

ORIGINAL

E-021-16

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR EXEMPTION
NEONATAL INTENSIVE CARE

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION (IDEN)

This section must be completed for all proposed projects or transactions (except proposed changes of ownership) requesting an exemption from review and from the requirements of obtaining a certificate of need permit.

RECEIVED

JUL 15 2016

HEALTH FACILITIES & SERVICES REVIEW BOARD

A. Proposed Type of Project or Transaction

Name or Facility Rockford Memorial Hospital

Address 2400 North Rockton Avenue Rockford, IL 61103

B. Applicant Identification (Refer to Part 1130.220 regarding necessary parties to an application for exemption. If there are co-applicants, provide the following information for each co-applicant and insert after this page)

Exact Legal Name Mercy Health Corporation

Address 2400 North Rockton Avenue Rockford, IL 61103

Name of Registered Agent Javon R. Bea

Type of Ownership: [X] Non-profit Corporation [ ] For-profit Corporation [ ] Limited Liability Company
[ ] Partnership [ ] Governmental [ ] Sole Proprietorship [ ] Other (specify)

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

APPEND DOCUMENTATION AS ATTACHMENT IDEN-1 AFTER THE LAST PAGE OF THIS SECTION.

C. Facility Identification

Does the proposed transaction involve one or more existing licensed or certified health care facility (ies) subject to the Health Facilities Planning Act? [X] Yes [ ] No.

If no is checked, skip to item D. If yes is checked, provide the following information, then skip to item E. If more than one facility is involved in the transaction or project, provide this information for each facility and insert after this page, then skip to item E.

Facility Name Rockford Memorial Hospital

Street Address 2400 North Rockton Avenue City Rockford, IL

County Winnebago Zip 61103 Illinois State Representative District 67

Type of Ownership: [X] Non-profit Corporation [ ] For-profit Corporation [ ] Limited Liability Company
[ ] Partnership [ ] Governmental [ ] Sole Proprietorship [ ] Other(specify)

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Exact Legal Name Rockford Memorial Hospital

Address 2400 North Rockton Avenue Rockford, IL 61103

Name of Registered Agent James P. Evans

Type of Ownership:  Non-profit Corporation  For-profit Corporation  Limited Liability Company  
 Partnership  Governmental  Sole Proprietorship  Other (specify)

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Does the proposed transaction involve one or more existing licensed or certified health care facility (ies) subject to the Health Facilities Planning Act?  Yes  No.

If no is checked, skip to item D. If yes is checked, provide the following information, then skip to item E. If more than one facility is involved in the transaction or project, provide this information for each facility and insert after this page, then skip to item E.

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County Winnebago Zip 61103 Illinois State Representative District 67

Type of Ownership:  Non-profit Corporation  For-profit Corporation  Limited Liability Company  
 Partnership  Governmental  Sole Proprietorship  Other(specify)

**D. Project Identification**

For proposed transactions (such as the acquisition of major medical equipment by a clinic) that do NOT involve a licensed or certified health care facility that is subject to the Planning Act, complete the following:

Project Name not applicable

Street Address \_\_\_\_\_ City \_\_\_\_\_

County \_\_\_\_\_ Zip \_\_\_\_\_ Illinois State Representative District \_\_\_\_\_

**E. Primary Contact Person** (person who is to receive correspondence or inquiries)

Name Paul T. Van Den Huevel Title Vice President, Legal Affairs & General Counsel, Mercy Health Corporation

Address 2400 N. Rockton Avenue Rockford, IL 61103

Telephone No. ( 608 ) 756-6158

**F. Additional Contact Person** (person such as consultant, attorney, financial representative, registered agent, etc. who also is authorized to discuss application and act on behalf of the applicant)

Name Jacob M. Axel Title President, Axel & Associates, Inc.

Address 675 North Court Suite 210 Palatine, IL 60067

Telephone No. ( 847 ) 776-7101

**G. Flood Plain Requirements**

Does the proposed project or transaction involve construction of a new building or an addition to an existing building?  Yes  No. If yes is checked, provide documentation from the Department of Transportation with respect to compliance with the Flood Plain requirements of Executive Order #4, 1979 (refer to instructions).

