

E-021-19

ORIGINAL

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

RECEIVED

Facility/Project Identification

MAY 22 2019

Facility Name: Decatur Memorial Hospital		
Street Address: 2300 N Edward St		
City and Zip Code: Decatur, IL 62526		
County: Macon	Health Service Area: 4	Health Planning Area: D-4

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Legislators

State Senator Name: Andy Manar
State Representative Name: Sue Scherer

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

Exact Legal Name: Decatur Memorial Hospital
Street Address: 2300 N Edward St.
City and Zip Code: Decatur, IL 62526
Name of Registered Agent: Katherine Anderson, Vice-President, Legal Affairs & Corporate Compliance
Registered Agent Street Address: 2300 N Edward Street
Registered Agent City and Zip Code: Decatur, IL 62526
Name of Chief Executive Officer: Timothy D. Stone
CEO Street Address: 2300 N Edward St.
CEO City and Zip Code: Decatur, IL 62526
CEO Telephone Number: 217-876-8121

Type of Ownership of Applicants

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
<input type="checkbox"/> Other	<input type="checkbox"/>

- 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: Dana Mollohan
Title: Manager, Business Development and Planning
Company Name: Memorial Health System
Address: 701 N First Street, Springfield, IL 62781
Telephone Number: 217-788-4263
E-mail Address: mollohan.dana@mhsil.com
Fax Number: 217-527-3267

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
 APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Decatur Memorial Hospital		
Street Address: 2300 N Edward St		
City and Zip Code: Decatur, IL 62526		
County: Macon	Health Service Area: 4	Health Planning Area: D-4

Legislators

State Senator Name: Andy Manar
State Representative Name: Sue Scherer

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

Exact Legal Name: Memorial Health System
Street Address: 701 North First Street
City and Zip Code: Springfield, IL 62781
Name of Registered Agent: Anna N. Evans, General Counsel & VP of Internal Audit and Compliance
Registered Agent Street Address: 701 North First Street
Registered Agent City and Zip Code: Springfield, IL 62781
Name of Chief Executive Officer: Edgar J. Curtis
CEO Street Address: 701 North First Street
CEO City and Zip Code: Springfield, IL 62781
CEO Telephone Number: 217-788-3340

Type of Ownership of Applicants

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
<input type="checkbox"/> Other	<input type="checkbox"/>

- 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: Dana Molohan
Title: Manager, Business Development and Planning
Company Name: Memorial Health System
Address: 701 N First Street, Springfield, IL 62781
Telephone Number: 217-78-4263
E-mail Address: molohan.dana@mhsil.com
Fax Number: 217-527-3267

Additional Contact [Person who is also authorized to discuss the Application]

Name: Michael Copelin
Title: President
Company Name: Copelin Healthcare Consulting
Address: 42 Birch Lake Drive, Sherman, IL 62684
Telephone Number: 217-496-3712
E-mail Address: micball1@aol.com
Fax Number: 217-496-3097

Post Exemption Contact

[Person to receive all correspondence subsequent to exemption issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]

Name: Dana Mollohan
Title: Manager, Business Development and Planning
Company Name: Memorial Health System
Address: 701 North First Street, Springfield, IL 62781
Telephone Number: 217-788-4263
E-mail Address: mollohan.dana@mhsil.com
Fax Number: 217-527-3267

Site Ownership after the Project is Complete

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Decatur Memorial Hospital
Address of Site Owner: 2300 N Edward Street, Decatur, IL 62526
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.

Current Operating Identity/Licensee

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

Exact Legal Name: Decatur Memorial Hospital
Address: 2300 N Edward Street, Decatur, IL 62526
<input checked="" type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> <input type="checkbox"/> Other

Operating Identity/Licensee after the Project is Complete

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

Exact Legal Name: Decatur Memorial Hospital	
Address: 2300 N Edward Street, Decatur, IL 62526	
<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/>
Other	
<ul style="list-style-type: none">○ 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.

Narrative Description

In the space below, provide a brief narrative description of the change of ownership. 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.

The proposed project is limited to a change in membership of Decatur Memorial Hospital (“DMH”) licensed health care facility. DMH is a community hospital with 222 staffed acute beds (300 authorized beds) located in Decatur, Illinois. Following the change in membership DMH will become a fully controlled affiliate of Memorial Health System (“MHS”), and MHS will become the sole corporate member of DMH.

