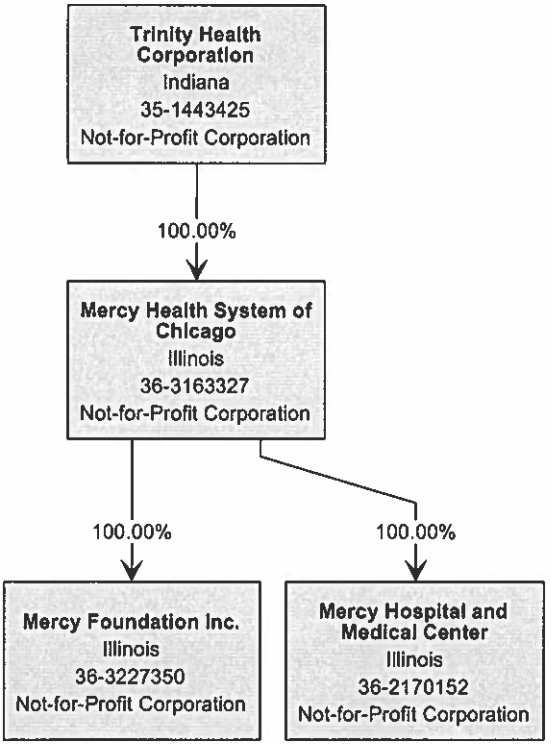
Section I
Attachment 3
Operating Entity/Licensee

Mercy Hospital owns and operates Mercy Hospital & Medical Center. The Certificate of Good Standing for Mercy Hospital is attached at ATTACHMENT 1.

Section I
Attachment 4
Organizational Relationships

The organizational chart for the Applicants is attached at ATTACHMENT 4.

Mercy Health System of Chicago



Section I
Attachment 5
Flood Plain Requirements

This Criterion is not applicable because this Project does not involve: (1) the demolition of any existing buildings or structures; (2) construction of any new buildings or structures; or (3) modernization of any existing buildings or structures.

Section I
Attachment 6
Historic Resources Preservation Act Requirements

This Criterion is not applicable because this Project does not involve: (1) the demolition of any existing buildings or structures; (2) construction of any new buildings or structures; or (3) modernization of any existing buildings or structures.

Section I
Attachment 7
Project Costs & Sources of Funds

There are no capital costs associated with this Project.

Section II
Attachment 10
Discontinuation
Criterion 1130.290

Criterion 1110.290(a), General Information

1. **Categories of Service**. All of the categories of service recognized by the Review Board will be discontinued at the Hospital, which are listed below:

Category of Service	Number
Medical/Surgical	289 Beds
Intensive Care	30 Beds
Obstetric/Gynecology	30 Beds
Acute Mental Illness	39 Beds
Rehabilitation	24 Beds
Cardiac Catheterization	2 Labs

2. **Clinical Service Areas**. All of the clinical service areas recognized by the Review Board will be discontinued at the Hospital, which are listed below:

Clinical Service Areas	Number
Operating Rooms	11
Stage 1 Recovery Stations	13
Stage 2 Recovery Stations	9
Procedure Rooms	6
Emergency Room Stations	25

In addition to discontinuing the recognized categories of services and clinical service areas, the Hospital will also be discontinuing the following services at the Hospital generally reported to the Review Board: (a) emergent care; (b) diagnostic and interventional imaging (including general radiology/fluoroscopy, nuclear medicine, mammography, ultrasound, angiography, positive emission tomography (PET), computerized axial tomography, and magnetic resonance imaging); (c) outpatient care; and (d) clinical laboratory services.

In short, all of the beds and services at the Hospital will be discontinued.

The Hospital's 2018 Hospital Profile is attached at ATTACHMENT 10.

3. **Anticipated Date of Discontinuation**. The Applicants anticipate that the Hospital's final date of operation will be no sooner than February 1, 2021 and no later than May 31, 2021, subject to Review Board approval.

4. **Anticipated Use of Physical Plant and Equipment**. As of the filing date of this CON Application, the Applicants have not initiated a formal review of the options available to the Applicants concerning the Hospital's physical plant, real estate, and equipment. Such a process will likely involve marketing the Hospital's physical plant, real estate and equipment for sale.

5. **Medical Records**. Following the discontinuation of the Hospital, Trinity Health will serve as custodian of the Hospital's medical records and will ensure that the Hospital's medical

records are stored, maintained and accessible to the Hospital's patients and authorized third parties in conformance with State and Federal Law, including, but not limited to, Section 6.17 of the Illinois Hospital Licensing Act which requires an Illinois hospital to maintain medical records for no less than 10 years after discharge or 12 years if there is litigation. See 210 ILCS § 85/6.17.

6. **Notice to Local Media**. The Applicants provided a notice of the proposed discontinuation of the Hospital to the local media on August 27, 2020, specifically, the Sun Times, a copy of which is attached at ATTACHMENT 10. The Sun Times ran the Notice on August 28, 2020. A copy of the Sun Time's "proof of publication" is attached at ATTACHMENT 10.

7. **Certification Regarding Completion of Future Reports**. An Affidavit from Carol Schneider, the President and CEO of Mercy Hospital, certifying that the Hospital will provide, complete and file all questionnaires and data required by the Review Board and IDPH (e.g., annual questionnaires, capital expenditures surveys, etc.) through the date of discontinuation of the Hospital, and that the required information will be submitted no later than 60 days following the date of discontinuation of the Hospital, is attached at ATTACHMENT 10.

8. **Pre-Filing Notice to Certain Local and State Officials**. Pursuant to 20 ILCS 3960/8.7, on July 29, 2020, the Applicants provided notice of their intent to file a Certificate of Need to discontinue the Hospital to the following local and state officials: (a) Illinois State Senator Mattie Hunter (3rd District); (b) Illinois State Representative Lamont J. Robinson, Jr. (5th District); (c) Hon. Lori Lightfoot, Mayor of Chicago; (d) Director Theresa Eagleson, Illinois Department of Healthcare and Family Services; (e) Director Ngozi Ezike, M.D., Illinois Department of Public Health; and (f) Administrator Courtney Avery, Illinois Health Facilities & Services Review Board. Copies of the notices are attached at ATTACHMENT 10.

Criterion 1110.290(b)
Reasons for Discontinuation

1. The decision to discontinue Mercy Hospital was not an easy one. Indeed, it was not a single decision made at a single meeting; but rather, the culmination of a multi-year, multi-factorial process that ultimately resulted in the consensus that Mercy Hospital needed to be at the forefront of transforming the health care options available on the South Side of Chicago and needed to move forward with a new model of care.

2. More specifically, to advance its new model of care, Mercy Hospital is developing plans for a care center that will offer diagnostics (which may include CT, MRI, X-Ray, ultrasound, mammography, echo, bone densitometry), urgent care (non-emergent on-demand medical services), and care coordination (to connect patients with specialty providers, develop care plans, and facilitate access to community services). These programs will have the potential to serve more than 50,000 patients annually. Overall, the focus will be to give access to preventive and early diagnostic services, and to help local residents avoid expensive emergency room visits and hospitalizations.

3. There is a radical difference in life expectancy within the City of Chicago when comparing prosperous neighborhoods with some communities on the South Side. For example, people in Streeterville on Chicago's North Side live an average of **30 years** longer than those in Englewood, where the average life expectancy is only 60 years (NYU School of Medicine analysis cited in the Chicago Tribune, June 9, 2019).

4. The prevalence of chronic health conditions is a key driver of this disparity. According to the Community Health Needs Assessment compiled by the Alliance for Health Equity, 65% of all deaths in Chicago and Suburban Cook County were attributable to chronic diseases. The communities served by Mercy Hospital disproportionately suffer from these chronic conditions and desperately need more early detection and diagnosis of illnesses and diseases, better care coordination among a multitude of providers to better treat chronic diseases, and more cost effective and accessible urgent care and other outpatient services. The COVID 19 pandemic has further highlighted these disparities.

5. At the same time, the future of healthcare has changed and continues to change rapidly. Inpatient care is being replaced by outpatient care due to advancements in medicine and payor demands. Hence, the need for a new model of care that will focus on keeping people healthy, early detection of diseases, and advocating for patients by finding provider partners such as hospitals, federally qualified health centers ("FQHCs"), and specialty providers to better manage chronic diseases, is imperative.

6. Pursuant to 77 Ill. Admin 1110.290(b)(3), the Hospital is not economically sustainable or feasible. As set forth in the Narrative, between April 1, 2012 (when the Hospital joined the Trinity Health ministry) and June 30, 2019, Trinity: (i) has invested more than $124 million in infrastructure improvements at Mercy Hospital; (ii) has provided more than $112 million in funding so Mercy Hospital could meet its short-term operating needs; (iii) has suffered financial statement impairments of more than $187 million because of Mercy Hospital; and (iv) continues to guarantee Mercy Hospital loans (currently $52 million). See Financial Statements for the Hospital for 2016, 2017, 2018 and 2019, which are attached at ATTACHMENT 10.

7. Despite all of this financial support, inpatient discharges at Mercy Hospital have continued to decline as the population served by Mercy Hospital has declined and healthcare has shifted from inpatient services to outpatient services (e.g., the average daily census at

Mercy Hospital has dropped from 177 patients in 2015 to 136 patients in June of 2020), the large systems and academic medical centers, with new and updated facilities, to the north, south and west of Mercy Hospital, continue to dominate positive consumer opinions in the market (siphoning off commercial and Medicare patients), and these same systems and academic medical centers have made material investments in outpatient services (siphoning off outpatients). See 77 Ill. Admin. 1110.290(b)(1).

8. In addition, Mercy Hospital's aging facility will require at least $100 million of additional capital investments in the next five years to maintain a safe and sustainable acute care environment. See 77 Ill. Admin. 1110.290(b)(4).

9. Given the challenges faced by Mercy Hospital, Trinity began a formal process to identify and assess options for Mercy Hospital. In June of 2016, Trinity and the Board of Directors for Mercy Hospital initiated a comprehensive assessment of Mercy Hospital's service lines, patient perceptions, competitors, payers, and the potential for economic growth. Financial models evaluated sustainability and the capital investment needed to maintain Mercy Hospital's long-term viability and financial modeling was used extensively to determine Mercy Hospital's sustainability under a variety of service reductions and/or reconfigurations. No scenario was financially viable.

10. After Trinity determined that it could not develop a financially sustainable reconfiguration of Mercy Hospital, Trinity began exploring the option of selling or transferring Mercy Hospital to a third party or affiliating with another health system. This work included a comprehensive RFP process that involved over 20 potential partners over an eighteen-month period. Ultimately, none expressed an interest in Mercy Hospital.

11. Against this backdrop, the Mercy Hospital Board of Directors, in collaboration with Trinity, began an extensive review of the best path forward for Mercy Hospital and the patients served by Mercy Hospital. Guided by the aforementioned realities, the Community Health Needs Assessment compiled by the Alliance for Health Equity, and its own community health needs assessment, the Mercy Hospital Board of Directors, in collaboration with Trinity, ultimately concluded that Mercy Hospital needed to completely transform its care delivery model from an inpatient model to an outpatient model. Critically, the Illinois Legislature and Governor also recognized the immediate need for the hospital community to transform its care delivery models to better meet the unmet needs of the communities served by hospitals, with a focus on shifting from inpatient services to outpatient services and models that improve the coordination, effectiveness and efficiency of care, when they passed and signed the Illinois Hospital Transformation Program into law. See SB1773, House Amendment #4, as enacted into law at Public Act 100-0581 (305 ILCS 5/14-12(d-5); see also Illinois Hospital Association State Position Paper and Statement of President and CEO of Illinois Hospital Association (August 8, 2018).

12. To that end, in August of 2019, senior management from Mercy Hospital approached the Illinois Department of Healthcare & Family Services (the "Department") to discuss closure of Mercy Hospital and the transformation of Mercy Hospital to an outpatient care center that will offer preventative and urgent care, diagnostics and care coordination.

13. These conversations led the Department to convene a group with Mercy Hospital, St. Bernard Hospital, Advocate Trinity Hospital and South Shore Hospital (collectively, the "South Side Coalition"). With the Department's involvement, the South Side Coalition spent more than nine months exploring solutions that could transform health care for Chicago's most at-risk population.

14. The hospitals on the South Side make up a fragmented network of aging, inefficient facilities requiring significant capital investments and are not able to combat, on their own, the challenges evident in their community health needs assessments. Financial instability at all of the South Side Coalition hospitals has been mounting for years. Fifty eight percent (58%) of patients (61,000 inpatient discharges) leave the service area to receive care. The four hospitals are less than 52% occupied, and patients do not have access to ambulatory services to maintain health, identify early stages of disease and manage chronic diseases.

15. In January of 2020, the South Side Coalition members signed a non-binding memorandum of understanding to create an independent health system and build one to two new, state-of-the-art hospitals and three to six outpatient centers to ultimately replace the four hospital facilities. The South Side Coalition's transformation plan (the "South Side Transformation Plan") was to build these new hospitals and outpatient sites before any of the existing hospitals closed with these goals:

- Expand access to quality preventive care and services;
- Increase access to coordinated care – the right care, at the right time, in the right setting; and
- Address the significant and historic health inequities South Side residents face

16. The South Side Transformation Plan was to be funded with public and private commitments over ten years for a total investment of $1.1 billion. The South Side Transformation Plan was to include a medical group with 140 employed providers (from Mercy Hospital and Advocate Trinity Hospital) and would have maintained 3,445 jobs in the Community (with retraining and reassignment of health care workers to work in the new centers). Critically, the South Side Transformation Plan requested that the State commit $520 million over five years as part of the Illinois Hospital Transformation Program funding.

17. In early 2020, the South Side Coalition launched a community outreach initiative, including a website for the South Side Transformation Plan, and held community town halls (virtually due to the COVID-19 pandemic) during which over 700 community members in 11 zip codes heard the details of the South Side Transformation Plan. The South Side Coalition also contacted elected officials as part of the community outreach initiative. The neighborhoods included South Shore, Englewood, South Chicago, Chatham, Calumet Heights, Bronzeville, Chinatown, Auburn Gresham and Washington Heights.

18. Sadly, it was not meant to be. During the last few hours of the Spring Legislative Session, the Illinois Legislature changed course and elected not to fund the South Side Transformation Plan as part of the funding for the Illinois Hospital Transformation Program. On May 25, 2020, the South Side Coalition notified the Department that there was no path forward. The South Side Coalition subsequently disbanded at the end of May.

19. See Criterion 1110.290(c) for additional support for this Criterion regarding the discontinuation of each Category of Service at the Hospital.

Criterion 1110.290(c)
Impact on Access
General Statement

1. Pursuant to 77 Ill. Admin. 1110.290(c), the discontinuation of the Hospital will not have an adverse impact upon access to care for residents of the Hospital's Market Area, which the Review Board defines as a 10 mile radius around the Hospital, because: (a) there are 29 other hospitals in the Hospital's Market Area; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's; and (d) the discontinuation of the Hospital's 412 beds will not create a shortage of beds in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services. See 77 Ill. Admin. 1100.510(d).

2. Although the Applicants have no insight into the future plans for Provident Hospital of Cook County ("Provident"), it also bears noting that Provident is approximately 3 miles away from the Hospital and that Cook County has previously announced plans to modernize and expand Provident in a $240 million replacement hospital project. The 85-bed Provident, which maintained an average daily census of only 12.6 patients in 2018, could accommodate a fairly large number of the Hospital's patients depending on the short term and long term plans for Provident. Until November 13, 2015, Provident had 11 Intensive Care Beds. Until February 16, 2016, Provident had 23 Obstetric/Gynecology Beds.

Criterion 1110.290(c)
Impact on Access
Medical/Surgical Category of Service

1. Pursuant to 77 Ill. Admin 1110.290(c), and as set forth below, the discontinuation of the Medical/Surgical ("Med/Surg") Category of Service at the Hospital will **not** have an adverse impact upon the ability of patients to access inpatient Med/Surg services in the Hospital's Market Area because: (a) there are 27 other hospitals in the Hospital's market area that provide inpatient Med/Surg services; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's inpatient Med/Surg units; and (d) the discontinuation of the Hospital's 289 Med/Surg beds will not create a shortage of Med/Surg beds in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Hospital Volumes

2. The number of Med/Surg admissions at the Hospital has decreased from 8,699 in 2015 to 6,415 in 2019, representing a decrease in admissions of 26.3% between 2015 and 2019, as set forth in the below chart.

3. The Hospital's Med/Surg average daily census has decreased from 107.7 in 2015 to 81.1 in 2019, representing a decrease in average daily census of 24.7% between 2015 and 2019, as set forth in the below chart.

Mercy Hospital Medical/Surgical Inpatient Beds & Occupancy							
Year	Admissions	Admissions Increase/ Decrease (Year Over Year)	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
2015	8,699	N/A	107.7	289	37.3%	85%	No
2016	7,671	(1,028)	107.6	289	37.2%	85%	No
2017	7,521	(150)	110.6	289	38.3%	85%	No
2018	7,257	(264)	117.7	289	40.7%	85%	No
2019	6,415	(842)	81.1	289	28.1%	85%	No

4. Over the past five years, the Hospital's Med/Surg average daily census has never approached the state target occupancy rate of 85% for Med/Surg.

Planning Area

5. The Hospital is in Planning Area A-03 for Med/Surg. As of July 15, 2020, Planning Area A-03 had 1,798 Med/Surg beds in inventory and a calculated need of 1,160 Med/Surg beds, for an excess of 588 Med/Surg beds, as reflected in the following chart:

Medical/Surgical Hospital Planning Area A-03*						
Date	Planning Area	Current Beds in Inventory	Calculated Bed Need	Excess Beds	Authorized Mercy Beds	Bed Excess without Mercy
7-15-2020	A-03	1,798	1,160	588	289	299
8-8-2019	A-03	1,791	1,116	675	289	386

* Source: Review Board Inventory of Healthcare Facilities

6. Upon the discontinuation of the Hospital, Planning Area A-03 will have 1,509 available Med/Surg beds, with an excess of 299 Med/Surg beds. Thus, based on the number of Med/Surg beds available in the Hospital's Planning Area, the hospitals in the Hospital's Planning Area can accommodate all of the Hospital's Med/Surg caseload.

Market Area

7. The Hospital is located in Cook County.

8. Including the Hospital, there are 28 hospitals that provide adult Med/Surg inpatient services in the Hospital's Market Area as defined by the Review Board (i.e., a 10 mile radius of the Hospital). See 1110.290(c) and 1100.510(d)(1). For purposes of this Criterion, the Hospital's Market Area is the relevant area to consider in terms of access.

9. There are currently 4,368 available adult Med/Surg beds in the Hospital's Market Area, as reflected in the below chart.