**APPEND DOCUMENTATION AS ATTACHMENT IDEN-2 AFTER THE LAST PAGE OF THIS SECTION.**

**H. Historic Resources Preservation Act Requirements**

Does the proposed project or transaction involve demolition of existing buildings, construction of new buildings, or modernization of existing buildings?  Yes  No. If yes is checked, provide a letter from the Illinois Historic Preservation Agency or documentation regarding compliance with the requirements of the Historic Resources Preservation Act (refer to instructions).

**APPEND DOCUMENTATION AS ATTACHMENT IDEN-3 AFTER THE LAST PAGE OF THIS SECTION.**

**I. Project Status and Completion Schedules**

Anticipated transaction or project obligation date (refer to Part 1130.140)

Within seven days following the receipt of the requested Certificate of Exemption.

NOTE: The transaction or project is not to be obligated or occur prior to approval of the application for exemption. Projects or transactions that have been obligated without approval are in violation of the Planning Act and may be subject to the imposition of sanctions by the Health Facilities Planning Board.

2. Anticipated transaction or project completion date (refer to Part 1130.140)

Ninety days following the receipt of the requested Certificate of Exemption.

3. Indicate the following with respect to any expenditure or to obligation (refer to Part 1130.140):

- Purchase orders, leases, or contracts pertaining to the transaction or project have been executed;
- X Obligation or completion is contingent upon approval of the exemption application;
- X Obligation or completion will occur after approval of the exemption application.

**J. Project Cost and Sources of Funds**

Complete the following table listing all costs associated with the project or transaction. Projects for major medical equipment must include the value of all necessary activities to acquire the equipment and to make the equipment operational including the cost or fair market value of the space in which the equipment is to be located.

<b>USE AND SOURCE OF FUNDS</b>	
<b>Use of Funds</b>	
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)	\$500,000
Bond Issuance Expense (project related)	
Net Interest Expense During Construction (project related)	
Other Costs To Be Capitalized	
Acquisition of Building or Other Property (excluding land)	\$500,000
<b>ESTIMATED TOTAL USE OF FUNDS</b>	
<b>Source of Funds</b>	
Cash and Securities	\$500,000
Pledges	
Gifts and Bequests	
Bond Issues (project related)	
Mortgages	
Leases	
Government Appropriations	
Grants	
Other Funds and Sources	
<b>ESTIMATED TOTAL SOURCE OF FUNDS</b>	<b>\$500,000</b>

Note: When a project or any component of a project is to be accomplished by lease, donation, gift, or similar means, the fair market or dollar value of the component must be included in the estimated project costs. Indicate **FMV** in front of the line item amount whenever the costs represent fair market value. Refer to 77 IAC 1190.40(b) to determine fair market value.

**SECTION II. PROJECTS FOR THE ESTABLISHMENT OR EXPANSION OF  
NEONATAL INTENSIVE CARE SERVICE AND BEDS (NICU)**

**A. PROJECT DESCRIPTION**

Provide a narrative description of the proposed transaction.

**APPEND DOCUMENTATION AS ATTACHMENT NICU-1 AFTER THE LAST PAGE OF THIS SECTION.**

**B. BEDS AND SERVICES**

Provide a list that identifies the location of the neonatal intensive care unit and the number of neonatal intensive care beds proposed. In this list, also include the number of beds and services for each category of service offered at the facility. The services and number of beds **MUST** be consistent with the data contained in the Inventory of Health Care Facilities, Services and Need Determinations.

**APPEND DOCUMENTATION AS ATTACHMENT NICU -2 AFTER THE LAST PAGE OF THIS SECTION.**

**C. REGIONALIZED PERINATAL ADVISORY COMMITTEE REQUIREMENT**

Provide a copy of the letter from the Regionalized Perinatal Advisory Committee which documents that the committee supports the proposed project.

not required, per HFSRB Staff

**APPEND DOCUMENTATION AS ATTACHMENT NICU – 3 AFTER THE LAST PAGE OF THIS SECTION.**

**D. CERTIFICATIONS**

Provide a notarized statement signed by an authorized representative of the applicant entity that attests to the following:

1. That a final cost report will be submitted to the Agency no later than 60 days following the anticipated project completion date; and
2. That failure to comply with the material change and completion requirements of this Section will invalidate the exemption.