Hospitals Located in Mercy Hospital's Market Area with Med/Surg Beds*			
Hospital	Address	City	Authorized Med/Surg Beds (Adult)
Advocate Illinois Masonic Medical Center	836 West Wellington	Chicago	225
Advocate Trinity Hospital	2320 East 93rd Street	Chicago	158
Ann & Robert Lurie Children's Hospital of Chicago	225 East Chicago Avenue	Chicago	0
Holy Cross Hospital	2701 West 68th Street	Chicago	204
Jackson Park Hosp. Foundation	7531 Stony Island Avenue	Chicago	144
John H. Stroger Hospital of Cook County	1901 West Harrison Street - Suite 5650	Chicago	240
LaRabida Children's Hospital	6501 S. Promontory Drive	Chicago	0
Little Company of Mary Hospital	2800 West 95th Street	Evergreen Park	228
Loretto Hospital	645 South Central Avenue	Chicago	89

Louis A. Weiss Memorial Hospital	4646 North Marine Drive	Chicago	184
MacNeal Memorial Hospital	3249 South Oak Park Avenue	Berwyn	208
Mercy Hospital & Medical Center	2525 South Michigan Avenue	Chicago	289
Methodist Hospital of Chicago	5025 North Paulina Street	Chicago	74
Mount Sinai Hospital Medical Center	1500 S Fairfield Ave	Chicago	165
Northwestern Memorial Hospital	251 East Huron St	Chicago	530
Norwegian American Hospital	1044 North Francisco Avenue	Chicago	98
Presence Saint Elizabeth Hospital	1431 North Claremont	Chicago	40
Presence Saint Joseph Hospital - Chicago	2900 North Lake Shore W	Chicago	208
Presence Saint Mary of Nazareth Hospital	2233 West Divison Street	Chicago	186
Provident Hospital of Cook County	500 East 51st Street	Chicago	79
Rush Oak Park Hospital	520 South Maple Street	Oak Park	151
Rush University Medical Center	1653 West Congress Parkway	Chicago	356
South Shore Hospital	8012 South Crandon	Chicago	114
St. Anthony Hospital	2875 West 19th Street	Chicago	62
St. Bernard Hospital	326 West 64th Street	Chicago	132
Swedish Covenant Hospital	5145 North California Avenue	Chicago	171
Thorek Memorial Hospital	850 West Irving Park	Chicago	123
University Of Chicago Medical Center	5841 South Maryland	Chicago	506
University of Illinois Hospital at Chicago	1740 West Taylor Avenue	Chicago	240
West Suburban Medical Center	3 Erie Court	Oak Park	135
Total			**4,368**

* Source: Review Board Inventory of Healthcare Facilities

10. Upon the discontinuation of the Hospital, the Hospital's Market Area will have 4,079 available adult Med/Surg beds.

11. On information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program. On information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's adult Med/Surg programs.

12. Based on the number of Med/Surg beds available in the Hospital's Market Area, the hospitals in the Hospital's Market Area can accommodate all of the Hospital's Med/Surg caseload.

13. The Hospital has been working with (and will continue to work with) other hospitals in Planning Area A-03 and the larger Market Area on an orderly transition of the Hospital's Med/Surg program.

14. Thus, as defined by 77 Ill. Admin 1110.290(c), the discontinuation of Med/Surg services at the Hospital will **not** have an adverse impact upon the ability of patients to access inpatient Med/Surg services in the Hospital's Market Area because: (a) there are 27 other hospitals in the Hospital's Market Area that provide adult inpatient Med/Surg services; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's Med/Surg programs; and (d) the discontinuation of the Hospital's 289 Med/Surg beds will not create a shortage of Med/Surg beds in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Criterion 1110.290(c)
Impact on Access
Intensive Care Category of Service

1. Pursuant to 77 Ill. Admin 1110.290(c), and as set forth below, the discontinuation of the Intensive Care Category of Service at the Hospital will **not** have an adverse impact upon the ability of the patients to access ICU services in the Hospital's market area because: (a) there are 27 other hospitals in the Hospital's market area that provide adult ICU services; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's ICU; and (d) the discontinuation of the Hospital's 30 ICU beds will not create a shortage of ICU beds in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Hospital Volumes

2. The number of ICU admissions at the Hospital has decreased from 2,020 in 2015 to 1,169 in 2019, representing a decrease in admissions of 42.1% between 2015 and 2019, as set forth in the below chart.

3. The Hospital's ICU average daily census has decreased from 15.7 in 2015 to 14.5 in 2019, representing a decrease in average daily census of 7.6% between 2015 and 2019, as set forth in the below chart.

Mercy Hospital ICU Beds & Occupancy							
Year	Admissions	Admissions Increase/ Decrease (Year Over Year)	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
2015	2,020	N/A	15.7	30	52.5%	60%	No
2016	1,005	(1,015)	15.5	30	51.7%	60%	No
2017	472	(533)	7.8	30	26.1%	60%	No
2018	948	476	10.8	30	35.9%	60%	No
2019	1,169	221	14.5	30	48.3%	60%	No

4. The Hospital's ICU average daily census has fluctuated over the past five years, but has never hit the state's target ICU utilization rate of 60%.

Planning Area

5. The Hospital is in Planning Area A-03 for Intensive Care. As of July 15, 2020, Planning Area A-03 had 262 ICU beds in inventory and a calculated need of 251 ICU beds, for an excess of 11 ICU beds, as reflected in the following chart:

Intensive Care Hospital Planning Area A-03*						
Date	Planning Area	Current Beds in Inventory	Calculated Bed Need	Excess Beds	Authorized Mercy Beds	Bed Excess without Mercy
7-15-2020	A-03	262	251	11	30	(19)
8-8-2019	A-03	262	220	42	30	12

* Source: Review Board Inventory of Healthcare Facilities

6. Upon the discontinuation of the Hospital, Planning Area A-03 will have 232 available ICU beds, with a need for 19 ICU beds.

Market Area

7. The Hospital is located in Cook County.

8. Including the Hospital, there are 28 hospitals that provide adult ICU inpatient services in the Hospital's Market Area as defined by the Review Board (i.e., a 10 mile radius of the Hospital). See 1110.290(c) and 1100.510(d)(1). For purposes of this Criterion, the Hospital's Market Area is the relevant area to consider in terms of access.

9. There are currently 951 available adult ICU beds in the Hospital's Market Area, as reflected in the below chart.

Hospitals Located in Mercy Hospital's Market Area with ICU Beds*			
Hospital	Address	City	Authorized ICU Beds (Adult)
Advocate Illinois Masonic Medical Center	836 West Wellington	Chicago	33
Advocate Trinity Hospital	2320 East 93rd Street	Chicago	24
Ann & Robert Lurie Children's Hospital of Chicago	225 East Chicago Avenue	Chicago	0
Holy Cross Hospital	2701 West 68th Street	Chicago	20
Jackson Park Hosp. Foundation	7531 Stony Island Avenue	Chicago	8
John H. Stroger Hospital of Cook County	1901 West Harrison Street	Chicago	86
Little Company of Mary Hospital	2800 West 95th Street	Evergreen Park	29
Loretto Hospital	645 South Central Avenue	Chicago	12
Louis A. Weiss Memorial Hospital	4646 North Marine Drive	Chicago	16
MacNeal Memorial Hospital	3249 South Oak Park Avenue	Berwyn	26

Mercy Hospital & Medical Center	2525 South Michigan Avenue	Chicago	30
Methodist Hospital of Chicago	5025 North Paulina Street	Chicago	9
Mount Sinai Hospital Medical Center	1500 S Fairfield Ave	Chicago	30
Northwestern Memorial Hospital	251 East Huron Street	Chicago	115
Norwegian American Hospital	1044 North Francisco Avenue	Chicago	12
Presence Saint Joseph Hospital - Chicago	2900 North Lake Shore	Chicago	21
Presence Saint Mary of Nazareth Hospital	2233 West Divison Street	Chicago	32
Provident Hospital of Cook County	500 East 51st Street	Chicago	6
Rush Oak Park Hospital	520 South Maple Street	Oak Park	14
Rush University Medical Center	1653 West Congress Parkway	Chicago	132
South Shore Hospital	8012 South Crandon	Chicago	8
St. Anthony Hospital	2875 West 19th Street	Chicago	15
St. Bernard Hospital	326 West 64th Street	Chicago	10
Swedish Covenant Hospital	5145 North California Avenue	Chicago	18
Thorek Memorial Hospital	850 West Irving Park	Chicago	10
University Of Chicago Medical Center	5841 South Maryland	Chicago	146
University of Illinois Hospital at Chicago	1740 West Taylor Avenue	Chicago	65
West Suburban Medical Center	3 Erie Court	Oak Park	24
Total			**951**

* Source: Review Board Inventory of Healthcare Facilities

10. Upon the discontinuation of the Hospital, the Hospital's Market Area will have 921 available adult ICU beds.

11. On information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program. On information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's ICU.

12. Based on the number of ICU beds available in the Hospital's Market Area, the hospitals in the Hospital's Market Area can accommodate all of the Hospital's ICU caseload.

13. The Hospital has been working with (and will continue to work with) other hospitals in Planning Area A-03 and the Hospital's Market Area on an orderly transition of the Hospital's ICU program.

14. Thus, as defined by 77 Ill. Admin 1110.290(c), the discontinuation of the Intensive Care Category of Service at the Hospital will **not** have an adverse impact upon the ability of the patients to access ICU services in the Hospital's Market Area because: (a) there are 27 other hospitals in the Hospital's Market area that provide adult ICU services; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's ICU; and (d) the discontinuation of the Hospital's 30 ICU beds will not create a shortage of ICU beds in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Criterion 1110.290(c)
Impact on Access
Obstetrics/Gynecology Category of Service

1. Pursuant to 77 Ill. Admin 1110.290(c), and as set forth below, the discontinuation of discontinuation of the OB/GYN Category of Service at the Hospital will **not** have an adverse impact upon the ability of the OB/GYN patients to access OB/GYN services in the Hospital's Market Area because: (a) there are 18 other hospitals in the Hospital's Market Area that have inpatient OB/GYN units; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's inpatient OB/GYN unit; and (d) the discontinuation of the Hospital's 30 OB/GYN beds will not create a shortage of OB/GYN beds in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Hospital's Volumes (Beds)

2. The number of OB/GYN admissions at the Hospital has decreased from 2,495 in 2015 to 1,526 in 2019, representing a decrease in admissions of 38.8% between 2015 and 2019, as set forth in the below chart.

3. The Hospital's OB/GYN average daily census has decreased from 15.3 in 2015 to 10.3 in 2019, representing a decrease in average daily census of 32.7% between 2015 and 2019, as set forth in the following chart.

Mercy Hospital Obstetrics/Gynecology Inpatient Beds & Occupancy							
Year	Admissions	Admissions Increase/ Decrease (Year Over Year)	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
2015	2,495	N/A	15.3	30	50.9%	78%	No
2016	2,440	(55)	15.4	30	51.4%	78%	No
2017	1,980	(460)	12.9	30	43.1%	78%	No
2018	1,739	(241)	11.4	30	38.0%	78%	No
2019	1,526	(213)	10.3	30	34.3%	78%	No

Hospital's Volumes (Births)

4. The number of births at the Hospital has decreased from 2,395 in 2015 to 1,454 in 2019, representing a decrease of 39.3% in births between 2015 and 2019, as set forth in the following chart:

Mercy Hospital Births				
Year	Total Births	Total Births Increase/Decrease (Year Over Year)	Total Births Increase/Decrease (%) (Year Over Year)	Total Births Increase/Decrease (%) Cumulative
2015	2,395	N/A	N/A	
2016	2,369	(26)	(1.08)	
2017	1,929	(440)	(18.57)	
2018	1,673	(256)	(13.27)	
2019	1,454	(219)	(13.90)	(39.29)

5. In 2019, physicians associated with federally qualified health centers ("FQHC") accounted for approximately 52.5% of the deliveries at the Hospital. Specifically, Alivio Medical Center physicians accounted for 33% of the deliveries at the Hospital, Friend Health (f/k/a Friend Family Health Center) physicians accounted for 10% of the deliveries at the Hospital, Access Community Health Network physicians accounted for 7% of the deliveries at the Hospital, and Komed Health Center and Beloved Community Health Center physicians accounted for another 2.5% of the deliveries at the Hospital.

6. Each of the above referenced FQHCs are associated with multiple hospitals inside the Hospital's Market Area and the physicians employed by those FQHCs have admitting/delivery privileges at multiple hospitals inside the Hospital's Market Area.

7. Generally speaking, deliveries are not emergent and, with minimal planning, the FQHCs should able be to redirect their OB/GYN patients to other hospitals within the Hospital's Market Area.

Planning Area

8. The Hospital is in Planning Area A-03 for OB/GYN. As of July 15, 2020, Planning Area A-03 had 154 OB/GYN beds in inventory and a calculated need of 74 OB/GYN beds, for an excess of 80 OB/GYN beds. The number of excess OB/GYN beds in Planning Area A-03 has increased by 10 Beds since 2019, as reflected in the below chart:

Obstetrics/Gynecology Hospital Planning Area A-03*						
Date	Planning Area	Current Beds in Inventory	Calculated Bed Need	Excess Beds	Authorized Mercy Beds	Bed Excess without Mercy
7-15-2020	A-03	154	74	80	30	50
8-8-2019	A-03	154	84	70	30	40

* Source: Review Board Inventory of Healthcare Facilities

9. Upon the discontinuation of the Hospital, Planning Area A-03 will have 124 available OB/GYN beds, with an excess of 50 OB/GYN beds. Thus, based on the number of OB/GYN beds available in the Hospital's Planning Area, the hospitals in the Hospital's Planning Area can accommodate all of the Hospital's OB/GYN patients.

Market Area

10. The Hospital is located in Cook County.

11. Including the Hospital, there are 19 hospitals that provide OB/GYN inpatient services in the Hospital's Market Area as defined by the Review Board (i.e., a 10 mile radius of the Hospital). See 1110.290(c) and 1100.510(d)(1). For purposes of this Criterion, the Hospital's Market Area is the relevant area to consider in terms of access.

12. There are currently 658 available OB/GYN beds in the Hospital's Market Area, as reflected in the below chart.

Hospitals Located in Mercy Hospital's Market Area with OB/GYN Beds*			
Hospital	Address	City	Authorized OB/GYN Beds
Advocate Illinois Masonic Medical Center	836 W Wellington Avenue	Chicago	44
Advocate Trinity Hospital	2320 East 93rd Street	Chicago	23
Holy Cross Hospital	2701 W 68th St	Chicago	16
John H. Stroger Hospital of Cook County	1901 W Harrison Street	Chicago	40
Little Company of Mary Hospital	2800 W 95th St	Evergreen Park	17
MacNeal Memorial Hospital	3249 S Oak Park Ave	Berwyn	25
Mercy Hospital & Medical Center	2525 South Michigan Ave	Chicago	30
Mount Sinai Hospital Medical Center	1500 S Fairfield Ave	Chicago	30
Northwestern Memorial Hospital	251 East Huron Street	Chicago	134
Norwegian American Hospital	1044 N Francisco Avenue	Chicago	48
Presence Saint Joseph Hospital - Chicago	2900 N Lake Shore Dr	Chicago	23
Presence Saint Mary of Nazareth Hospital	2233 W Division Street	Chicago	20
Rush University Medical Center	1653 W Congress Pkwy	Chicago	34
St. Anthony Hospital	2875 West 19th Street	Chicago	20
St. Bernard Hospital	326 W 64th Street	Chicago	22
Swedish Covenant Hospital	5145 N California Avenue	Chicago	21
University Of Chicago Medical Center	5841 South Maryland MC 1112	Chicago	46
University of Illinois Hospital at Chicago	1740 W Taylor Ste 1400	Chicago	45
West Suburban	3 Erie Court	Oak Park	20

Medical Center			
Total			**658**

* Source: Review Board Inventory of Healthcare Facilities

13. Upon the discontinuation of the Hospital, the Hospital's Market Area will have 628 available OB/GYN beds.

14. On information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program. On information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's OB/GYN unit.

15. Based on the number of OB/GYN beds available in the Hospital's Market Area, the hospitals in the Hospital's market area can accommodate all of the Hospital's OB/GYN caseload.

16. Generally speaking, deliveries are not emergent and, with minimal planning, the FQHCs should able be to redirect their OB/GYN patients to other hospitals within the Hospital's market area.

17. In addition to working with the FQHCs, the Hospital has been working with (and will continue to work with) other hospitals in Planning Area A-03 and the larger Market Area on an orderly transition of the Hospital's inpatient OB/GYN services.

18. Thus, as defined by 77 Ill. Admin 1110.290(c), the discontinuation of the inpatient OB/GYN Category of Service at the Hospital will **not** have an adverse impact upon the ability of patients to access inpatient OB/GYN services in the Hospital's Market Area because: (a) there are 17 other hospitals in the Hospital's Market Area that provide inpatient OB/GYN services; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's inpatient OB/GYN unit; and (d) the discontinuation of the Hospital's 30 OB/GYN beds will not create a shortage of OB/GYN beds in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Criterion 1110.290(c)
Impact on Access
Acute Mental Illinois (AMI) Category of Service

1. As defined by 77 Ill. Admin 1110.290(c), and as set forth below, the discontinuation of the AMI Category of Service at the Hospital will **not** have an adverse impact upon the ability of patients to access inpatient AMI services in the Hospital's Market Area because: (a) there are 25 other hospitals in the Hospital's Market Area that provide inpatient AMI services; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's inpatient AMI unit; and (d) the discontinuation of the Hospital's 39 AMI beds will not create a shortage of AMI beds in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Hospital Volumes

2. The number of AMI admissions at the Hospital has increased 921 in 2015 to 1,334 in 2019, representing an increase in admissions of 44.8% between 2015 and 2019, as set forth in the below chart.

3. The Hospital's AMI average daily census has increased from 14.0 in 2015 to 20.4 in 2019, representing an increase in average daily census of 45.7% between 2015 and 2019, as set forth in the below chart.

Mercy Hospital AMI Inpatient Beds & Occupancy							
Year	Admissions	Admissions Increase/ Decrease (Year Over Year)	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
2015	921	N/A	14.0	39	35.8%	85%	No
2016	1,349	428	16.5	39	42.3%	85%	No
2017	1,383	34	18.9	39	48.5%	85%	No
2018	1,436	53	19.5	39	50.0%	85%	No
2019	1,334	(102)	20.4	39	52.3%	85%	No

4. The Hospital's AMI admissions and AMI average daily census have effectively stabilized at a utilization rate of approximately 50% for the past 3 years; which is far below the state target occupancy rate of 85% for AMI.

Planning Area

5. The Hospital is in Planning Area 6A-03 for AMI. As of July 15, 2020, Planning Area 6A-03 had 254 AMI beds in inventory and a calculated need of 87 AMI beds, for an excess of 167 AMI beds, as reflected in the following chart:

AMI Hospital Planning Area 6A-03*						
Date	Planning Area	Current Beds in Inventory	Calculated Bed Need	Excess Beds	Authorized Mercy Beds	Bed Excess without Mercy
7-15-2020	6A-03	254	104	150	39	111
8-8-2019	6A-03	254	87	167	39	128

* Source: Review Board Inventory of Healthcare Facilities

6. Upon the discontinuation of the Hospital, Planning Area 6A-03 will have 215 available AMI beds, with an excess of 111 AMI beds. Thus, based on the number of AMI beds available in the Hospital's Planning Area, the hospitals in the Hospital's Planning Area can accommodate all of the Hospital's AMI inpatient population.

Market Area

7. The Hospital is located in Cook County. Including the Hospital, there are 26 hospitals that provide AMI inpatient services in the Hospital's Market Area as defined by the Review Board (i.e., a 10 mile radius of the Hospital). See 1110.290(c) and 1100.510(d)(1). For purposes of this Criterion, the Hospital's Market Area is the relevant area to consider in terms of access.

8. There are currently 1,455 available AMI beds in the Hospital's Market Area, as reflected in the below chart.

Hospitals Located in Mercy Hospital's Market Area with AMI Beds*			
Hospital	Address	City	Authorized AMI Beds
Advocate Illinois Masonic Medical Center	836 West Wellington	Chicago	39
Ann & Robert H Lurie Children's Hospital of Chicago	225 East Chicago Avenue	Chicago	12
Aurora Chicago Lakeshore Hospital	4840 North Marine Drive	Chicago	146
Garfield Park Hospital	520 Ridgeway Avenue	Chicago	88
Holy Cross Hospital	2701 West 68th Street	Chicago	24
Jackson Park Hosp. Foundation	7531 Stony Island Avenue	Chicago	86
Kindred Hospital Chicago North	2544 West Montrose Avenue	Chicago	31
Little Company of Mary Hospital	2800 West 95th Street	Evergreen Park	24
Loretto Hospital	645 South Central Avenue	Chicago	76
Louis A. Weiss Memorial Hospital	4646 North Marine Drive	Chicago	10
MacNeal Memorial Hospital	3249 South Oak Park Avenue	Berwyn	68

Mercy Hospital & Medical Center	2525 South Michigan Avenue	Chicago	39
Methodist Hospital of Chicago	5025 North Paulina Street	Chicago	62
Mount Sinai Hospital Medical Center	1500 S Fairfield Ave	Chicago	28
Northwestern Memorial Hospital	251 East Huron St	Chicago	29
Norwegian American Hospital	1044 North Francisco Avenue	Chicago	37
Presence Saint Joseph Hospital	2900 North Lake Shore	Chicago	34
Presence Saint Mary Of Nazareth Hospital	2233 West Division Street	Chicago	120
Presence St. Elizabeth's Hospital	1431 North Claremont	Chicago	40
Rush University Medical Center	1653 West Congress Parkway	Chicago	54
South Shore Hospital	8012 South Crandon Avenue	Chicago	15
St. Anthony Hospital	2875 West 19th Street	Chicago	42
St. Bernard Hospital	326 West 64th Street	Chicago	60
Swedish Covenant Hospital	5145 North California Avenue	Chicago	34
Thorek Memorial Hospital	850 West Irving Park	Chicago	44
UHS Hartgrove Hospital	5730 West Roosevelt Road	Chicago	160
University of Illinois Hospital at Chicago	1740 West Taylor Avenue	Chicago	53
Total			**1,455**

* Source: Review Board Inventory of Healthcare Facilities

9. Upon the discontinuation of the Hospital, the Hospital's Market Area will have 1,416 available AMI beds.

10. On information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program. On information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's inpatient AMI unit.

11. Based on the number of AMI beds available in the Hospital's Market Area, the hospitals in the Hospital's Market Area can accommodate all of the Hospital's AMI inpatients.

12. The Hospital employs psychiatrists to provide care and services to its AMI patients. The Hospital has been working with (and will continue to work with) other hospitals in Planning Area 6A-03 and the larger Market Area on an orderly transition of the Hospital's inpatient AMI services (including, possible placements of the Hospital's employed psychiatrists).

13. At this point, St. Bernard Hospital has already agreed to assist the Hospital in transitioning the various programs and services utilized by the Hospital's AMI patients.

14. Thus, as defined by 77 Ill. Admin 1110.290(c), the discontinuation of the AMI Category of Service at the Hospital will **not** have an adverse impact upon the ability of patients to access inpatient AMI services in the Hospital's Market Area because: (a) there are 25 other hospitals in the Hospital's Market Area that provide inpatient AMI services; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's inpatient AMI unit; and (d) the discontinuation of the Hospital's 39 AMI beds will not create a shortage of AMI beds in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Criterion 1110.290(c)
Impact on Access
Comprehensive Physical Rehabilitation ("Rehab") Category of Service

1. As defined by 77 Ill. Admin 1110.290(c), and as set forth below, the discontinuation of the Comprehensive Physical Rehabilitation ("Rehab") Category of Service at the Hospital will **not** have an adverse impact upon the ability of the patients to access inpatient Rehab services in the Hospital's Market Area because: (a) there are 8 other hospitals in the Hospital's Market Area that provide inpatient Rehab services; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's inpatient Rehab unit; and (d) the discontinuation of the Hospital's 24 Rehab beds will not create a shortage of Rehab beds in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Hospital Volumes

2. The number of Rehab admissions at the Hospital has decreased from 422 in 2015 to 261 in 2019, representing a decrease in increase in admissions of 38.2% between 2015 and 2019, as set forth in the below chart.

3. The Hospital's Rehab average daily census has decreased from 12.4 in 2015 to 7.1 in 2019, representing a decrease in average daily census of 42.7% between 2015 and 2019, as set forth in the below chart.

Mercy Hospital Rehab Inpatient Beds & Occupancy							
Year	Admissions	Admissions Increase/ Decrease (Year Over Year)	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
2015	422	N/A	12.4	24	51.8%	85%	No
2016	404	(18)	13.0	24	54.1%	85%	No
2017	429	25	11.8	24	49.3%	85%	No
2018	359	(70)	10.6	24	44.3%	85%	No
2019	261	(98)	7.1	24	29.6%	85%	No

4. The Hospital's Rehab inpatient admissions and Rehab average daily census have been decreasing for the past five years and are far below the state target occupancy rate of 85% for Rehab.

Planning Area

5. The Hospital is in Planning Area HSA-06 for Rehab. As of July 15, 2020, Planning Area HSA-06 had 596 Rehab beds in inventory and a calculated need of 406 beds, for an excess of 190 Rehab beds, as reflected in the following chart:

Rehab Hospital Planning Area HSA-06*						
Date	Planning Area	Current Beds in Inventory	Calculated Bed Need	Excess Beds	Authorized Mercy Beds	Bed Excess without Mercy
7-15-2020	HSA-06	596	406	190	24	166
8-8-2019	HSA-06	585	419	166	24	142

* Source: Review Board Inventory of Healthcare Facilities

6. Upon the discontinuation of the Hospital, Planning Area HSA-06 will have 561 available Rehab beds, with an excess of 142 Rehab beds. Thus, based on the number of Rehab beds available in the Hospital's Planning Area, the hospitals in the Hospital's Planning Area can accommodate all of the patients served by the Hospital's Rehab unit.

Market Area

7. The Hospital is located in Cook County.

8. Including the Hospital, there are 9 hospitals that provide Rehab inpatient services in the Hospital's market area as defined by the Review Board (i.e., a 10 mile radius of the Hospital). See 1110.290(c) and 1100.510(d)(1). For purposes of this Criterion, the Hospital's Market Area is the relevant area to consider in terms of access.

9. There are currently 537 available Rehab beds in the Hospital's Market Area, as reflected in the below chart.

Hospitals Located in Mercy Hospital's Market Area with Rehab Beds*			
Hospital	Address	City	Authorized Rehab Beds
Advocate Illinois Masonic Medical Center	836 West Wellington	Chicago	22
Louis A. Weiss Memorial Hospital	4646 North Marine Drive	Chicago	26
MacNeal Hospital	3249 South Oak Park Avenue	Berwyn	12
Mercy Hospital & Medical Center	2525 South Michigan Avenue	Chicago	24
Presence Saint Mary of Nazareth Hospital	2233 West Divison Street	Chicago	15
Rush University Medical Center	1653 West Congress Parkway	Chicago	59
Schwab Rehabilitation Center	1401 South California Avenue	Chicago	92
Shirley Ryan Abilitylab	355 East Erie Street	Chicago	262
Swedish Covenant Hospital	5145 North California Avenue	Chicago	25
Total			**537**

* Source: Review Board Inventory of Healthcare Facilities

10. Upon the discontinuation of the Hospital, the Hospital's Market Area will have 513 available Rehab beds.

11. On information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program. On information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's inpatient Rehab unit.

12. Based on the number of Rehab beds available in the Hospital's Market Area, the hospitals in the Hospital's Market Area can accommodate all of the patients historically served by the Hospital's inpatient Rehab unit.

13. The Hospital has been working with (and will continue to work with) other hospitals in its Market Area on an orderly transition of the patients served by the inpatient Hospital's Rehab unit.

14. Thus, as defined by 77 Ill. Admin 1110.290(c), the discontinuation of the Rehab Category of Service at the Hospital will **not** have an adverse impact upon the ability of the patients to access inpatient Rehab services in the Hospital's Market Area because: (a) there are 8 other hospitals in the Hospital's market area that provide Rehab services; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's Rehab unit; and (d) the discontinuation of the Hospital's 24 Rehab beds will not create a shortage of Rehab beds in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Criterion 1110.290(c)
Impact on Access
Cardiac Catheterization Category of Service

1. Pursuant to 77 Ill. Admin 1110.290(c), and as set forth below, the discontinuation of Cardiac Catheterization ("Cardiac Cath") Category of Service at the Hospital will **not** have an adverse impact upon the ability of the patients to access Cardiac Cath Lab services in the Hospital's Market Area because: (a) there are 21 other hospitals in the Hospital's Market Area that provide Cardiac Cath Lab services; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's Cardiac Cath Labs; and (d) the discontinuation of the Hospital's 2 Cardiac Cath Labs will not create a shortage of Cardiac Cath Labs in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Hospital Volumes

2. The number of Cardiac Cath Lab procedures at the Hospital are set forth in the below chart. As indicated below, the volumes in the Hospital's Cardiac Cath Lab have fluctuated over the years (and the volumes were generally dependent on the Hospital contracting with another health system to provide the physician coverage at the Hospital).

Cardiac Catheterization Procedures at Mercy Hospital							
Year	Diagnostic Cath Procedures	Interven-tional Cath Procedures	EP Cath Procedures	Total Cath Procedures	Cath Labs	State Target Utilization Standard	Meets State Target Utilization Target
2015	541	192	0	733	2	1,500 caths/lab	No
2016	498	162	0	660	2	1,500 caths/lab	No
2017	435	0	0	435	2	1,500 caths/lab	No
2018	952	306	87	1,345	2	1,500 caths/lab	No
2019	511	184	69	764	2	1,500 caths/lab	No

Planning Area

2. The Hospital is in Planning Area HSA-06 for Cardiac Cath. As of September 1, 2019, Planning Area HSA-06 had 39 Cardiac Cath Labs, which includes 2 Cardiac Cath Labs at the Hospital.

3. Upon the discontinuation of the Hospital, Planning Area HSA-06 will have 37 available Cardiac Cath Labs.

Market Area

4. The Hospital is located in Cook County.

5. Including the Hospital, there are 22 hospitals that provide Cardiac Cath services in the Hospital's Market Area as defined by the Review Board (i.e., a 10 mile radius of the Hospital). See 1110.290(c) and 1100.510(d)(1). For purposes of this Criterion, the Hospital's Market Area is the relevant area to consider in terms of access.

6. There are currently 54 available Cardiac Cath Labs in the Hospital's Market Area, as reflected in the below chart.

Hospitals Located in Mercy Hospital's Market Area with Cardiac Cath Labs*			
Hospital	Address	City	Authorized Cath Labs
Advocate Illinois Masonic Medical Center	836 West Wellington	Chicago	3
Advocate Trinity Hospital	2320 East 93rd Street	Chicago	2
Ann & Robert H Lurie Children's Hospital of Chicago	225 East Chicago Avenue	Chicago	3
Community First Medical Center	5645 West Addison Street	Chicago	1
Holy Cross Hospital	2701 West 68th Street	Chicago	1
John H. Stroger, Jr. Hospital of Cook County	1901 West Harrison Street	Chicago	2
Little Company of Mary Hospital	2800 West 95th Street	Evergreen Park	2
Louis A. Weiss Memorial Hospital	4646 North Marine Drive	Chicago	1
MacNeal Memorial Hospital	3249 South Oak Park Avenue	Berwyn	3
Mercy Hospital & Medical Center	2525 South Michigan Avenue	Chicago	2
Mount Sinai Hospital Medical Center	1500 S Fairfield Ave	Chicago	2
Northwestern Memorial Hospital	251 East Huron St	Chicago	6
Norwegian American Hospital	1044 North Francisco Avenue	Chicago	1
Presence Saint Joseph Hospital - Chicago	2900 North Lake Shore W	Chicago	2
Presence Saint Mary of Nazareth Hospital	2233 West Divison Street	Chicago	3
Rush Oak Park Hospital	520 South Maple Street	Oak Park	2
Rush University Medical Center	1653 West Congress Parkway	Chicago	5
Swedish Covenant Hospital	5145 North California Avenue	Chicago	2
Thorek Memorial	850 West Irving Park	Chicago	1

Hospital			
University Of Chicago Medical Center	5841 South Maryland	Chicago	6
University of Illinois Hospital at Chicago	1740 West Taylor Avenue	Chicago	3
West Suburban Medical Center	3 Erie Court	Oak Park	1
Total			**54**

* Source: Review Board Inventory of Healthcare Facilities

5. Upon the discontinuation of the Hospital, the Hospital's Market Area will have 21 hospitals providing Cath Lab services and 52 Cardiac Cath Labs.

6. On information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program. On information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's Cardiac Cath Labs.

7. Based on the number of Cardiac Cath Labs available in the Hospital's Market Area, the hospitals in the Hospital's Market Area can accommodate all of the Hospital's Cardiac Cath procedures.

8. The Hospital currently contracts with Rush University Medical Center ("RUMC"), and specifically, RUMC employed physicians, to treat patients at the Hospital in need of diagnostic and interventional cardiology services, including, patients who need Cardiac Cath procedures.

9. Following discontinuation of the Hospital, RUMC has agreed to assist the Hospital in providing care to the Hospital's cardiology patients at RUMC's locations across the City.

10. The Hospital has been working with (and will continue to work with) other hospitals in Planning Area A-03 and the Hospital's Market Area on an orderly transition of the Hospital's Cardiac Cath service lines.

11. Thus, as defined by 77 Ill. Admin 1110.290(c), the discontinuation of Cardiac Cath Category of Services at the Hospital will **not** have an adverse impact upon the ability of the patients to access Cardiac Cath services in the Hospital's Market Area because: (a) there are 21 other hospitals in the Hospital's Market area that have Cardiac Cath Labs; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's Cardiac Cath Labs; and (d) the discontinuation of the Hospital's 2 Cardiac Cath Labs will not create a shortage of Cardiac Cath Labs in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services.

Criterion 1110.290(d)
Notice to Other Providers/Request for Impact Statements

1. Impact statement requests were sent to the 29 hospitals within the Hospital's Market Area, i.e., all hospitals within ten (10) miles of the Hospital. See 77 Ill. Admin. 1100.510(d)(1). Specifically, impact statement requests were sent to the following hospitals:

Hospitals Receiving Impact Statement Requests		
Hospital	Address	City
Advocate Illinois Masonic Medical Center	836 West Wellington	Chicago
Advocate Trinity Hospital	2320 East 93rd Street	Chicago
Ann & Robert Lurie Children's Hospital of Chicago	225 East Chicago Avenue	Chicago
Holy Cross Hospital	2701 West 68th Street	Chicago
Jackson Park Hosp. Foundation	7531 Stony Island Avenue	Chicago
John H. Stroger Hospital of Cook County	1901 West Harrison Street - Suite 5650	Chicago
LaRabida Children's Hospital	6501 S. Promontory Drive	Chicago
Little Company of Mary Hospital	2800 West 95th Street	Evergreen Park
Loretto Hospital	645 South Central Avenue	Chicago
Louis A. Weiss Memorial Hospital	4646 North Marine Drive	Chicago
MacNeal Memorial Hospital	3249 South Oak Park Avenue	Berwyn
Methodist Hospital of Chicago	5025 North Paulina Street	Chicago
Mount Sinai Hospital Medical Center	1500 S Fairfield Ave	Chicago
Northwestern Memorial Hospital	251 East Huron St	Chicago
Norwegian American Hospital	1044 North Francisco Avenue	Chicago
Presence Saint Elizabeth Hospital	1431 North Claremont	Chicago
Presence Saint Joseph Hospital - Chicago	2900 North Lake Shore W	Chicago
Presence Saint Mary of Nazareth Hospital	2233 West Divison Street	Chicago
Provident Hospital of Cook County	500 East 51st Street	Chicago
Rush Oak Park Hospital	520 South Maple Street	Oak Park
Rush University Medical Center	1653 West Congress Parkway	Chicago
South Shore Hospital	8012 South Crandon	Chicago
St. Anthony Hospital	2875 West 19th Street	Chicago
St. Bernard Hospital	326 West 64th Street	Chicago
Swedish Covenant Hospital	5145 North California Avenue	Chicago
Thorek Memorial Hospital	850 West Irving Park	Chicago
University Of Chicago Medical Center	5841 South Maryland	Chicago
University of Illinois Hospital at Chicago	1740 West Taylor Avenue	Chicago
West Suburban Medical Center	3 Erie Court	Oak Park

Copies of the impact statement requests are attached at ATTACHMENT 10.