**APPEND DOCUMENTATION AS ATTACHMENT NICU – 4 AFTER THE LAST PAGE OF THIS SECTION.**

- E. APPLICATION PROCESSING FEE.** The exemption processing fee is the greater of \$1,000 or .1% of the total estimated project cost with a maximum application processing fee of \$20,000 for projects with \$20,000,000 or more estimated project cost. A check or money order in this amount payable to the **Illinois Department of Public Health** must accompany the application.

enclosed

**K. Certification**

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are in the case of a corporation, any two of its officers or members of its board of directors; in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist); in the case of a partnership, two of its general partners (or the sole general partner when two or more general partners do not exist); in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and in the case of a sole proprietor, the individual that is the proprietor. The signature(s) must be notarized. If the application has co-applicants, a separate certification page must be completed for each co-applicant and inserted following this page. One copy of the application must have the ORIGINAL signatures for all persons that sign for the applicant or for the co-applicants.

This Application for Exemption is filed on behalf of **Mercy 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 for exemption 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 exemption application fee required for this application is sent herewith or will be paid upon request.

*Javon R. Bea*  
Signature

Printed Name Javon R. Bea

Printed Title President and CEO

*Sue Ripsch*  
Signature

Printed Name Sue Ripsch

Printed Title Sr. Vice President

Notarization:

Subscribed and sworn to before me  
This 13<sup>th</sup> day of July, 2016  
*Diana L. Mahorski*  
Signature of Notary

Seal



Notarization:

Subscribed and sworn to before me  
this 13<sup>th</sup> day of July, 2016  
*Diana L. Mahorski*  
Signature of Notary

Seal



\*Insert EXACT legal name of the applicant

**K. Certification**

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are in the case of a corporation, any two of its officers or members of its board of directors; in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist); in the case of a partnership, two of its general partners (or the sole general partner when two or more general partners do not exist); in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and in the case of a sole proprietor, the individual that is the proprietor. The signature(s) must be notarized. If the application has co-applicants, a separate certification page must be completed for each co-applicant and inserted following this page. One copy of the application must have the ORIGINAL signatures for all persons that sign for the applicant or for the co-applicants.

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*Jaron Bea*  
Signature  
Printed Name Jaron R. Bea  
Printed Title President and CEO

*Sue Ripsch*  
Signature  
Printed Name Sue Ripsch  
Printed Title Sr. Vice President

Notarization:

Subscribed and sworn to before me  
This 13<sup>th</sup> day of July, 2016  
*Diana L. Mahorski*  
Signature of Notary

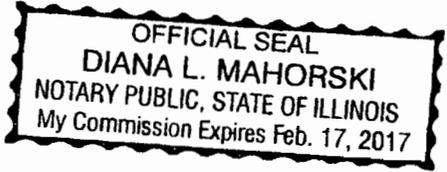
Notarization:

Subscribed and sworn to before me  
this 13<sup>th</sup> day of July, 2016  
*Diana L. Mahorski*  
Signature of Notary

Seal



Seal



\*Insert EXACT legal name of the applicant

Certifications

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

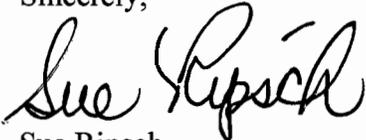
To Whom It May Concern:

This statement is being provided in response to Section II.D. of the Certificate of Exemption application addressing the Neonatal Intensive Care Unit at Rockford Memorial Hospital, and is intended to be included in that application.

I, as an authorized representative of Mercy Health Corporation, attest to the following:

1. That a final cost report will be submitted to the Agency no later than 60 days following the anticipated project completion date; and
2. That failure to comply with the material change and completion requirements of this Section will invalidate the exemption.