#20-039

Ownership, Management and General Information

ADMINISTRATOR NAME:	Carol Schneider
ADMINSTRATOR PHONE:	312-567-2100
OWNERSHIP:	Mercy Hospital & Medical Center
OPERATOR:	Mercy Hospital & Medical Center
MANAGEMENT:	Not for Profit Corporation
CERTIFICATION:	
FACILITY DESIGNATION:	General Hospital
ADDRESS	2525 South Michigan Avenue CITY: Chicago COUNTY: Suburban Cook (Chicago)

Patients by Race

White	24.0%
Black	64.3%
American Indian	0.1%
Asian	6.6%
Hawaiian/ Pacific	0.0%
Unknown	5.1%

Patients by Ethnicity

Hispanic or Latino:	0.0%
Not Hispanic or Latino:	94.9%
Unknown:	5.1%

IDPH Number:	1578
HPA	A-03
HSA	6

Facility Utilization Data by Category of Service

Clinical Service	Authorized CON Beds 12/31/2018	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 %
Medical/Surgical	289	125	125	7,257	34,566	8,386	5.9	117.7	40.7	94.1
0-14 Years				*0*	*0*					
15-44 Years				*891*	*2,951*					
45-64 Years				*2,442*	*10,908*					
65-74 Years				*1,661*	*8,419*					
75 Years +				*2,263*	*12,288*					
Pediatric	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Intensive Care	30	16	16	948	3,924	5	4.1	10.8	35.9	67.3
Direct Admission				*948*	*3,924*					
Transfers				*0*	*0*					
Obstetric/Gynecology	30	12	12	1,739	4,165	0	2.4	11.4	38.0	95.1
Maternity				*1,739*	*4,165*					
Clean Gynecology				*0*	*0*					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds			0	0	0		0.0	0.0		
Total AMI	29			1,436	7,134	0	5.0	19.5	67.4	
Adolescent AMI		0	0	0	0	0	0.0	0.0		0.0
Adult AMI		20	20	1,436	7,134	0	5.0	19.5		97.7
Rehabilitation	24	16	16	359	3,883	0	10.8	10.6	44.3	66.5
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	*0*					*0*				
Facility Utilization	**402**			**11,739**	**53,672**	**8,391**	**5.3**	**170.0**	**42.3**	

(Includes ICU Direct Admissions Only)

Inpatients and Outpatients Served by Payor Source

	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	40.2%	44.1%	0.1%	13.0%	2.6%	0.0%	
	4718	5172	11	1529	308	1	11,739
Outpatients	25.8%	39.7%	0.2%	25.5%	8.5%	0.2%	
	90426	139039	812	89171	29863	788	350,099

Financial Year Reported: 7/1/2017 *to* 6/30/2018

Inpatient and Outpatient Net Revenue by Payor Source

	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense
Inpatient Revenue ($)	40.2%	46.8%	0.0%	13.0%	0.0%	100.0%	
	61,049,508	71,193,734	0	19,777,759	0	152,021,001	2,312,242
Outpatient Revenue ($)	23.0%	35.4%	0.0%	41.6%	0.0%	100.0%	
	16,303,849	25,041,556	0	29,483,767	0	70,829,172	2,036,730

Total Charity Care Expense 4,348,972

Total Charity Care as % of Net Revenue 2.0%

Birthing Data

Number of Total Births:	1,673
Number of Live Births:	1,654
Birthing Rooms:	0
Labor Rooms:	0
Delivery Rooms:	0
Labor-Delivery-Recovery Rooms:	9
Labor-Delivery-Recovery-Postpartum Rooms:	0
C-Section Rooms:	2
CSections Performed:	443

Newborn Nursery Utilization

	Level I	Level II	Level II+
Beds	23	15	0
Patient Days	1,486	3,425	0
Total Newborn Patient Days			4,911

Laboratory Studies

Inpatient Studies	447,672
Outpatient Studies	453,608
Studies Performed Under Contract	19,657

Organ Transplantation

Kidney:	0
Heart:	0
Lung:	0
Heart/Lung:	0
Pancreas:	0
Liver:	0
Total:	0

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	0	0	44	3	189	5	194	4.3	1.7
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	11	11	432	748	1125	1410	2535	2.6	1.9
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	0	0	0	0	0	0	0	0.0	0.0
OB/Gynecology	0	0	0	0	541	396	1294	788	2082	2.4	2.0
Oral/Maxillofacial	0	0	0	0	0	0	0	0	0	0.0	0.0
Ophthalmology	0	0	0	0	0	395	0	625	625	0.0	1.6
Orthopedic	0	0	0	0	195	386	505	811	1316	2.6	2.1
Otolaryngology	0	0	0	0	30	154	78	246	324	2.6	1.6
Plastic Surgery	0	0	0	0	3	16	9	43	52	3.0	2.7
Podiatry	0	0	0	0	93	188	192	356	548	2.1	1.9
Thoracic	0	0	0	0	57	0	142	0	142	2.5	0.0
Urology	0	0	0	0	197	341	324	469	793	1.6	1.4
Totals	**0**	**0**	**11**	**11**	**1592**	**2627**	**3858**	**4753**	**8611**	**2.4**	**1.8**

SURGICAL RECOVERY STATIONS Stage 1 Recovery Stations 13 Stage 2 Recovery Stations 9

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	4	4	936	2600	1108	2826	3934	1.2	1.1
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	1	1	31	586	32	515	547	1.0	0.9
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
Multipurpose Non-Dedicated Rooms											
Various				1	0	146	0	110	110	0.0	0.8
					0	0	0	0	0	0.0	0.0
					0	0	0	0	0	0.0	0.0

Emergency/Trauma Care

Certified Trauma Center		No
Level of Trauma Service	**Level 1**	**Level 2**
Operating Rooms Dedicated for Trauma Care		0
Number of Trauma Visits:		71
Patients Admitted from Trauma		0
Emergency Service Type:		Basic
Number of Emergency Room Stations		25
Persons Treated by Emergency Services:		51,685
Patients Admitted from Emergency:		8,227
Total ED Visits (Emergency+Trauma):		**51,756**

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	**350,099**
Outpatient Visits at the Hospital/ Campus:	173,271
Outpatient Visits Offsite/off campus	176,828

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	**2**
Cath Labs used for Angiography procedures	2
Dedicated Diagnostic Catheterization Labs	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	**1,345**
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	952
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	306
EP Catheterizations (15+)	87

Cardiac Surgery Data

Total Cardiac Surgery Cases:	**0**
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	0
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	0

Diagnostic/Interventional Equipment / Examinations

	Owned	Contract	Inpatient	Outpt	Contract
General Radiography/Fluoroscopy	11	0	9,766	36,206	0
Nuclear Medicine	3	0	600	1,746	0
Mammography	7	0	7	18,132	0
Ultrasound	13	0	2,175	17,621	0
Angiography	1	0			
Diagnostic Angiography			0	0	0
Interventional Angiography			1,167	565	0
Positron Emission Tomography (PET)	1	0	2	256	0
Computerized Axial Tomography (CAT)	3	0	3,991	15,013	0
Magnetic Resonance Imaging	1	0	1,093	2,815	0

Therapeutic Equipment

	Owned	Contract	Therapies/ Treatments
Lithotripsy	0	0	0
Linear Accelerator	1	0	7,666
Image Guided Rad Therapy			0
Intensity Modulated Rad Thrpy			7,666
High Dose Brachytherapy	0	0	0
Proton Beam Therapy	0	0	0
Gamma Knife	0	0	0
Cyber knife	0	0	0

Source: 2018 Annual Hospital Questionnaire, Illinois Depart

ıs Development.

#20-039

FOLEY & LARDNER LLP
Mercy Hospital and Medical Center (Mercy Hospital), Mercy Healt

ADORDERNUMBER: 0001112999-01
PO NUMBER: Mercy Hospital/Med Center
AMOUNT: 238.00
NO OF AFFIDAVITS: 1

Mercy Hospital and Medical Center ("Mercy Hospital"), Mercy Health System of Chicago ("Mercy System"), and Trinity Health Corporation ("Trinity," and collectively with Mercy Hospital and Mercy System, the "Applicants") intend to file a Certificate of Need Application (the "Application") with the Illinois Health Facilities & Services Review Board (the "Review Board") to discontinue, in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center (the "Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616. The Applicants anticipate that the Review Board will consider the Application on or about January 26, 2021. The Applicants anticipate that the Hospital's final date of operation will be no sooner than February 1, 2021 and no later than May 31, 2021, subject to Review Board approval.
8/28/2020 #1112999

Chicago Sun-Times
Certificate of Publication

State of Illinois - County of Cook

Chicago Sun-Times, does hereby certify it has published the attached advertisments in the following secular newspapers. All newspapers meet Illinois Compiled Statue requirements for publication of Notices per Chapter 715 ILCS 5/0.01 et seq. R.S. 1874, P728 Sec 1, EFF. July 1, 1874. Amended by Laws 1959, P1494, EFF. July 17, 1959. Formerly Ill. Rev. Stat. 1991, CH100, Pl.
Note: Notice appeared in the following checked positions.
PUBLICATION DATE(S): 08/28/2020

Chicago Sun-Times

IN WITNESS WHEREOF, the undersigned, being duly authorized, has caused this Certificate to be signed

by

Susan Quinn

Susan Quinn
Manager | Recruitment & Legals

This 28th Day of August 2020 A.D.

FOLEY & LARDNER LLP
321 N CLARK ST STE 3000
ATTN: SHARON CARRARA
CHICAGO, IL 60654-4762

MERCY

MERCY HOSPITAL & MEDICAL CENTER
2525 SOUTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60616-2477
312.567.2000 phone

August 25, 2020

Mr. Michael Constantino
Project Review Supervisor
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Section 1110.290 Assurance Regarding Filings
(Mercy Hospital Discontinuation)

Dear Mr. Constantino:

I hereby certify, under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, that Mercy Hospital and Medical Center and Mercy Health System of Chicago, as required by 77 Ill. Admin. 1110.290(a)(6), will provide, complete and file all questionnaires and data required by the Illinois Health Facilities & Services Review Board and the Illinois Department of Public Health (e.g., annual questionnaires, capital expenditures surveys, etc.) through the date of discontinuation of Mercy Hospital & Medical Center (the "Hospital"), and that the required information will be submitted no later than 60 days following the date of discontinuation of the Hospital.

Sincerely,

Carol L. Garikes Schneider
President & CEO
Mercy Hospital and Medical Center
Mercy Health System of Chicago

Subscribed and Sworn to before me
this 28th day of August, 2020.

Notary Public

OFFICIAL SEAL
MARIANNE T. URSO
Notary Public - State of Illinois
My Commission Expires 5/10/2022

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FOLEY & LARDNER LLP

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CLIENT/MATTER NUMBER
048544-0334

July 29, 2020

VIA FAX (312-949-1958)
AND FEDERAL EXPRESS

The Honorable Mattie Hunter
Illinois State Senator, 3rd District
2929 S. Wabash Avenue, Suite 102
Chicago, Illinois 60616

Re: Letter of Intent to File a Substantive Certificate of Need Regarding Mercy Hospital & Medical Center

Dear Senator Hunter:

We are counsel to Mercy Hospital & Medical Center (the "Applicant"). Pursuant to 20 ILCS 3960/8.7, please be advised that the Applicant intends to file an Application for Permit (the "Application") with the Illinois Health Facilities and Services Review Board (the "Review Board") to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), which is located at 2525 South Michigan Ave, Chicago, Illinois, 60616 (the "Campus").

The Project will result in the discontinuation of all of Mercy Hospital's categories of service and all of Mercy Hospital's authorized inpatient beds. The decision to discontinue Mercy Hospital was not an easy one. Indeed, it was not a single decision made at a single meeting; but rather, the culmination of a multi-year, multi-factorial process that ultimately resulted in the consensus that Mercy Hospital needed to be at the forefront of transforming the health care options available on the South Side of Chicago and needed to move forward with a new model of care.

More specifically, to advance its new model of care, Mercy Hospital is developing plans for a care center that will offer diagnostics (CT, MRI, X-Ray, ultrasound, mammography, echo, bone densitometry), urgent care (non-emergent on-demand medical services), and care coordination (to connect patients with specialty providers, develop care plans, and facilitate access to community services). These programs will have the potential to serve more than 50,000 patients annually. Overall, the focus will be to give access to preventive and early diagnostic services, and to help local residents avoid expensive emergency room visits and hospitalizations.

As you know, there is a radical difference in life expectancy within the City of Chicago when comparing prosperous neighborhoods with some communities on the South Side. For example, people in Streeterville on Chicago's North Side live an average of **30 years** longer than those in Englewood, where the average life expectancy is only 60 years (NYU School of Medicine analysis cited in the Chicago Tribune, June 9, 2019).

The prevalence of chronic health conditions is a key driver of this disparity. According to the Community Health Needs Assessment compiled by the Alliance for Health Equity, 65% of all deaths in Chicago and Suburban Cook County were attributable to chronic diseases. The communities served by Mercy Hospital disproportionately suffer from these chronic conditions and desperately need more early detection and diagnosis of illnesses and diseases, better care coordination among a multitude of providers to better treat chronic diseases, and more cost effective and accessible urgent care and other outpatient services. The COVID 19 pandemic has further highlighted these disparities.

At the same time, the future of healthcare has changed and continues to change rapidly. Inpatient care is being replaced by outpatient care due to advancements in medicine and payor demands. Hence, the need for a new model of care that will focus on keeping people healthy, early detection of diseases, and advocating for patients by finding provider partners, such as hospitals, federally qualified health centers ("FQHCs"), and specialty providers to better manage chronic diseases.

In terms of timing, and as will be set forth in greater detail in its Application for Permit, the Applicant anticipates that Mercy Hospital's final date of operation will be no sooner than February 1, 2021 and no later than May 31, 2021, subject to Review Board approval. The Applicant intends to submit its Application with the Review Board within the next thirty (30) days.

Please know that it is important to Mercy Hospital to continue its legacy in the community, albeit in a different model, and the leadership at Mercy Hospital will be personally reaching out to you to discuss this Letter. That said, everything that follows in this Letter is well beyond the intended scope of 20 ILCS 3960/8.7 in terms of advance notice, but we know that it is important for you and the community to understand why this is happening and what steps the Applicant will be taking over the next year to ensure a safely and orderly transition into the future.

Mercy Hospital (The Distant Past)

In 1852, at a site that today would be near Rush Street and the Chicago River, the Sisters of Mercy converted an old rooming house into Mercy Hospital, the first chartered hospital in

Chicago. In 1859, the Sisters of Mercy moved their hospital into a new building at the corner of Wabash and Van Buren. In 1863, the Sisters of Mercy moved their hospital once again. This time, the Sisters of Mercy moved to the site of a former academy at 26th Street and Calumet Avenue. In January of 1968, Mercy Hospital opened a new 517-bed facility between 25th and 26th Street, from Michigan Avenue to King Drive. More than 50 years later, Mercy Hospital is still at that same location.

In 1970, Sister Sheila Lyne ("Sister Sheila") began her tenure at Mercy Hospital. From 1976 to 1991, Sister Sheila served as the CEO of Mercy Hospital. The 1990s ushered in significant financial turmoil at Mercy Hospital. On the brink of closure, turnaround experts were engaged and those turnaround experts implemented a number of short term fixes to keep Mercy Hospital open. In 2000, Sister Sheila returned to Mercy Hospital as its CEO once again. Upon her return, Sister Sheila worked, as best she could, to implement a strategic plan to preserve Mercy Hospital and its ability to provide care to the residents of the South Side of Chicago. Unfortunately, Mercy Hospital's finances continued to deteriorate over the next decade as the census at the hospital decreased, the hospital's reimbursements decreased, and the capital needs of the hospital increased exponentially.

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On April 1, 2012, Mercy Hospital, after being independent for nearly 160 years, joined the Trinity Health ("Trinity") ministry and Sister Sheila retired shortly thereafter. The level of commitment shown by Trinity to Mercy Hospital and the poor and uninsured on the South Side of Chicago is unquestionable. Based on audited financial statements from April 1, 2012 to June 30, 2019, Trinity: (i) has invested more than $124 million in infrastructure improvements at Mercy Hospital; (ii) has provided more than $112 million in funding so Mercy Hospital could meet its short-term operating needs; (iii) has suffered financial statement impairments of more than $187 million because of Mercy Hospital; and (iv) continues to guarantee Mercy Hospital loans (currently $52 million). Despite all of this support, inpatient discharges at Mercy Hospital have continued to decline as the population served by Mercy Hospital has declined and healthcare has shifted from inpatient services to outpatient services (e.g., the average daily census at Mercy Hospital has dropped from 161 in July 2018 to 136 in June of 2020), the large systems and academic medical centers, with new and updated facilities, to the north, south and west of Mercy Hospital, continue to dominate positive consumer opinions in the market (siphoning off commercial and Medicare patients), and these same systems and academic medical centers have made material investments in outpatient services (siphoning off outpatients).

In addition, Mercy Hospital's aging facility will require at least $100 million of additional capital investments in the next five years to maintain a safe and sustainable acute care environment.

Given the challenges faced by Mercy Hospital, Trinity began a formal process to identify and assess options for Mercy Hospital. In June of 2016, Trinity and the Board of Directors for Mercy Hospital initiated a comprehensive assessment of Mercy Hospital's service lines, patient perceptions, competitors, payers, and the potential for economic growth. Financial models evaluated sustainability and the capital investment needed to maintain Mercy Hospital's long-term viability and financial modeling was used extensively to determine Mercy Hospital's sustainability under a variety of service reductions and/or reconfigurations. No scenario was financially viable.

After Trinity determined that it could not develop a financially sustainable reconfiguration of Mercy Hospital, Trinity began exploring the option of selling or transferring Mercy Hospital to a third party or affiliating with another health system. This work included a comprehensive RFP process that involved over 20 potential partners over an eighteen-month period. Ultimately, none expressed an interest in Mercy Hospital.

Against this backdrop, the Mercy Hospital Board of Directors, in collaboration with Trinity, began an extensive review of the best path forward for Mercy Hospital and the patients served by Mercy Hospital. Guided by the aforementioned realities, the Community Health Needs Assessment compiled by the Alliance for Health Equity, and its own community health needs assessment, the Mercy Hospital Board of Directors, in collaboration with Trinity, ultimately concluded that Mercy Hospital needed to completely transform its care delivery model from an inpatient model to an outpatient model. Critically, the Illinois Legislature and Governor also recognized the immediate need for the hospital community to transform its care delivery models to better meet the unmet needs of the communities served by hospitals, with a focus on shifting from inpatient services to outpatient services and models that improve the coordination, effectiveness and efficiency of care, when they passed and signed the Illinois Hospital Transformation Program into law. See SB1773, House Amendment #4, as enacted into law at Public Act 100-0581 (305 ILCS 5/14-12(d-5); see also Illinois Hospital Association State Position Paper and Statement of President and CEO of Illinois Hospital Association (August 8, 2018).

To that end, in August of 2019, senior management from Mercy Hospital approached the Illinois Department of Healthcare & Family Services (the "Department") to discuss closure of Mercy Hospital and the transformation of Mercy Hospital to an outpatient care center that will offer preventative and urgent care, diagnostics and care coordination.

These conversations led the Department to convene a group with Mercy Hospital, St. Bernard Hospital, Advocate Trinity Hospital and South Shore Hospital (collectively, the "South Side Coalition"). With the Department's involvement, the South Side Coalition spent more than nine months exploring solutions that could transform health care for Chicago's most at-risk population.

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In January of 2020, the South Side Coalition members signed a non-binding memorandum of understanding to create an independent health system and build one to two new, state-of-the-art hospitals and three to six outpatient centers to ultimately replace the four hospital facilities. The South Side Coalition's transformation plan (the "South Side Transformation Plan") was to build these new hospitals and outpatient sites before any of the existing hospitals closed with these goals:

- Expand access to quality preventive care and services;
- Increase access to coordinated care – the right care, at the right time, in the right setting; and
- Address the significant and historic health inequities South Side residents face

The South Side Transformation Plan was to be funded with public and private commitments over ten years for a total investment of $1.1 billion. The South Side Transformation Plan was to include a medical group with 140 employed providers (from Mercy Hospital and Advocate Trinity Hospital) and would have maintained 3,445 jobs in the Community (with retraining and reassignment of health care workers to work in the new centers). Critically, the South Side Transformation Plan requested that the State commit $520 million over five years as part of the Illinois Hospital Transformation Program funding.

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Sadly, it was not meant to be. During the last few hours of the Spring Legislative Session, the Illinois Legislature changed course and elected not to fund the South Side Transformation Plan as part of the funding for the Illinois Hospital Transformation Program. On May 25, 2020, the

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South Side Coalition notified the Department that there was no path forward. The South Side Coalition subsequently disbanded at the end of May.

Mercy Hospital (The Future and an Orderly Transition)

Mercy Hospital currently has 412 authorized inpatient beds, allocated as follows: 289 medical/surgical beds, 30 intensive care beds, 30 obstetric/gynecology beds, 39 acute mental illness beds, and 24 rehabilitation beds. Through June of 2020, the Hospital had an average daily census of 136, with the following utilization rates for each category of service: medical/surgical beds at 30.3% utilization; intensive care beds at 52.3% utilization; obstetric/gynecology beds at 23.4% utilization; acute mental illness beds at 48.8% utilization; and rehabilitation beds at 29.7% utilization.

In addition to moving forward with its new care center, senior management from Mercy Hospital will work with other South Side hospitals to help ensure the safe and orderly wind down of the services at Mercy Hospital. These discussions will encompass all of Mercy Hospital's categories of service and will continue as we continue to prepare the Application.

Again, we know this is not the best way to communicate news such as this. We also understand that many people will question and challenge this decision because it involves closing Mercy Hospital; but, in order to continue to serve its communities, the Mercy Board of Directors and Trinity were required to challenge the traditional concept of an inpatient hospital and explore a new outpatient model of care.

Sincerely,

Edward J. Green

EJG:sxc
cc: Ms. Carol L. Schneider, President & CEO, Mercy Hospital

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CLIENT/MATTER NUMBER
048544-0334

July 29, 2020

VIA FAX (773-924-4652)
AND FEDERAL EXPRESS

The Honorable Lamont J. Robinson, Jr.
Illinois State Representative, 5th District
5048 S. Indiana Avenue
Chicago, Illinois 60615

Re: Letter of Intent to File a Substantive Certificate of Need Regarding Mercy Hospital & Medical Center

Dear Representative Robinson:

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CLIENT/MATTER NUMBER
048544-0334

July 29, 2020

VIA FEDERAL EXPRESS

The Honorable Lori Lightfoot
Mayor
City of Chicago
121 N. Clark Street
Chicago, Illinois 60602

Re: Letter of Intent to File a Substantive Certificate of Need Regarding Mercy Hospital & Medical Center

Dear Mayor Lightfoot:

We are counsel to Mercy Hospital & Medical Center (the "Applicant"). Pursuant to 20 ILCS 3960/8.7, please be advised that the Applicant intends to file an Application for Permit (the "Application") with the Illinois Health Facilities and Services Review Board (the "Review Board") to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), which is located at 2525 South Michigan Ave, Chicago, Illinois, 60616 (the "Campus").

The Project will result in the discontinuation of all of Mercy Hospital's categories of service and all of Mercy Hospital's authorized inpatient beds. The decision to discontinue Mercy Hospital was not an easy one. Indeed, it was not a single decision made at a single meeting; but rather, the culmination of a multi-year, multi-factorial process that ultimately resulted in the consensus that Mercy Hospital needed to be at the forefront of transforming the health care options available on the South Side of Chicago and needed to move forward with a new model of care.

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Against this backdrop, the Mercy Hospital Board of Directors, in collaboration with Trinity, began an extensive review of the best path forward for Mercy Hospital and the patients served by Mercy Hospital. Guided by the aforementioned realities, the Community Health Needs Assessment compiled by the Alliance for Health Equity, and its own community health needs assessment, the Mercy Hospital Board of Directors, in collaboration with Trinity, ultimately concluded that Mercy Hospital needed to completely transform its care delivery model from an inpatient model to an outpatient model. Critically, the Illinois Legislature and Governor also recognized the immediate need for the hospital community to transform its care delivery models to better meet the unmet needs of the communities served by hospitals, with a focus on shifting from inpatient services to outpatient services and models that improve the coordination, effectiveness and efficiency of care, when they passed and signed the Illinois Hospital Transformation Program into law. See SB1773, House Amendment #4, as enacted into law at Public Act 100-0581 (305 ILCS 5/14-12(d-5); see also Illinois Hospital Association State Position Paper and Statement of President and CEO of Illinois Hospital Association (August 8, 2018).

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CLIENT/MATTER NUMBER
048544-0334

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VIA EMAIL (Theresa.eagleson@illinois.gov)
AND FEDERAL EXPRESS

Director Theresa Eagleson
Illinois Department of Healthcare & Family Services
401 South Clinton Street
Chicago, Illinois 60607

Re: Letter of Intent to File a Substantive Certificate of Need Regarding Mercy Hospital & Medical Center

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CLIENT/MATTER NUMBER
048544-0334

July 29, 2020

VIA EMAIL (Dph.Director@Illinois.gov)
AND FEDERAL EXPRESS

Director Ngozi Ezike, M.D.
Illinois Department of Public Health
122 S. Michigan Avenue, 7th Floor
Chicago, Illinois 60603

Re: Letter of Intent to File a Substantive Certificate of Need Regarding Mercy Hospital & Medical Center

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In 1970, Sister Sheila Lyne ("Sister Sheila") began her tenure at Mercy Hospital. From 1976 to 1991, Sister Sheila served as the CEO of Mercy Hospital. The 1990s ushered in significant financial turmoil at Mercy Hospital. On the brink of closure, turnaround experts were engaged and those turnaround experts implemented a number of short term fixes to keep Mercy Hospital open. In 2000, Sister Sheila returned to Mercy Hospital as its CEO once again. Upon her return, Sister Sheila worked, as best she could, to implement a strategic plan to preserve Mercy Hospital and its ability to provide care to the residents of the South Side of Chicago. Unfortunately, Mercy Hospital's finances continued to deteriorate over the next decade as the census at the hospital decreased, the hospital's reimbursements decreased, and the capital needs of the hospital increased exponentially.

Mercy Hospital (The Recent Past)

On April 1, 2012, Mercy Hospital, after being independent for nearly 160 years, joined the Trinity Health ("Trinity") ministry and Sister Sheila retired shortly thereafter. The level of commitment shown by Trinity to Mercy Hospital and the poor and uninsured on the South Side of Chicago is unquestionable. Based on audited financial statements from April 1, 2012 to June 30, 2019, Trinity: (i) has invested more than $124 million in infrastructure improvements at Mercy Hospital; (ii) has provided more than $112 million in funding so Mercy Hospital could meet its short-term operating needs; (iii) has suffered financial statement impairments of more than $187 million because of Mercy Hospital; and (iv) continues to guarantee Mercy Hospital loans (currently $52 million). Despite all of this support, inpatient discharges at Mercy Hospital have continued to decline as the population served by Mercy Hospital has declined and healthcare has shifted from inpatient services to outpatient services (e.g., the average daily census at Mercy Hospital has dropped from 161 in July 2018 to 136 in June of 2020), the large systems and academic medical centers, with new and updated facilities, to the north, south and west of Mercy Hospital, continue to dominate positive consumer opinions in the market (siphoning off commercial and Medicare patients), and these same systems and academic medical centers have made material investments in outpatient services (siphoning off outpatients).

In addition, Mercy Hospital's aging facility will require at least $100 million of additional capital investments in the next five years to maintain a safe and sustainable acute care environment.

Given the challenges faced by Mercy Hospital, Trinity began a formal process to identify and assess options for Mercy Hospital. In June of 2016, Trinity and the Board of Directors for Mercy Hospital initiated a comprehensive assessment of Mercy Hospital's service lines, patient perceptions, competitors, payers, and the potential for economic growth. Financial models evaluated sustainability and the capital investment needed to maintain Mercy Hospital's long-term viability and financial modeling was used extensively to determine Mercy Hospital's sustainability under a variety of service reductions and/or reconfigurations. No scenario was financially viable.

After Trinity determined that it could not develop a financially sustainable reconfiguration of Mercy Hospital, Trinity began exploring the option of selling or transferring Mercy Hospital to a third party or affiliating with another health system. This work included a comprehensive RFP process that involved over 20 potential partners over an eighteen-month period. Ultimately, none expressed an interest in Mercy Hospital.

Against this backdrop, the Mercy Hospital Board of Directors, in collaboration with Trinity, began an extensive review of the best path forward for Mercy Hospital and the patients served by Mercy Hospital. Guided by the aforementioned realities, the Community Health Needs Assessment compiled by the Alliance for Health Equity, and its own community health needs assessment, the Mercy Hospital Board of Directors, in collaboration with Trinity, ultimately concluded that Mercy Hospital needed to completely transform its care delivery model from an inpatient model to an outpatient model. Critically, the Illinois Legislature and Governor also recognized the immediate need for the hospital community to transform its care delivery models to better meet the unmet needs of the communities served by hospitals, with a focus on shifting from inpatient services to outpatient services and models that improve the coordination, effectiveness and efficiency of care, when they passed and signed the Illinois Hospital Transformation Program into law. See SB1773, House Amendment #4, as enacted into law at Public Act 100-0581 (305 ILCS 5/14-12(d-5); see also Illinois Hospital Association State Position Paper and Statement of President and CEO of Illinois Hospital Association (August 8, 2018).

To that end, in August of 2019, senior management from Mercy Hospital approached the Illinois Department of Healthcare & Family Services (the "Department") to discuss closure of Mercy Hospital and the transformation of Mercy Hospital to an outpatient care center that will offer preventative and urgent care, diagnostics and care coordination.

These conversations led the Department to convene a group with Mercy Hospital, St. Bernard Hospital, Advocate Trinity Hospital and South Shore Hospital (collectively, the "South Side Coalition"). With the Department's involvement, the South Side Coalition spent more than nine months exploring solutions that could transform health care for Chicago's most at-risk population.

The hospitals on the South Side make up a fragmented network of aging, inefficient facilities requiring significant capital investments and are not able to combat, on their own, the challenges evident in their community health needs assessments. Financial instability at all of the South Side Coalition hospitals has been mounting for years. Fifty eight percent (58%) of patients (61,000 inpatient discharges) leave the service area to receive care. The four hospitals are less than 52% occupied, and patients do not have access to ambulatory services to maintain health, identify early stages of disease and manage chronic diseases.

In January of 2020, the South Side Coalition members signed a non-binding memorandum of understanding to create an independent health system and build one to two new, state-of-the-art hospitals and three to six outpatient centers to ultimately replace the four hospital facilities. The South Side Coalition's transformation plan (the "South Side Transformation Plan") was to build these new hospitals and outpatient sites before any of the existing hospitals closed with these goals:

- Expand access to quality preventive care and services;
- Increase access to coordinated care – the right care, at the right time, in the right setting; and
- Address the significant and historic health inequities South Side residents face

The South Side Transformation Plan was to be funded with public and private commitments over ten years for a total investment of $1.1 billion. The South Side Transformation Plan was to include a medical group with 140 employed providers (from Mercy Hospital and Advocate Trinity Hospital) and would have maintained 3,445 jobs in the Community (with retraining and reassignment of health care workers to work in the new centers). Critically, the South Side Transformation Plan requested that the State commit $520 million over five years as part of the Illinois Hospital Transformation Program funding.

In early 2020, the South Side Coalition launched a community outreach initiative, including a website for the South Side Transformation Plan, and held community town halls (virtually due to the COVID-19 pandemic) during which over 700 community members in 11 zip codes heard the details of the South Side Transformation Plan. The neighborhoods included South Shore, Englewood, South Chicago, Chatham, Calumet Heights, Bronzeville, Chinatown, Auburn Gresham and Washington Heights.

Sadly, it was not meant to be. During the last few hours of the Spring Legislative Session, the Illinois Legislature changed course and elected not to fund the South Side Transformation Plan as part of the funding for the Illinois Hospital Transformation Program. On May 25, 2020, the

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South Side Coalition notified the Department that there was no path forward. The South Side Coalition subsequently disbanded at the end of May.

Mercy Hospital (The Future and an Orderly Transition)

Mercy Hospital currently has 412 authorized inpatient beds, allocated as follows: 289 medical/surgical beds, 30 intensive care beds, 30 obstetric/gynecology beds, 39 acute mental illness beds, and 24 rehabilitation beds. Through June of 2020, the Hospital had an average daily census of 136, with the following utilization rates for each category of service: medical/surgical beds at 30.3% utilization; intensive care beds at 52.3% utilization; obstetric/gynecology beds at 23.4% utilization; acute mental illness beds at 48.8% utilization; and rehabilitation beds at 29.7% utilization.

In addition to moving forward with its new care center, senior management from Mercy Hospital will work with other South Side hospitals to help ensure the safe and orderly wind down of the services at Mercy Hospital. These discussions will encompass all of Mercy Hospital's categories of service and will continue as we continue to prepare the Application.

Again, we know this is not the best way to communicate news such as this. We also understand that many people will question and challenge this decision because it involves closing Mercy Hospital; but, in order to continue to serve its communities, the Mercy Board of Directors and Trinity were required to challenge the traditional concept of an inpatient hospital and explore a new outpatient model of care.

Sincerely,

Edward J. Green

EJG:sxc
cc: Ms. Carol L. Schneider, President & CEO, Mercy Hospital

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CLIENT/MATTER NUMBER
048544-0334

July 29, 2020

VIA EMAIL (Courtney.Avery@illinois.gov)
AND FEDERAL EXPRESS

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

Re: Letter of Intent to File a Substantive Certificate of Need Regarding Mercy Hospital & Medical Center

Dear Ms. Avery:

We are counsel to Mercy Hospital & Medical Center (the "Applicant"). Pursuant to 20 ILCS 3960/8.7, please be advised that the Applicant intends to file an Application for Permit (the "Application") with the Illinois Health Facilities and Services Review Board (the "Review Board") to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), which is located at 2525 South Michigan Ave, Chicago, Illinois, 60616 (the "Campus").

The Project will result in the discontinuation of all of Mercy Hospital's categories of service and all of Mercy Hospital's authorized inpatient beds. The decision to discontinue Mercy Hospital was not an easy one. Indeed, it was not a single decision made at a single meeting; but rather, the culmination of a multi-year, multi-factorial process that ultimately resulted in the consensus that Mercy Hospital needed to be at the forefront of transforming the health care options available on the South Side of Chicago and needed to move forward with a new model of care.

More specifically, to advance its new model of care, Mercy Hospital is developing plans for a care center that will offer diagnostics (CT, MRI, X-Ray, ultrasound, mammography, echo, bone densitometry), urgent care (non-emergent on-demand medical services), and care coordination (to connect patients with specialty providers, develop care plans, and facilitate access to community services). These programs will have the potential to serve more than 50,000 patients annually. Overall, the focus will be to give access to preventive and early diagnostic services, and to help local residents avoid expensive emergency room visits and hospitalizations.

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As you know, there is a radical difference in life expectancy within the City of Chicago when comparing prosperous neighborhoods with some communities on the South Side. For example, people in Streeterville on Chicago's North Side live an average of **30 years** longer than those in Englewood, where the average life expectancy is only 60 years (NYU School of Medicine analysis cited in the Chicago Tribune, June 9, 2019).

The prevalence of chronic health conditions is a key driver of this disparity. According to the Community Health Needs Assessment compiled by the Alliance for Health Equity, 65% of all deaths in Chicago and Suburban Cook County were attributable to chronic diseases. The communities served by Mercy Hospital disproportionately suffer from these chronic conditions and desperately need more early detection and diagnosis of illnesses and diseases, better care coordination among a multitude of providers to better treat chronic diseases, and more cost effective and accessible urgent care and other outpatient services. The COVID 19 pandemic has further highlighted these disparities.

At the same time, the future of healthcare has changed and continues to change rapidly. Inpatient care is being replaced by outpatient care due to advancements in medicine and payor demands. Hence, the need for a new model of care that will focus on keeping people healthy, early detection of diseases, and advocating for patients by finding provider partners, such as hospitals, federally qualified health centers ("FQHCs"), and specialty providers to better manage chronic diseases.

In terms of timing, and as will be set forth in greater detail in its Application for Permit, the Applicant anticipates that Mercy Hospital's final date of operation will be no sooner than February 1, 2021 and no later than May 31, 2021, subject to Review Board approval. The Applicant intends to submit its Application with the Review Board within the next thirty (30) days.

Please know that it is important to Mercy Hospital to continue its legacy in the community, albeit in a different model, and the leadership at Mercy Hospital will be personally reaching out to you to discuss this Letter. That said, everything that follows in this Letter is well beyond the intended scope of 20 ILCS 3960/8.7 in terms of advance notice, but we know that it is important for you and the community to understand why this is happening and what steps the Applicant will be taking over the next year to ensure a safely and orderly transition into the future.

Mercy Hospital (The Distant Past)

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Sincerely,

Edward J. Green

EJG:sxc
cc: Ms. Carol L. Schneider, President & CEO, Mercy Hospital

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois

(A member of Trinity Health)

Consolidated Financial Statements and Supplemental Schedules for the Year Ended June 30, 2019 and Independent Auditor's Report

RSM

RSM US LLP

Independent Auditor's Report

To the Board of Directors
Mercy Health System of Chicago and Subsidiaries

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Mercy Health System of Chicago and Subsidiaries (the Corporation), which comprise the consolidated balance sheet as of June 30, 2019, and the related consolidated statements of operations and changes in net deficit and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mercy Health System of Chicago and Subsidiaries as of June 30, 2019, and the results of their operations, changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Chicago, Illinois
February 27, 2020

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED BALANCE SHEET
JUNE 30, 2019
(In thousands)

ASSETS

CURRENT ASSETS:		
Cash and cash equivalents	$	3,001
Investments		9,867
Investment in Trinity Health pooled investment program		3,081
Assets limited or restricted as to use - current portion:		
Self-insurance, benefit plans and other		306
By donors		3,731
Patient accounts receivable		31,292
Estimated receivables from third-party payors		3,508
Other receivables		1,960
Receivables from affiliates		174
Inventories		2,943
Prepaid expenses and other current assets		2,888
Total current assets		62,751
LONG-TERM ASSETS:		
Assets limited or restricted as to use held by trustees:		
Under mortgage agreements		5,845
By donors - perpetual trust		3,179
Property and equipment - net		33,289
Other long-term assets		2,185
TOTAL ASSETS	$	107,249

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED BALANCE SHEET
JUNE 30, 2019
(In thousands)

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES:		
Current portion of long-term debt	$	1,921
Current portion of notes payable to Trinity Health and affiliates		671
Accounts payable		15,289
Overdraft in Trinity Health Pooled investment program		83,951
Accrued expenses		4,725
Salaries, wages, and related liabilities		8,804
Estimated payables to third-party payors		9,474
Total current liabilities		124,835
LONG-TERM LIABILITIES:		
Long-term debt - net of current portion		50,950
Notes payable to Trinity Health and affiliates - net of current portion		27,396
Total liabilities		203,181
NET DEFICIT:		
Net deficit without donor restrictions		(102,842)
Net assets with donor restrictions		6,910
Total net deficit		(95,932)
TOTAL LIABILITIES AND NET DEFICIT	$	107,249

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

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT
YEAR ENDED JUNE 30, 2019
(In thousands)

OPERATING REVENUE:		
Net patient service revenue	$	224,729
Capitation revenue		2,524
Net assets released from restrictions		282
Other revenue		10,958
Total operating revenue		238,493
EXPENSES:		
Salaries and wages		106,652
Employee benefits		24,169
Contract labor		5,835
Total labor expenses		136,656
Supplies		31,322
Medical and professional fees		13,132
Purchased services		44,074
Depreciation and amortization		2,880
Occupancy		14,576
Interest		3,423
Insurance		6,909
Other		15,674
Total expenses		268,646
OPERATING LOSS BEFORE ASSET IMPAIRMENT CHARGES		(30,153)
Asset impairment charges		(4,190)
OPERATING LOSS		(34,343)
NONOPERATING ITEMS:		
Loss in Trinity Health pooled investment program		(1,920)
Other		(94)
Total nonoperating items		(2,014)
DEFICIENCY OF REVENUE OVER EXPENSES	$	(36,357)
NET DEFICIT WITHOUT DONOR RESTRICTIONS:		
Deficiency of revenue over expenses	$	(36,357)
Other		1,400
Increase in net deficit without donor restrictions		(34,957)
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions		371
Net assets released from restrictions		(282)
Increase in net assets with donor restrictions		89
INCREASE IN NET DEFICIT		(34,868)
NET DEFICIT - BEGINNING OF YEAR		(61,064)
NET DEFICIT - END OF YEAR	$	(95,932)

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

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(In thousands)

OPERATING ACTIVITIES:	
Increase in net deficit	$ (34,868)
Adjustments to reconcile change in net deficit to net cash used in operating activities:	
Depreciation and amortization	2,880
Amortization of debt issuance cost and debt premium	(1,376)
Asset impairment charges	4,190
Change in net unrealized and realized gains on local investments	232
Restricted contributions and investment income	(247)
Net gain on disposal of property and equipment	(12)
Changes in:	
Patient accounts receivable	(2,070)
Other assets	(2,069)
Estimated receivables from third-party payors	1,900
Estimated payables to third-party payors	(1,139)
Accounts payable and accrued expenses	(3,228)
Total adjustments	(939)
Net cash used in operating activities	(35,807)

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
YEAR ENDED JUNE 30, 2019
(In thousands)

INVESTING ACTIVITIES:		
Purchases of investments	$	(11)
Proceeds from sales of investments		(1,238)
Change in investment in Trinity Health Corporation pool		(381)
Purchases of property and equipment		(3,636)
Decrease in assets limited as to use - under mortgage agreements		102
Net cash used in investing activities		(5,164)
FINANCING ACTIVITIES:		
Proceeds from overdraft in Trinity Health pooled investment program		44,189
Restricted contribution and investment income		247
Repayments of debt		(2,345)
Net cash provided by financing activities		42,091
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,120
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		1,881
CASH AND CASH EQUIVALENTS - END OF YEAR	$	3,001
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest (net of amounts capitalized)	$	3,423

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Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois

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Consolidated Financial Statements and Supplemental Schedules for the Year Ended June 30, 2018 and Independent Auditor's Report

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

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

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

Basis for Qualified Opinion

The Corporation has recorded permanently restricted contribution revenue from a beneficial interest in a perpetual trust during the fiscal year ended June 30, 2018, which, in our opinion, would have been required to be recorded during fiscal year ended June 30, 2006 in accordance with accounting principles generally accepted in the United States of America, when the Corporation became aware of this beneficial interest in a perpetual trust. If this beneficial interest in a perpetual trust had been recorded when the Corporation had been notified, assets would have increased by $2.985 million and permanently restricted net assets would have increased by $2.985 million as of June 30, 2017. In addition, the change in permanently restricted net assets would have decreased by $2.985 million for the year ended June 30, 2018.