Sincerely,



Sue Ripsch  
Sr. Vice President

Notarization:

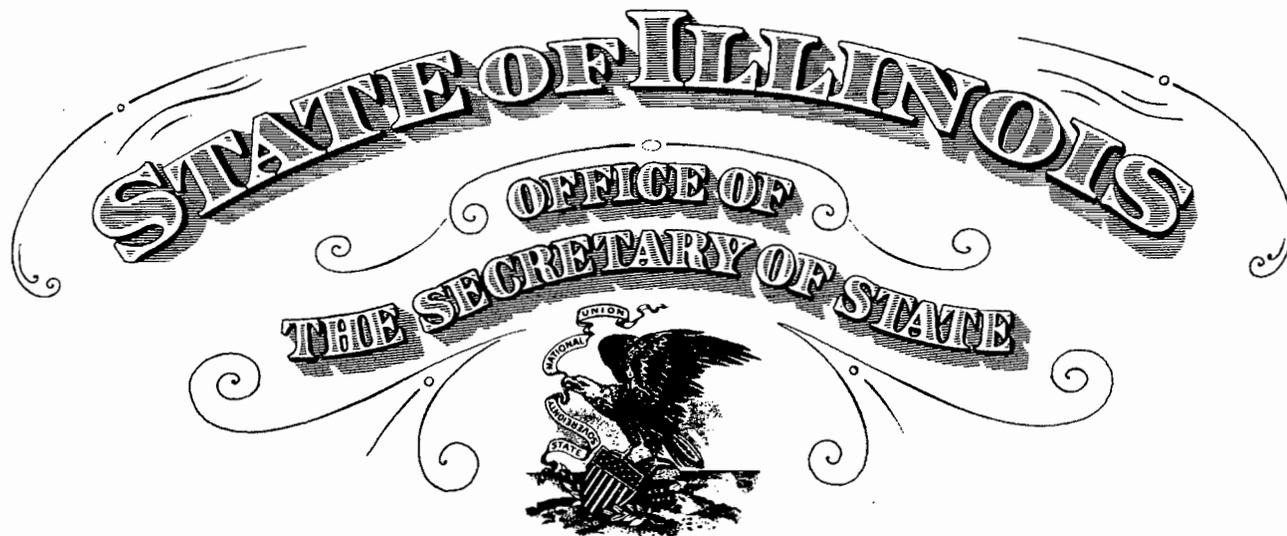
Subscribed and sworn to before me  
on this 13<sup>th</sup> day of July, 2016.



Signature of Notary

Seal





**To all to whom these Presents Shall Come, Greeting:**

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

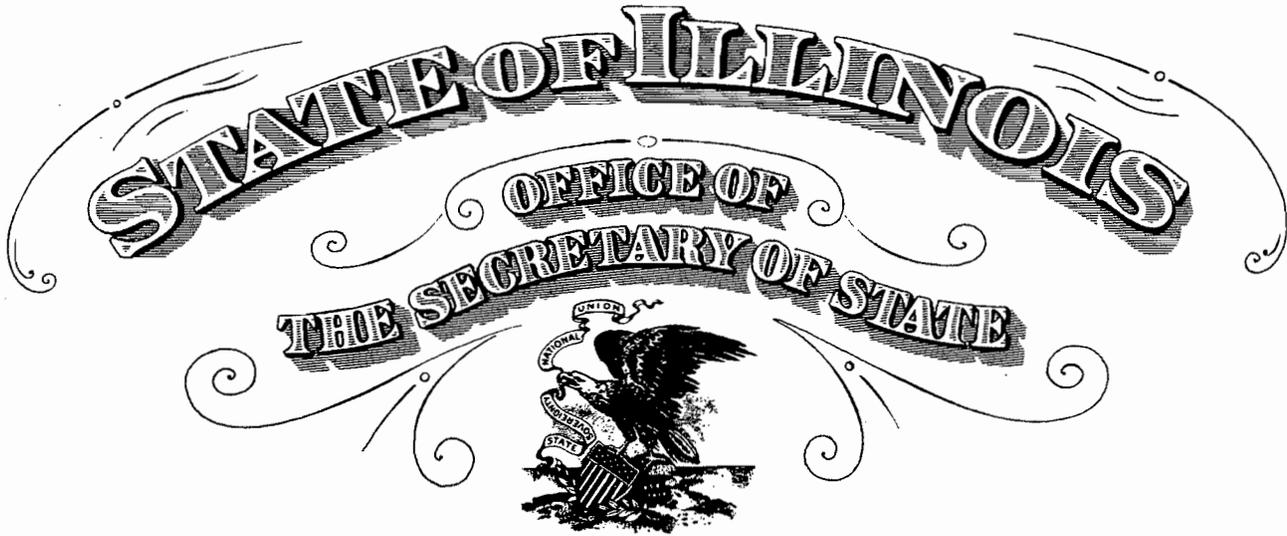
MERCY HEALTH CORPORATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 24, 2014, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 8TH day of JULY A.D. 2016 .***