Qualified Opinion

In our opinion, except for the effects on the June 30, 2018, financial statements of not recording the permanently restricted contribution revenue from a beneficial interest in a perpetual trust as described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Mercy Health System of Chicago and Subsidiaries as of June 30, 2018, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Chicago, Illinois
February 27, 2019

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED BALANCE SHEET
JUNE 30, 2018
(In thousands)

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	1,881
Investments		9,835
Investment in Trinity Health pooled investment program		2,699
Assets limited or restricted as to use - current portion:		
Self-insurance, benefit plans and other		305
By donors		3,655
Patient accounts receivable, net of allowance for doubtful accounts of $25.0 million		29,222
Estimated receivables from third-party payors		5,408
Other receivables		1,355
Receivables from affiliates		239
Inventories		2,715
Prepaid expenses and other current assets		2,030
Total current assets		59,344
LONG-TERM ASSETS:		
Assets limited or restricted as to use held by trustees:		
Under mortgage agreements		4,887
By donors - perpetual trust		3,179
Property and equipment - net		35,413
Other long-term assets		3,098
TOTAL ASSETS	$	105,921

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

LIABILITIES AND NET DEFICIT		
CURRENT LIABILITIES:		
Current portion of long-term debt	$	1,817
Current portion of notes payable to Trinity Health and affiliates		641
Accounts payable		16,521
Overdraft in Trinity Health pooled investment program		39,762
Accrued expenses		7,172
Salaries, wages, and related liabilities		8,048
Estimated payables to third-party payors		10,613
Total current liabilities		84,574
LONG-TERM LIABILITIES:		
Long-term debt - net of current portion		54,243
Notes payable to Trinity Health and affiliates - net of current portion		28,168
Total liabilities		166,985
NET DEFICIT:		
Unrestricted net deficit		(68,021)
Noncontrolling ownership interest in subsidiary		136
Total unrestricted net deficit		(67,885)
Temporarily restricted net assets		3,642
Permanently restricted net assets		3,179
Total net deficit		(61,064)
TOTAL LIABILITIES AND NET DEFICIT	$	105,921

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT
YEAR ENDED JUNE 30, 2018
(In thousands)

UNRESTRICTED REVENUE:		
Patient service revenue - net of contractual and other allowances	$	237,780
Provision for bad debts		14,930
Net patient service revenue less provision for bad debts		222,850
Capitation revenue		1,869
Net assets released from restrictions		802
Other revenue		12,846
Total unrestricted revenue		238,367
EXPENSES:		
Salaries and wages		99,654
Employee benefits		23,485
Contract labor		9,005
Total labor expenses		132,144
Supplies		33,034
Medical and professional fees		11,722
Purchased services		42,897
Depreciation and amortization		6,955
Occupancy		14,190
Interest		3,533
Insurance		6,566
Other		13,989
Total expenses		265,030
OPERATING LOSS BEFORE ASSET IMPAIRMENT CHARGES		(26,663)
Asset impairment charges		(37,993)
OPERATING LOSS		(64,656)
NONOPERATING ITEMS:		
Loss in Trinity Health pooled investment program		(1,680)
Change in market value and cash payments of interest rate swaps		(93)
Total nonoperating items		(1,773)
DEFICIENCY OF REVENUE OVER EXPENSES		(66,429)
DEFICIENCY OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST		(351)
DEFICIENCY OF REVENUE OVER EXPENSES, NET OF NONCONTROLLING INTEREST	$	(66,780)

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

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT (continued)
YEAR ENDED JUNE 30, 2018
(In thousands)

	Controlling Interest	Noncontrolling Interest	Total
UNRESTRICTED NET DEFICIT:			
Deficiency of revenue over expenses	$ (66,780)	$ 351	$ (66,429)
Net assets released from restrictions for capital acquisitions	48	-	48
Transfers to Trinity Health and affiliates, net	(215)	-	(215)
Other	(56)	(430)	(486)
Increase in unrestricted net deficit	(67,003)	(79)	(67,082)
TEMPORARILY RESTRICTED NET ASSETS:			
Contributions	426	-	426
Net assets released from restrictions	(850)	-	(850)
Decrease in temporarily restricted net assets	(424)	-	(424)
PERMANENTLY RESTRICTED NET ASSETS:			
Contributions	3,179	-	3,179
Increase in permanently restricted net assets	3,179	-	3,179
INCREASE IN NET DEFICIT	(64,248)	(79)	(64,327)
NET ASSETS - BEGINNING OF YEAR	3,048	215	3,263
NET DEFICIT - END OF YEAR	$ (61,200)	$ 136	$ (61,064)

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

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
(In thousands)

OPERATING ACTIVITIES:	
Increase in net deficit	$ (64,327)
Adjustments to reconcile change in net deficit to net cash used in operating activities:	
Transfers to Trinity Health and affiliates	215
Depreciation and amortization	6,955
Provisions for bad debts	14,930
Amortization of debt issuance cost	25
Amortization of debt premium	(208)
Asset impairment charges	37,993
Change in net unrealized and realized gains on investments (local investments)	(57)
Permanently restricted contributions	(3,179)
Net gain on disposal of property and equipment	(150)
Changes in:	
Patient accounts receivable	(11,033)
Other assets	1,637
Estimated receivables from third-party payors	2,630
Estimated payables to third-party payors	4,682
Accounts payable and accrued expenses	1,004
Other long-term liabilities	(502)
Total adjustments	54,942
Net cash used in operating activities	(9,385)

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

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
YEAR ENDED JUNE 30, 2018
(In thousands)

INVESTING ACTIVITIES:		
Purchases of investments	$	(569)
Purchases of property and equipment		(7,193)
Increase in assets limited as to use - under mortgage agreements		(486)
Net cash used in investing activities		(8,248)
FINANCING ACTIVITIES:		
Proceeds from overdraft in Trinity Health pooled investment program		19,937
Repayments of debt		(2,066)
Transfers to Trinity Health and affiliates		(215)
Net cash provided by financing activities		17,656
NET INCREASE IN CASH AND CASH EQUIVALENTS		23
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		1,858
CASH AND CASH EQUIVALENTS - END OF YEAR	$	1,881
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest (net of amounts capitalized)	$	3,533
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITY:		
Increase in assets limited as to use by donors- contribution of perpetual trust	$	3,179

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

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois

(A member of Trinity Health)

Consolidated Financial Statements and Supplemental Schedules for the Years Ended June 30, 2017 and 2016 and Independent Auditor's Report

RSM

RSM US LLP

Independent Auditor's Report

To the Board of Directors
Mercy Health System of Chicago

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Mercy Health System of Chicago and Subsidiaries (the Corporation) which comprise the consolidated balance sheets as of June 30, 2017 and 2016, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements.)

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mercy Health System of Chicago and Subsidiaries as of June 30, 2017 and 2016, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Chicago, Illinois
March 22, 2018

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2017 and 2016
(In thousands)

ASSETS	2017	2016
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,858	$ 9,426
Investments	11,321	11,121
Investment in Trinity Health pooled investment program	587	18,384
Assets limited or restricted as to use - current portion:		
Self insurance, benefit plans and other	305	304
By donors	4,080	4,973
Patient accounts receivable, net of allowance for doubtful accounts of $27.0 million and $30.7 million as of June 30, 2017 and 2016, respectively	33,119	45,732
Estimated receivables from third-party payors	8,038	12,298
Other receivables	2,614	5,471
Receivables from affiliates	168	109
Inventories	2,951	2,724
Prepaid expenses and other current assets	1,483	863
Total current assets	66,524	111,405
LONG-TERM ASSETS:		
Assets limited or restricted as to use held by trustees under mortgage agreements	3,976	3,090
Property and equipment - net	67,851	203,288
Intangible assets, net of accumulated amortization of $0 and $1.0 million in 2017 and 2016, respectively	1,360	9,978
Other long-term assets	7,665	2,732
TOTAL ASSETS	$ 147,376	$ 330,493

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

LIABILITIES AND NET ASSETS	2017	2016
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 1,740	$ 1,677
Current portion of notes payable to Trinity Health and affiliates	615	581
Accounts payable	11,751	14,144
Overdraft in Trinity Health pooled investment program	19,825	-
Accrued expenses	11,818	24,300
Salaries, wages, and related liabilities	7,168	12,110
Estimated payables to third-party payors	5,931	7,552
Total current liabilities	58,848	60,364
LONG-TERM LIABILITIES:		
Long-term debt - net of current portion	56,238	58,146
Notes payable to Trinity Health and Affiliates - net of current portion	28,525	29,140
Inter-company long-term payable - insurance	-	7,130
Other long-term liabilities	502	626
Total liabilities	144,113	155,406
NET ASSETS:		
Unrestricted net (deficit) assets	(1,018)	168,674
Noncontrolling ownership interest in subsidiary	215	1,454
Total unrestricted net (deficit) assets	(803)	170,128
Temporarily restricted net assets	4,066	4,959
Total net assets	3,263	175,087
TOTAL LIABILITIES AND NET ASSETS	$ 147,376	$ 330,493

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

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 and 2016
(In thousands)

	2017	2016
UNRESTRICTED REVENUE:		
Patient service revenue - net of contractual and other allowances	$ 234,663	$ 263,491
Provision for bad debts	16,969	20,546
Net patient service revenue less provision for bad debts	217,694	242,945
Capitation revenue	4,018	3,703
Net assets released from restrictions	34	73
Other revenue	15,346	6,778
Total unrestricted revenue	237,092	253,499
EXPENSES:		
Salaries and wages	92,514	103,495
Employee benefits	23,347	25,363
Contract labor	7,745	4,524
Total labor expenses	123,606	133,382
Supplies	30,610	36,243
Medical and professional fees	9,417	10,751
Purchased services	40,626	42,021
Depreciation and amortization	15,246	16,094
Occupancy	13,364	15,245
Interest	3,215	1,756
Insurance	7,718	8,713
Other	14,211	11,427
Total expenses	258,013	275,632
OPERATING LOSS BEFORE ASSET IMPAIRMENT CHARGES	(20,921)	(22,133)
Asset impairment charges	(148,288)	-
OPERATING LOSS	(169,209)	(22,133)
NONOPERATING ITEMS:		
Earnings in Trinity Health pooled investment program	423	532
Change in market value and cash payments of interest rate swaps	(109)	(45)
Total nonoperating items	314	487
DEFICIENCY OF REVENUE OVER EXPENSES	(168,895)	(21,646)
DEFICIENCY OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(443)	(558)
DEFICIENCY OF REVENUE OVER EXPENSES, NET OF NONCONTROLLING INTEREST	$ (169,338)	$ (22,204)

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

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (continued)
YEARS ENDED JUNE 30, 2017 and 2016
(In thousands)

	2017		
	Controlling Interest	Noncontrolling Interest	Total
UNRESTRICTED NET ASSETS:			
Deficiency of revenue over expenses	$ (169,338)	$ 443	$ (168,895)
Net assets released from restrictions for capital acquisitions	930	-	930
Transfers to Trinity Health and affiliates, net	(2,435)	-	(2,435)
Other	1,151	(1,682)	(531)
Decrease in unrestricted net assets	(169,692)	(1,239)	(170,931)
TEMPORARILY RESTRICTED NET ASSETS:			
Contributions	71	-	71
Net assets released from restrictions	(964)	-	(964)
Decrease in temporarily restricted net assets	(893)	-	(893)
DECREASE IN NET ASSETS	(170,585)	(1,239)	(171,824)
NET ASSETS - JULY 1, 2016	173,633	1,454	175,087
NET ASSETS - JUNE 30, 2017	$ 3,048	$ 215	$ 3,263

	2016		
	Controlling Interest	Noncontrolling Interest	Total
UNRESTRICTED NET ASSETS:			
Excess (deficiency) of revenue over expenses	$ (22,204)	$ 558	$ (21,646)
Net assets released from restrictions for capital acquisitions	1,059	-	1,059
Transfers to Trinity Health and affiliates, net	(2,154)	-	(2,154)
Other	(556)	-	(556)
Increase (decrease) in unrestricted net assets	(23,855)	558	(23,297)
TEMPRARILY RESTRICTED NET ASSETS:			
Contributions	267	-	267
Net assets released from restrictions	(1,132)	-	(1,132)
Decrease in temporarily restricted net assets	(865)	-	(865)
INCREASE (DECREASE) IN NET ASSETS	(24,720)	558	(24,162)
NET ASSETS - JULY 1, 2015	198,353	896	199,249
NET ASSETS - JUNE 30, 2016	$ 173,633	$ 1,454	$ 175,087

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

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 and 2016
(In thousands)

	2017	2016
OPERATING ACTIVITIES:		
Decrease in net assets	$ (171,824)	$ (24,162)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Transfers to Trinity Health and affiliates	2,435	2,154
Depreciation and amortization	15,246	16,094
Provisions for bad debts	16,969	20,546
Amortization of debt intangible	266	225
Amortization of debt issuance cost	24	25
Amortization of debt premium	(208)	(207)
Asset impairment charges	148,288	-
Change in net unrealized and realized (gains) and losses on investments (local investments)	(39)	78
Change in net unrealized and realized (gains) and losses on investment in Trinity Health pooled investment program	73	-
Net gain on disposal of property and equipment	(46)	(7)
Changes in:		
Patient accounts receivable	(4,356)	(22,754)
Other assets	(2,982)	(1,281)
Estimated receivables from third-party payors	4,260	310
Estimated payables to third-party payors	(1,621)	(1,510)
Accounts payable and accrued expenses	(26,947)	4,115
Earned SBA prioritized payments payable	(124)	(126)
Total adjustments	151,238	17,662
Net cash used in operating activities	(20,586)	(6,500)

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

Mercy Health System of Chicago and Subsidiaries, Chicago, Illinois
(A member of Trinity Health)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
YEARS ENDED JUNE 30, 2017 and 2016
(In thousands)

	2017	2016
INVESTING ACTIVITIES:		
Proceeds from sales (purchases) of investments	$ 17,563	$ (18,451)
Purchases of property and equipment	(19,433)	(12,791)
Decrease in investment in unconsolidated subsidiary	-	30
(Increase) decrease in assets limited as to use	6	(2,240)
Net cash used in investing activities	(1,864)	(33,452)
FINANCING ACTIVITIES:		
Proceeds from issuance of debt	-	30,000
Proceeds from overdraft in Trinity Health pooled investment program	19,825	-
Repayments of debt	(2,508)	(527)
Transfers to Trinity Health and affiliates	(2,435)	(2,154)
Net cash provided by financing activities	14,882	27,319
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,568)	(12,633)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	9,426	22,059
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,858	$ 9,426
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest (net of amounts capitalized)	$ 3,512	$ 1,735
Accruals for purchases of property and equipment and other long-term assets	-	1,694

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

#20-039

FOLEY
FOLEY & LARDNER LLP

ATTORNEYS AT LAW
321 NORTH CLARK STREET, SUITE 3000
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312.832.4500 TEL
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312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Advocate Illinois Masonic Medical Center
836 West Wellington
Chicago, IL 60657-5193
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

We are in the process of preparing a Certificate of Need Application (the "Application") for filing with the Illinois Health Facilities & Services Review Board (the "Review Board"), pursuant to which we will seek authority from the Review Board to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

The Project will result in the discontinuation of all of Mercy Hospital's Categories of Service, all of Mercy Hospital's authorized inpatient beds, and all other services at Mercy Hospital. Mercy Hospital currently has 412 authorized inpatient beds, allocated as follows: 289 Medical/Surgical beds, 30 Intensive Care beds, 30 Obstetric/Gynecology beds, 39 Acute Mental Illness beds, and 24 Comprehensive Physical Rehabilitation beds. Mercy Hospital also has 2 Cardiac Catheterization Labs.

In terms of timing, the Applicants anticipate that Mercy Hospital's final date of operation will be no sooner than February 1, 2021 and no later than May 31, 2021, subject to Review Board approval. Project completion would happen soon thereafter.

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FOLEY & LARDNER LLP

For your reference, Mercy Hospital treated the following number of patients in 2018:

Category of Service	Admissions	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
Medical/Surgical	7,257	117.7	289	40.7%	85%	No
Intensive Care	948	10.8	30	35.9%	60%	No
Obstetric/Gynecology	1,739	11.4	30	38.0%	78%	No
Acute Mental Illness	1,436	19.5	39	50.0%	85%	No
Rehabilitation	359	10.6	24	44.3%	85%	No
Total	11,739	170.0	412	41.2%	N/A	N/A

Category of Service/Clinical Service Area	Patients/Visits/Procedures
Cardiac Catheterization	1,345
Emergency Department	51,756
Outpatient (includes lab tests)(on campus and off campus)	350,099
Total Births	1,673

Mercy Hospital treated the following number of patients in 2019:

Category of Service	Admissions	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
Medical/Surgical	6,415	81.1	289	28.1%	85%	No
Intensive Care	1,169	14.5	30	48.3%	60%	No
Obstetric/Gynecology	1,526	10.3	30	34.3%	78%	No
Acute Mental Illness	1,334	20.4	39	52.3%	85%	No
Rehabilitation	261	7.1	24	29.6%	85%	No
Total	10,705	133.4	412	32.4%	N/A	N/A

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FOLEY & LARDNER LLP

Category of Service/Clinical Service Area	Patients/Visits/Procedures
Cardiac Catheterization	764
Emergency Department	51,214
Outpatient (includes lab tests)(on campus and off campus)	322,086
Total Births	1,454

In accordance with 77 Ill. Admin. § 1110.290(d), we are providing you with notice of the Application and we are respectfully requesting that you provide us with the following information:

- Your assessment of the impact (if any) the discontinuation may have on your facility;
- Your hospital's capacity to accommodate all, or a portion of, the patient population historically served by Mercy Hospital; and
- An explanation of any conditions, restrictions or limitations that would prevent your hospital from serving the patient population historically served by Mercy Hospital.

Please direct your response to me or the Review Board. If you have any questions, my direct dial is (312) 832-4375.

Sincerely,

Edward J. Green

EJGR:sxc

#20-039

FOLEY
FOLEY & LARDNER LLP

ATTORNEYS AT LAW
321 NORTH CLARK STREET, SUITE 3000
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WRITER'S DIRECT LINE
312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Advocate Trinity Hospital
2320 East 93rd Street
Chicago, IL 60617
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

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The Project will result in the discontinuation of all of Mercy Hospital's Categories of Service, all of Mercy Hospital's authorized inpatient beds, and all other services at Mercy Hospital. Mercy Hospital currently has 412 authorized inpatient beds, allocated as follows: 289 Medical/Surgical beds, 30 Intensive Care beds, 30 Obstetric/Gynecology beds, 39 Acute Mental Illness beds, and 24 Comprehensive Physical Rehabilitation beds. Mercy Hospital also has 2 Cardiac Catheterization Labs.

In terms of timing, the Applicants anticipate that Mercy Hospital's final date of operation will be no sooner than February 1, 2021 and no later than May 31, 2021, subject to Review Board approval. Project completion would happen soon thereafter.

FOLEY

FOLEY & LARDNER LLP

For your reference, Mercy Hospital treated the following number of patients in 2018:

Category of Service	Admissions	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
Medical/Surgical	7,257	117.7	289	40.7%	85%	No
Intensive Care	948	10.8	30	35.9%	60%	No
Obstetric/Gynecology	1,739	11.4	30	38.0%	78%	No
Acute Mental Illness	1,436	19.5	39	50.0%	85%	No
Rehabilitation	359	10.6	24	44.3%	85%	No
Total	11,739	170.0	412	41.2%	N/A	N/A

Category of Service/Clinical Service Area	Patients/Visits/Procedures
Cardiac Catheterization	1,345
Emergency Department	51,756
Outpatient (includes lab tests)(on campus and off campus)	350,099
Total Births	1,673

Mercy Hospital treated the following number of patients in 2019:

Category of Service	Admissions	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
Medical/Surgical	6,415	81.1	289	28.1%	85%	No
Intensive Care	1,169	14.5	30	48.3%	60%	No
Obstetric/Gynecology	1,526	10.3	30	34.3%	78%	No
Acute Mental Illness	1,334	20.4	39	52.3%	85%	No
Rehabilitation	261	7.1	24	29.6%	85%	No
Total	10,705	133.4	412	32.4%	N/A	N/A

FOLEY

FOLEY & LARDNER LLP

Category of Service/Clinical Service Area	Patients/Visits/Procedures
Cardiac Catheterization	764
Emergency Department	51,214
Outpatient (includes lab tests)(on campus and off campus)	322,086
Total Births	1,454

In accordance with 77 Ill. Admin. § 1110.290(d), we are providing you with notice of the Application and we are respectfully requesting that you provide us with the following information:

- Your assessment of the impact (if any) the discontinuation may have on your facility;
- Your hospital's capacity to accommodate all, or a portion of, the patient population historically served by Mercy Hospital; and
- An explanation of any conditions, restrictions or limitations that would prevent your hospital from serving the patient population historically served by Mercy Hospital.

Please direct your response to me or the Review Board. If you have any questions, my direct dial is (312) 832-4375.

Sincerely,

Edward J. Green

EJGR:sxc

#20-039

FOLEY
FOLEY & LARDNER LLP

ATTORNEYS AT LAW
321 NORTH CLARK STREET, SUITE 3000
CHICAGO, IL 60654-4762
312.832.4500 TEL
312.832.4700 FAX
WWW.FOLEY.COM

WRITER'S DIRECT LINE
312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Ann & Robert Lurie Children's Hospital of
Chicago
225 East Chicago Avenue
Chicago, IL 60614
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

We are in the process of preparing a Certificate of Need Application (the "Application") for filing with the Illinois Health Facilities & Services Review Board (the "Review Board"), pursuant to which we will seek authority from the Review Board to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

The Project will result in the discontinuation of all of Mercy Hospital's Categories of Service, all of Mercy Hospital's authorized inpatient beds, and all other services at Mercy Hospital. Mercy Hospital currently has 412 authorized inpatient beds, allocated as follows: 289 Medical/Surgical beds, 30 Intensive Care beds, 30 Obstetric/Gynecology beds, 39 Acute Mental Illness beds, and 24 Comprehensive Physical Rehabilitation beds. Mercy Hospital also has 2 Cardiac Catheterization Labs.

In terms of timing, the Applicants anticipate that Mercy Hospital's final date of operation will be no sooner than February 1, 2021 and no later than May 31, 2021, subject to Review Board approval. Project completion would happen soon thereafter.

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For your reference, Mercy Hospital treated the following number of patients in 2018:

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Edward J. Green

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WRITER'S DIRECT LINE
312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Holy Cross Hospital
2701 West 68th Street
Chicago, IL 60629
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

We are in the process of preparing a Certificate of Need Application (the "Application") for filing with the Illinois Health Facilities & Services Review Board (the "Review Board"), pursuant to which we will seek authority from the Review Board to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

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Sincerely,

Edward J. Green

EJGR:sxc

#20-039

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WRITER'S DIRECT LINE
312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Jackson Park Hospital Foundation
7531 Stony Island Avenue
Chicago, IL 60649
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

We are in the process of preparing a Certificate of Need Application (the "Application") for filing with the Illinois Health Facilities & Services Review Board (the "Review Board"), pursuant to which we will seek authority from the Review Board to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

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Sincerely,

Edward J. Green

EJGR:sxc

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egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

John H. Stroger Hospital of Cook County
1901 W. Harrison Street
Suite 5650
Chicago, IL 60612
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

We are in the process of preparing a Certificate of Need Application (the "Application") for filing with the Illinois Health Facilities & Services Review Board (the "Review Board"), pursuant to which we will seek authority from the Review Board to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

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Sincerely,

Edward J. Green

EJGR:sxc

#20-039

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321 NORTH CLARK STREET, SUITE 3000
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312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

LaRabida Children's Hospital
6501 S. Promontory Drive
Chicago, IL 60649
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

We are in the process of preparing a Certificate of Need Application (the "Application") for filing with the Illinois Health Facilities & Services Review Board (the "Review Board"), pursuant to which we will seek authority from the Review Board to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

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Sincerely,

Edward J. Green

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#20-039

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312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Little Company of Mary Hospital
2800 W. 95th Street
Evergreen Park, IL 60642
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

We are in the process of preparing a Certificate of Need Application (the "Application") for filing with the Illinois Health Facilities & Services Review Board (the "Review Board"), pursuant to which we will seek authority from the Review Board to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

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Edward J. Green

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312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Loretto Hospital
645 S. Central Avenue
Chicago, IL 60644
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

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In terms of timing, the Applicants anticipate that Mercy Hospital's final date of operation will be no sooner than February 1, 2021 and no later than May 31, 2021, subject to Review Board approval. Project completion would happen soon thereafter.

FOLEY

FOLEY & LARDNER LLP

For your reference, Mercy Hospital treated the following number of patients in 2018:

Category of Service	Admissions	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
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Obstetric/Gynecology	1,739	11.4	30	38.0%	78%	No
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Rehabilitation	359	10.6	24	44.3%	85%	No
Total	11,739	170.0	412	41.2%	N/A	N/A

Category of Service/Clinical Service Area	Patients/Visits/Procedures
Cardiac Catheterization	1,345
Emergency Department	51,756
Outpatient (includes lab tests)(on campus and off campus)	350,099
Total Births	1,673

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Category of Service	Admissions	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
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Rehabilitation	261	7.1	24	29.6%	85%	No
Total	10,705	133.4	412	32.4%	N/A	N/A

FOLEY

FOLEY & LARDNER LLP

Category of Service/Clinical Service Area	Patients/Visits/Procedures
Cardiac Catheterization	764
Emergency Department	51,214
Outpatient (includes lab tests)(on campus and off campus)	322,086
Total Births	1,454

In accordance with 77 Ill. Admin. § 1110.290(d), we are providing you with notice of the Application and we are respectfully requesting that you provide us with the following information:

- Your assessment of the impact (if any) the discontinuation may have on your facility;
- Your hospital's capacity to accommodate all, or a portion of, the patient population historically served by Mercy Hospital; and
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Please direct your response to me or the Review Board. If you have any questions, my direct dial is (312) 832-4375.

Sincerely,

Edward J. Green

EJGR:sxc

#20-039

FOLEY
FOLEY & LARDNER LLP

ATTORNEYS AT LAW
321 NORTH CLARK STREET, SUITE 3000
CHICAGO, IL 60654-4762
312.832.4500 TEL
312.832.4700 FAX
WWW.FOLEY.COM

WRITER'S DIRECT LINE
312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Louis A. Weiss Memorial Hospital
4646 N. Marine Drive
Chicago, IL 60640
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

We are in the process of preparing a Certificate of Need Application (the "Application") for filing with the Illinois Health Facilities & Services Review Board (the "Review Board"), pursuant to which we will seek authority from the Review Board to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

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egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

MacNeal Memorial Hospital
3249 S. Oak Park Avenue
Berwyn, IL 60402
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

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egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Methodist Hospital of Chicago
5025 N. Paulina Street
Chicago, IL 60640
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

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egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Mount Sinai Hospital Medical Center
1500 S. Fairfield Avenue
Chicago, IL 60608
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

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312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Northwestern Memorial Hospital
251 East Huron Street
Chicago, IL 60611
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

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CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Norwegian American Hospital
1044 N. Francisco Avenue
Chicago, IL 60622
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
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FOLEY & LARDNER LLP

ATTORNEYS AT LAW
321 NORTH CLARK STREET, SUITE 3000
CHICAGO, IL 60654-4762
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WRITER'S DIRECT LINE
312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Presence Saint Elizabeth Hospital
1431 N. Claremont
Chicago, IL 60622
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

We are in the process of preparing a Certificate of Need Application (the "Application") for filing with the Illinois Health Facilities & Services Review Board (the "Review Board"), pursuant to which we will seek authority from the Review Board to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

The Project will result in the discontinuation of all of Mercy Hospital's Categories of Service, all of Mercy Hospital's authorized inpatient beds, and all other services at Mercy Hospital. Mercy Hospital currently has 412 authorized inpatient beds, allocated as follows: 289 Medical/Surgical beds, 30 Intensive Care beds, 30 Obstetric/Gynecology beds, 39 Acute Mental Illness beds, and 24 Comprehensive Physical Rehabilitation beds. Mercy Hospital also has 2 Cardiac Catheterization Labs.

In terms of timing, the Applicants anticipate that Mercy Hospital's final date of operation will be no sooner than February 1, 2021 and no later than May 31, 2021, subject to Review Board approval. Project completion would happen soon thereafter.

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For your reference, Mercy Hospital treated the following number of patients in 2018:

Category of Service	Admissions	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
Medical/Surgical	7,257	117.7	289	40.7%	85%	No
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Obstetric/Gynecology	1,739	11.4	30	38.0%	78%	No
Acute Mental Illness	1,436	19.5	39	50.0%	85%	No
Rehabilitation	359	10.6	24	44.3%	85%	No
Total	11,739	170.0	412	41.2%	N/A	N/A

Category of Service/Clinical Service Area	Patients/Visits/Procedures
Cardiac Catheterization	1,345
Emergency Department	51,756
Outpatient (includes lab tests)(on campus and off campus)	350,099
Total Births	1,673

Mercy Hospital treated the following number of patients in 2019:

Category of Service	Admissions	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
Medical/Surgical	6,415	81.1	289	28.1%	85%	No
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Total	10,705	133.4	412	32.4%	N/A	N/A

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Category of Service/Clinical Service Area	Patients/Visits/Procedures
Cardiac Catheterization	764
Emergency Department	51,214
Outpatient (includes lab tests)(on campus and off campus)	322,086
Total Births	1,454

In accordance with 77 Ill. Admin. § 1110.290(d), we are providing you with notice of the Application and we are respectfully requesting that you provide us with the following information:

- Your assessment of the impact (if any) the discontinuation may have on your facility;
- Your hospital's capacity to accommodate all, or a portion of, the patient population historically served by Mercy Hospital; and
- An explanation of any conditions, restrictions or limitations that would prevent your hospital from serving the patient population historically served by Mercy Hospital.

Please direct your response to me or the Review Board. If you have any questions, my direct dial is (312) 832-4375.

Sincerely,

Edward J. Green

EJGR:sxc

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CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Presence Saint Mary of Nazareth Hospital
2233 W. Division Street
Chicago, IL 60622
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

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CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Provident Hospital of Cook County
500 East 51st Street
Chicago, IL 60615
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

We are in the process of preparing a Certificate of Need Application (the "Application") for filing with the Illinois Health Facilities & Services Review Board (the "Review Board"), pursuant to which we will seek authority from the Review Board to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

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CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Rush Oak Park Hospital
520 South Maple Street
Oak Park, IL60304
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

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CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Rush University Medical Center
1653 W. Congress Pkwy.
Chicago, IL 60612
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

We are in the process of preparing a Certificate of Need Application (the "Application") for filing with the Illinois Health Facilities & Services Review Board (the "Review Board"), pursuant to which we will seek authority from the Review Board to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

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CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

South Shore Hospital
8012 South Crandon
Chicago, IL 60617
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

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CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

St. Anthony Hospital
2875 West 19th Street
Chicago, IL 60623
Attn: Chief Executive Officer

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(Mercy Hospital & Medical Center)

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The Project will result in the discontinuation of all of Mercy Hospital's Categories of Service, all of Mercy Hospital's authorized inpatient beds, and all other services at Mercy Hospital. Mercy Hospital currently has 412 authorized inpatient beds, allocated as follows: 289 Medical/Surgical beds, 30 Intensive Care beds, 30 Obstetric/Gynecology beds, 39 Acute Mental Illness beds, and 24 Comprehensive Physical Rehabilitation beds. Mercy Hospital also has 2 Cardiac Catheterization Labs.

In terms of timing, the Applicants anticipate that Mercy Hospital's final date of operation will be no sooner than February 1, 2021 and no later than May 31, 2021, subject to Review Board approval. Project completion would happen soon thereafter.

FOLEY

FOLEY & LARDNER LLP

For your reference, Mercy Hospital treated the following number of patients in 2018:

Category of Service	Admissions	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
Medical/Surgical	7,257	117.7	289	40.7%	85%	No
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Rehabilitation	359	10.6	24	44.3%	85%	No
Total	11,739	170.0	412	41.2%	N/A	N/A

Category of Service/Clinical Service Area	Patients/Visits/Procedures
Cardiac Catheterization	1,345
Emergency Department	51,756
Outpatient (includes lab tests)(on campus and off campus)	350,099
Total Births	1,673

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Category of Service	Admissions	Average Daily Census (ADC)	CON Authorized Beds	CON Occupancy Rate	State Target Occupancy Rate	Meets State Target Occupancy Rate
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Rehabilitation	261	7.1	24	29.6%	85%	No
Total	10,705	133.4	412	32.4%	N/A	N/A

FOLEY

FOLEY & LARDNER LLP

Category of Service/Clinical Service Area	Patients/Visits/Procedures
Cardiac Catheterization	764
Emergency Department	51,214
Outpatient (includes lab tests)(on campus and off campus)	322,086
Total Births	1,454

In accordance with 77 Ill. Admin. § 1110.290(d), we are providing you with notice of the Application and we are respectfully requesting that you provide us with the following information:

- Your assessment of the impact (if any) the discontinuation may have on your facility;
- Your hospital's capacity to accommodate all, or a portion of, the patient population historically served by Mercy Hospital; and
- An explanation of any conditions, restrictions or limitations that would prevent your hospital from serving the patient population historically served by Mercy Hospital.

Please direct your response to me or the Review Board. If you have any questions, my direct dial is (312) 832-4375.

Sincerely,

Edward J. Green

EJGR:sxc

#20-039

FOLEY
FOLEY & LARDNER LLP

ATTORNEYS AT LAW
321 NORTH CLARK STREET, SUITE 3000
CHICAGO, IL 60654-4762
312.832.4500 TEL
312.832.4700 FAX
WWW.FOLEY.COM

WRITER'S DIRECT LINE
312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

St. Bernard Hospital
326 W. 64th Street
Chicago, IL 60621
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

We are in the process of preparing a Certificate of Need Application (the "Application") for filing with the Illinois Health Facilities & Services Review Board (the "Review Board"), pursuant to which we will seek authority from the Review Board to discontinue (the "Project"), in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center ("Mercy Hospital"), located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

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312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Swedish Covenant Hospital
5145 N. California Avenue
Chicago, IL 60625
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

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WRITER'S DIRECT LINE
312.832.4375
egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

Thorek Memorial Hospital
850 West Irving Park
Chicago, IL 60613
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

Dear Sir/Madam:

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CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

University of Chicago Medical Center
5841 South Maryland
Chicago, IL 60637
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

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egreen@foley.com

CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

University of Illinois Hospital at Chicago
1740 W. Taylor Avenue
Chicago, IL 60612
Attn: Chief Executive Officer

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(Mercy Hospital & Medical Center)

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CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

West Suburban Medical Center
3 Erie Court
Oak Park, IL60302
Attn: Chief Executive Officer

Re: Notice of Discontinuation of Healthcare Facility
(Mercy Hospital & Medical Center)

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Section III
Attachment 11
Background

Mercy Hospital

1. Mercy Hospital and Medical Center, an Illinois not for profit corporation ("Mercy Hospital"), owns and operates Mercy Hospital & Medical Center (the "Hospital"). The Hospital is a fully licensed, Medicare-certified, HFAP accredited, Illinois not-for-profit general hospital. Copies of the current licenses and HFAP accreditation for the Hospital are attached at ATTACHMENT 11.

2. There have been no adverse actions taken against any facility owned or operated in Illinois by Mercy Hospital during the three (3) years prior to the filing of this Application, except as follows: On or about January 16, 2019, Mercy Hospital received a Statement of Deficiencies, Form CMS-2567 (the "Statement of Deficiencies"), from the Centers for Medicare & Medicaid Services ("CMS"), which was generated as a result of a Substantial Allegation Survey conducted by the Illinois Department of Public Health ("IDPH") between January 7, 2019 and January 10, 2019. The Statement of Deficiencies concerned an incident that happened on or about December 26, 2018. On or about January 21, 2019, Mercy Hospital submitted its Plan of Correction (the "Plan of Correction") to CMS and IDPH in response to the Statement of Deficiencies. CMS and IDPH accepted and approved Mercy Hospital's Plan of Correction and Mercy Hospital subsequently passed its follow-up survey and was found to be in full compliance with the Conditions of Participation for general acute care hospitals set forth at 42 C.F.R. Part 482. A letter certifying the above information is attached at ATTACHMENT 11.