*Jesse White*

SECRETARY OF STATE  
ATTACHMENT IDEN-1



**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*

ROCKFORD MEMORIAL HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 15, 1883, 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 8TH day of JULY A.D. 2016 .***



*Jesse White*

SECRETARY OF STATE  
ATTACHMENT IDEN-1



**Illinois Historic  
Preservation Agency**

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

FAX (217) 524-7525

[www.illinoishistory.gov](http://www.illinoishistory.gov)

Winnebago County

Rockford

CON - Hospital Renovations, Rockford Memorial Hospital

2400 N. Rockton Ave.

IHPA Log #036051315

May 29, 2015

Jacob Axel

Axel & Associates, Inc.

675 North Court, Suite 210

Palatine, IL 60067

Dear Mr. Axel:

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

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

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

If you have any further questions, please contact me at 217/785-5031.

Sincerely,

Rachel Leibowitz, Ph.D.

Deputy State Historic

Preservation Officer

ATTACHMENT IDEN-3

## PROJECT DESCRIPTION

Rockford Memorial Hospital (“RMH”) operates the only Neonatal Intensive Care Unit (“NICU”) in Health Services Area 1, provides services to a 15-County region, and is designated by the Illinois Department of Public Health as the area’s regional perinatal center.

On November 17, 2015 Certificate of Need Permits were awarded to address the Applicants’ plans to construct a new hospital, Rockford Memorial Hospital-Riverside and to modernize the existing hospital, Rockford Memorial Hospital-Rockton Avenue. As a major component of the projects, the inpatient women’s and children’s services currently provided at the Rockton Avenue hospital will be relocated to the Riverside hospital, upon the opening of the Riverside hospital. Among the services to be relocated is the NICU, which currently consists of 46 stations.

Utilization of Rockford Memorial Hospital-Rockton Avenue’s NICU has increased significantly over the past year and is anticipated to continue to increase, necessitating the proposed immediate addition of six NICU stations, resulting in a total of 52 NICU stations. As had been addressed through the aforementioned Certificate of Need projects, all 52 stations at Rockford Memorial Hospital-Rockton Avenue will be “discontinued” upon the relocation of the category of service to Rockford Memorial Hospital-Riverside, which is anticipated to occur in 2020.

As evidence of the increasing utilization of the NICU, the unit operated at 71.2% occupancy in 2014, during 2015 the unit operated at 79.3% occupancy, and during the first six months of 2016 the unit operated at 82.4% occupancy, an average daily census of 37.9 babies. Newborns in need of NICU services are now being transferred to other NICUs—typically in the Chicago area or Madison, Wisconsin—due a lack of stations at Rockford Memorial Hospital.

It is fully anticipated by the Applicants that the impact of demand exceeding station availability will be further exacerbated by Crusader Clinic’s recent decision to align its women’s and children’s services, including newborn care, with Rockford Memorial Hospital. The Applicants’ anticipate that the Crusader Clinic alignment, which is scheduled to take place between August and December of this year, will cause an increase in the NICU average daily census of 3.5-4 babies, which would result in a 90.0-91.1% occupancy rate, based on the current complement of 46 NICU stations.

The proposed additional NICU stations will be developed through the renovation of 583 square feet adjacent to the existing NICU.

## BEDS AND SERVICES

Rockford Memorial Hospital's Neonatal Intensive Care Unit ("NICU") is located on the second floor of the hospital. The NICU consists of 46 stations, and through this Certificate of Exemption application, the Applicants propose to add six stations, resulting in a total of 52 stations.

The table below identifies the hospital's current bed complement.

	<b>per IDPH Inventory Update</b>	<b>per IDPH Hospital Profile</b>
Medical/Surgical	70	223
Pediatrics	0	35
Obstetrics	0	35
ICU	4	32
Acute Mental Illness	20	20
NICU	<u>0</u>	<u>46</u>
	94	391

In addition, the following categories of service are provided: cardiac catheterization and open heart surgery.