3. An authorization letter granting access to the Review Board and IDPH to verify information about Mercy Hospital is attached at ATTACHMENT 11.

Mercy Health System

4. Mercy Health System of Chicago ("Mercy System"), an Illinois not for profit corporation ("Mercy Hospital"), is the sole member of Mercy Hospital.

5. There have been no adverse actions taken against any facility owned or operated in Illinois by Mercy System during the three (3) years prior to the filing of this Application, except for the matter referenced in Paragraph 2 above involving Mercy Hospital. A letter certifying the above information is attached at ATTACHMENT 11.

6. An authorization letter granting access to the Review Board and IDPH to verify information about Mercy System is attached at ATTACHMENT 11.

Trinity

7. Trinity is an Indiana non-profit corporation. Trinity is the sole corporate member of Mercy Health System.

8. Trinity is one of the largest multi-institutional Catholic health care delivery systems in the nation, serving diverse communities that include more than 30 million people across 22 states. Trinity includes 94 hospitals, as well as 109 continuing care locations that include PACE programs, senior living facilities, and home care and hospice services. Its continuing care

programs provide nearly 2.5 million visits annually. Based in Livonia, Mich., and with annual operating revenues of $18.3 billion and assets of $26.2 billion, the organization returns $1.1 billion to its communities annually in the form of charity care and other community benefit programs. Trinity employs about 133,000 colleagues, including 7,800 employed physicians and clinicians. Committed to those who are poor and underserved in its communities, Trinity is known for its focus on the country's aging population.

9. In terms of other facilities in the State of Illinois, Trinity is also the sole corporate member of Loyola University Health System d/b/a Loyola Medicine ("Loyola Medicine"), which operates: (a) Loyola University Medical Center in Melrose Park, Illinois; (b) Gottlieb Memorial Hospital in Melrose Park, Illinois; and (c) Gottlieb Community Health Services d/b/a MacNeal Hospital in Berwyn, Illinois.

10. There have been no adverse actions taken against any facility owned or operated in Illinois by Trinity during the three (3) years prior to the filing of this Application, except for the matter referenced in Paragraph 2 above involving Mercy Hospital. A letter certifying the above information is attached at ATTACHMENT 11.

11. An authorization letter granting access to the Review Board and IDPH to verify information about Trinity is attached at ATTACHMENT 11.

STATE OF ILLINOIS

LICENSE

Be it known that this facility is licensed to engage in the activities specified in the annual license certificate displayed below for the period designated in that certificate.

This Document is valid only so long as a current license certificate is displayed at right.

ILLINOIS DEPARTMENT OF PUBLIC HEALTH
DIVISION OF HEALTH FACILITIES

Illinois Department of PUBLIC HEALTH

HF 119190

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.

Ngozi O. Ezike, M.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2020		0001578

General Hospital

Effective: 01/01/2020

Mercy Hospital & Medical Center
2525 South Michigan Ave
Chicago, IL 60616

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #19-493-001 10M 9/18

#20-039

AWARD OF ACCREDITATION

Mercy Hospital and Medical Center

Chicago, IL

Expiration Date: April 16, 2022

This organization has met the applicable requirements of Acute Care Hospital and is therefore fully accredited by HFAP, a program of AAHHS.

CHAIR, AAHHS BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER, AAHHS

MERCY

Mercy Hospital & Medical Center
2525 South Michigan Avenue
Chicago, Illinois 60616-2477
312.567.2000 phone

August 25, 2020

Mr. Michael Constantino
Project Review Supervisor
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: No Adverse Actions Certification (Mercy Hospital Discontinuation)

Dear Mr. Constantino:

I hereby certify, under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, as follows:

1. There have been no adverse actions taken against any facility owned or operated by Mercy Hospital and Medical Center ("Mercy Hospital") during the three (3) years prior to the filing of this Application, except as noted in Paragraph 3.

2. There have been no adverse actions taken against any facility owned or operated by Mercy Health System of Chicago during the three (3) years prior to the filing of this Application, except as noted in Paragraph 3.

3. On or about January 16, 2019, Mercy Hospital received a Statement of Deficiencies, Form CMS-2567 (the "Statement of Deficiencies"), from the Centers for Medicare & Medicaid Services ("CMS"), which was generated as a result of a Substantial Allegation Survey conducted by the Illinois Department of Public Health ("IDPH") between January 7, 2019 and January 10, 2019. The Statement of Deficiencies concerned an incident that happened on or about December 26, 2018. On or about January 21, 2019, Mercy Hospital submitted its Plan of Correction (the "Plan of Correction") to CMS and IDPH in response to the Statement of Deficiencies. CMS and IDPH accepted and approved Mercy Hospital's Plan of Correction and Mercy Hospital subsequently passed its follow-up survey and was found to be in full compliance with the Conditions of Participation for general acute care hospitals set forth at 42 C.F.R. Part 482.

Sincerely,

Carol L. Garikes Schneider
President & CEO
Mercy Hospital and Medical Center
Mercy Health System of Chicago

Subscribed and Sworn to before me
this 25th day of August, 2020.

Marianne Urso
Notary Public

OFFICIAL SEAL
MARIANNE T. URSO
Notary Public - State of Illinois
My Commission Expires 5/10/2022

MERCY

MERCY HOSPITAL & MEDICAL CENTER
2525 SOUTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60616-2477
312.567.2000 phone

August 25, 2020

Mr. Michael Constantino
Project Review Supervisor
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Authorization to Access Information (Mercy Hospital Discontinuation)

Dear Mr. Constantino:

I hereby authorize the Illinois Health Facilities & Services Review Board (the "Board") and the Illinois Department of Public Health ("IDPH") to access all information necessary to verify any documentation or information submitted by Mercy Hospital and Medical Center and Mercy Health System of Chicago with this Application. I further authorize the Board and IDPH to obtain any additional documentation or information which the Board or IDPH finds pertinent and necessary to process this Application.

Sincerely,

Carol L. Garikes Schneider
President & CEO
Mercy Hospital and Medical Center
Mercy Health System of Chicago

Subscribed and Sworn to before me
this 25th day of August, 2020.

Notary Public

OFFICIAL SEAL
MARIANNE T. URSO
Notary Public - State of Illinois
My Commission Expires 5/10/2022

August 25, 2020

Mr. Michael Constantino
Project Review Supervisor
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: No Adverse Actions Certification (Mercy Hospital Discontinuation)

Dear Mr. Constantino:

I hereby certify, under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, that there have been no adverse actions taken against any Illinois facility owned or operated by Trinity Health Corporation during the three (3) years prior to the filing of this application, except as follows: On or about January 16, 2019, Mercy Hospital received a Statement of Deficiencies, Form CMS-2567 (the "Statement of Deficiencies"), from the Centers for Medicare & Medicaid Services ("CMS"), which was generated as a result of a Substantial Allegation Survey conducted by the Illinois Department of Public Health ("IDPH") between January 7, 2019 and January 10, 2019. The Statement of Deficiencies concerned an incident that happened on or about December 26, 2018. On or about January 21, 2019, Mercy Hospital submitted its Plan of Correction (the "Plan of Correction") to CMS and IDPH in response to the Statement of Deficiencies. CMS and IDPH accepted and approved Mercy Hospital's Plan of Correction and Mercy Hospital subsequently passed its follow-up survey and was found to be in full compliance with the Conditions of Participation for general acute care hospitals set forth at 42 C.F.R. Part 482.

Sincerely,

Linda S. Ross, Esq.
Executive Vice President & Chief Legal Officer
Trinity Health Corporation

SUBSCRIBED AND SWORN
to before me this 26th day
of August 2020.

Notary Public

Ann Marie Rosko
Notary Public of Michigan
Livingston County
Expires 07/28/2026
Acting in the County of Wayne

August 25, 2020

Mr. Michael Constantino
Project Review Supervisor
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Authorization to Access Information (Mercy Hospital Discontinuation)

Dear Mr. Constantino:

I hereby authorize the Illinois Health Facilities & Services Review Board (the "Board") and the Illinois Department of Public Health ("IDPH") to access all information necessary to verify any documentation or information submitted by Trinity Health Corporation with this application. I further authorize the Board and IDPH to obtain any additional documentation or information which the Board or IDPH finds pertinent and necessary to process this application.

Sincerely,

Linda S. Ross, Esq.
Executive Vice President & Chief Legal Officer
Trinity Health Corporation

SUBSCRIBED AND SWORN
to before me this 26th day
of August 2020.

Notary Public

Ann Marie Rosko
Notary Public of Michigan
Livingston County
Expires 07/28/2026
Acting in the County of Livingston

Section III
Attachment 12
Criterion 1110.110(b) and (d)
Purpose of Project

Purpose Statement

The Applicants seek authority to discontinue, in its entirety, the general, acute care hospital known as Mercy Hospital & Medical Center located at 2525 South Michigan Avenue, Chicago, Illinois 60616.

Define the Planning Area or Market Area

1. The Hospital is located in Planning Area A-03 for the following Categories of Service: Medical/Surgical, Intensive Care, and Obstetrics/Gynecology. The Hospital is located in Planning Area 6A-03 for the Cardiac Catheterization Category of Service. The Hospital is located in Health Service Area HSA-06 for the following Categories of Service: Acute Mental Illness and Comprehensive Physical Rehabilitation.

2. The Hospital is located in Cook County. Pursuant to 77 Ill. Admin. 1100.510(d)(1), the Hospital's Market Area is a 10 mile radius around the Hospital.

3. For purposes of this Project, the Hospital's Market Area is the relevant area to consider in terms of impact and access.

Identify the Existing Problems or Issues That Need to be Addressed

1. Pursuant to 77 Ill. Admin 1110.290(b)(3), the Hospital is not economically sustainable or feasible. As set forth in the Narrative, between April 1, 2012 (when the Hospital joined the Trinity Health ministry) and June 30, 2019, Trinity: (i) has invested more than $124 million in infrastructure improvements at Mercy Hospital; (ii) has provided more than $112 million in funding so Mercy Hospital could meet its short-term operating needs; (iii) has suffered financial statement impairments of more than $187 million because of Mercy Hospital; and (iv) continues to guarantee Mercy Hospital loans (currently $52 million). See Financial Statements for the Hospital for 2016, 2017, 2018 and 2019, which are attached at ATTACHMENT 10.

2. Despite all of this financial support, inpatient discharges at Mercy Hospital have continued to decline as the population served by Mercy Hospital has declined and healthcare has shifted from inpatient services to outpatient services (e.g., the average daily census at Mercy Hospital has dropped from 177 patients in 2015 to 136 patients in June of 2020), the large systems and academic medical centers, with new and updated facilities, to the north, south and west of Mercy Hospital, continue to dominate positive consumer opinions in the market (siphoning off commercial and Medicare patients), and these same systems and academic medical centers have made material investments in outpatient services (siphoning off outpatients). See 77 Ill. Admin. 1110.290(b)(1).

3. In addition, Mercy Hospital's aging facility will require at least $100 million of additional capital investments in the next five years to maintain a safe and sustainable acute care environment. See 77 Ill. Admin. 1110.290(b)(4).

4. There is a radical difference in life expectancy within the City of Chicago when comparing prosperous neighborhoods with some communities on the South Side. For example, people in Streeterville on Chicago's North Side live an average of **30 years** longer than those in Englewood, where the average life expectancy is only 60 years (NYU School of Medicine analysis cited in the Chicago Tribune, June 9, 2019).

5. The prevalence of chronic health conditions is a key driver of this disparity. According to the Community Health Needs Assessment compiled by the Alliance for Health Equity, 65% of all deaths in Chicago and Suburban Cook County were attributable to chronic diseases. The communities served by Mercy Hospital disproportionately suffer from these chronic conditions and desperately need more early detection and diagnosis of illnesses and diseases, better care coordination among a multitude of providers to better treat chronic diseases, and more cost effective and accessible urgent care and other outpatient services. The COVID 19 pandemic has further highlighted these disparities.

6. At the same time, the future of healthcare has changed and continues to change rapidly. Inpatient care is being replaced by outpatient care due to advancements in medicine and payor demands. Hence, the need for a new model of care that will focus on keeping people healthy, early detection of diseases, and advocating for patients by finding provider partners, such as hospitals, federally qualified health centers ("FQHCs"), and specialty providers to better manage chronic diseases.

Detail how the Project will Address or Improve the Previously Referenced Issues as well as the Population's Health Status and Well-Being

1. The decision to discontinue Mercy Hospital was not an easy one. Indeed, it was not a single decision made at a single meeting; but rather, the culmination of a multi-year, multi-factorial process that ultimately resulted in the consensus that Mercy Hospital needed to be at the forefront of transforming the health care options available on the South Side of Chicago and needed to move forward with a new model of care.

2. More specifically, to advance its new model of care, Mercy Hospital is developing plans for a care center that will offer diagnostics (which may include CT, MRI, X-Ray, ultrasound, mammography, echo, bone densitometry), urgent care (non-emergent on-demand medical services), and care coordination (to connect patients with specialty providers, develop care plans, and facilitate access to community services). These programs will have the potential to serve more than 50,000 patients annually. Overall, the focus will be to give access to preventive and early diagnostic services, and to help local residents avoid expensive emergency room visits and hospitalizations.

Provide Goals with Quantified and Measurable Objectives with Specific Timeframes that Relate to Achieving the Stated Goals

1. In terms of timing, the Applicants anticipate that Mercy Hospital's final date of operation will be no sooner than February 1, 2021 and no later than May 31, 2021, subject to Review Board approval. Project completion would happen soon thereafter.

2. In addition to moving forward with its new care center, senior management from Mercy Hospital has been working with other South Side hospitals to help ensure the safe and orderly wind down of the services at Mercy Hospital. These discussions have encompassed all of Mercy Hospital's categories of service and will continue over the next few months.

Section IX
Attachment 37
Safety Net Impact Statement

1. Pursuant to 77 Ill. Admin. 1110.290(c), the discontinuation of the Hospital will not have an adverse impact upon access to care for residents of the Hospital's Market Area, which the Review Board defines as a 10 mile radius around the Hospital, because: (a) there are 29 other hospitals in the Hospital's Market Area; (b) on information and belief, every hospital in the Hospital's Market Area participates in the Medicaid program; (c) on information and belief, every hospital in the Hospital's Market Area does not have any conditions, restrictions or limitations that would prevent said hospitals from serving the patient population historically served by the Hospital's; and (d) the discontinuation of the Hospital's 412 beds will not create a shortage of beds in the Hospital's Market Area. In addition, the discontinuation of the Hospital should result in higher utilization of the surrounding hospitals and reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services. See 77 Ill. Admin. 1100.510(d).

2. See Criterion 1110.290(c) for additional support for this Criterion regarding the discontinuation of each Category of Service at the Hospital.

3. The following chart sets forth the amount of charity care provided by the Hospital in the last four years (as reported by the Hospital on its Annual Hospital Questionnaires.)

	2016	2017	2018	2019
Number of Inpatient Charity Care Patients	24	17	1	364
Number of Outpatient Charity Care Patients	1,467	1,573	788	4,483
Total Number of Charity Care Patients	1,491	1,590	789	4,847
Inpatient Charity Care (Cost in Dollars)	$2,319,240	$1,817,628	$2,312,242	$1,512,000
Outpatient Charity Care (Cost in Dollars)	$1,446,582	$2,590,795	$2,036,730	$1,769,000
Total Charity Care (Cost in Dollars)	$3,765,822	$4,408,423	$4,348,972	$3,281,000

3. The following chart sets forth the amount of care provided to Medicaid patients by the Hospital in the last four years (as reported by the Hospital on its Annual Hospital Questionnaires).

	2016	2017	2018	2019
Number of Inpatient Medicaid Patients	6,354	4,764	5,172	4,629
Number of Outpatient Medicaid Patients	166,029	149,133	139,039	118,206
Total Number of Medicaid Patients	172,383	153,897	144,211	122,835
Net Inpatient Medicaid Revenues	$62,015,579	$73,554,154	$71,193,734	$60,984,000
Net Outpatient Medicaid Revenues	$17,122,117	$20,307,846	$25,041,556	$32,944,000
Total Net Medicaid Revenues	$79,137,756	$93,862,000	$96,235,290	$93,928,000

Section X
Attachment 38
Charity Care Information

Mercy Hospital:

	2017	2018	2019
Total Net Patient Revenue	$234,663,000	$222,850,173	$224,729,000
Amount of Charity Care (Charges)	$12,499,199	$12,236,713	$9,119,928
Cost of Charity Care	$4,408,423	$4,348,972	$3,281,000
Cost of Charity Care/Total Net Patient Ratio	1.88%	1.95%	1.46%

Other Trinity Facilities Located in Illinois:

Loyola University Medical Center

	2017	2018	2019
Total Net Patient Revenue	$1,145,582,319	$1,130,813,116	$1,249,236,000
Amount of Charity Care (Charges)	$30,561,525	$12,916,804	$20,548,628
Cost of Charity Care	$8,457,963	$6,789,656	$5,596,467
Cost of Charity Care/Total Net Patient Ratio	0.74%	0.60%	0.45%

Gottlieb Memorial Hospital

	2017	2018	2019
Total Net Patient Revenue	$126,094,287	$114,399,811	$127,666,402
Amount of Charity Care (Charges)	$5,071,456	$2,700,521	$1,840,578
Cost of Charity Care	$1,038,059	$1,291,050	$362,619
Cost of Charity Care/Total Net Patient Ratio	0.82%	1.1%	0.28%

MacNeal Hospital

	2017	2018	2019
Total Net Patient Revenue	N/A	$257,712,607	$320,283,046
Amount of Charity Care (Charges)		$7,553,987	$28,495,214
Cost of Charity Care		$3,408,002	$3,857,854
Cost of Charity Care/Total Net Patient Ratio		1.3%	1.2%

Total Loyola Medicine

	2017	2018	2019
Total Net Patient Revenue	$1,271,676,606	$1,502,925,534	$1,697,185,448
Amount of Charity Care (Charges)	$35,632,981	$23,171,312	$50,884,420
Cost of Charity Care	$9,496,022	$11,488,708	$9,816,940
Cost of Charity Care/Total Net Patient Ratio	0.75%	0.76%	0.58%

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

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#20-039

FOLEY
FOLEY & LARDNER LLP

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CLIENT/MATTER NUMBER
048544-0334

August 28, 2020

RECEIVED
AUG 31 2020
HEALTH FACILITIES &
SERVICES REVIEW BOARD

Via FedEx

Mr. Michael Constantino
Supervisor, Project Review Section
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761-0001

Re: Certificate of Need (Discontinuation) - Mercy Hospital & Medical Center

Dear Mr. Constantino:

Enclosed please find an original and one copy of the Certificate of Need for the Discontinuation of Mercy Hospital & Medical Center filed on behalf of Mercy Hospital and Medical Center, Mercy Health System of Chicago and Trinity Health Corporation. Also enclosed is a check in the amount of $2,500 to cover the application processing fee.

Please feel free to contact me if you have any questions.

Sincerely,

Edward J. Green

EJGR:sc
Encls.