DMH and MHS share a mission of providing a comprehensive offering of the highest quality accessible health care services to the communities they serve in Central Illinois. DMH and MHS believe that they will be in the best position to continue and strengthen the high-quality health care services that DMH and MHS currently deliver, and to better meet the increasing clinical, financial and technological demands of delivering health care in Central Illinois, by exploring initiatives that enhance the missions and clinical, operational, management and financial strengths of DMH and MHS through the affiliation. The affiliation will benefit the residents of Central Illinois by enabling DMH and MHS to undertake joint efforts to create a comprehensive and integrated delivery system that will allow both entities to improve its capabilities to better serve the health care needs of the residents of Central Illinois and, specifically, the residents of DMH’s service area, through maintaining and enhancing the ability of the DMH to deliver state-of-the-art health care services in the communities served by DMH.

DMH and MHS expect that, for a minimum of two (2) year following the change in membership, all programs and services currently provided by DMH will continue to be provided. Consistent with Illinois Health Facilities and Services Review Board (“IHFSRB”) requirements, it is also expected that DMH’s services will not be diminished.

The Transaction is expected to close on or after October 1, 2019.

Please refer to ATTACHMENT 5 and ATTACHMENT 6 for a summary of the transaction. The applicants will provide confirmation to the IHFSRB, within 90 days of the propose change of ownership, that the change has occurred in accordance with the terms described herein.

Related Project Costs – Not Applicable– No Costs associated with this project

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	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$	_____	
Fair Market Value: \$	_____	

Project Status and Completion Schedules

Outstanding Permits: Does the facility have any projects for which the State Board issued a permit that is not complete? Yes X No _____. If yes, indicate the projects by project number and whether the project will be complete when the exemption that is the subject of this application is complete.

MHS is a co-applicant on the TMH Facility Modernization (Permit 18-003). That project is
ongoing and will not be complete by the time this exemption application is filed.

See ATTACHMENT 6.

Anticipated exemption completion date (refer to Part 1130.570): June 30, 2022

State Agency Submittals

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 being deemed incomplete.

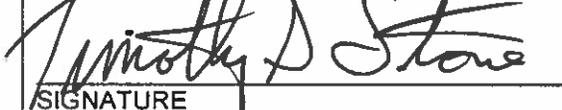
CERTIFICATION

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

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o 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);
- o 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);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Decatur Memorial Hospital *

in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.


SIGNATURE

Timothy D. Stone
PRINTED NAME

President and CEO
PRINTED TITLE

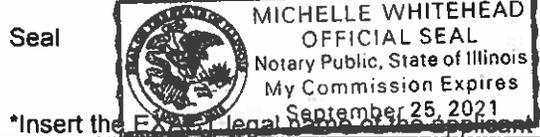

SIGNATURE

Larry R. Altenbaumer
PRINTED NAME

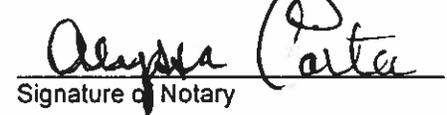
Chairman of the Board of Directors
PRINTED TITLE

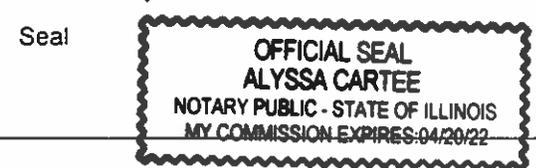
Notarization:
Subscribed and sworn to before me
this 14 day of May 2019


Signature of Notary



Notarization:
Subscribed and sworn to before me
this 14 day of May 2019


Signature of Notary



CERTIFICATION

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

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o 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);
- o 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);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Memorial Health System *

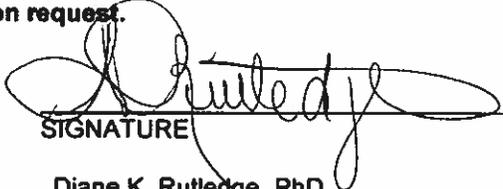
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.



SIGNATURE
Edgar J. Curtis

PRINTED NAME
President and CEO

PRINTED TITLE

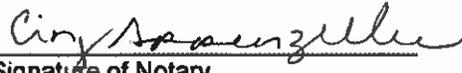


SIGNATURE
Diane K. Rutledge, PhD

PRINTED NAME
Chair of the Board of Directors

PRINTED TITLE

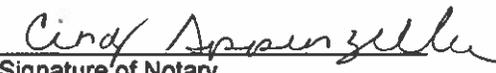
Notarization:
Subscribed and sworn to before me
this 20th day of May, 2019



Signature of Notary

Seal 
*Insert the EXACT name on each of the applicant

Notarization:
Subscribed and sworn to before me
this 20th day of May, 2019



Signature of Notary

Seal 

SECTION II. BACKGROUND.

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. 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. 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.
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, 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 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 5.

SECTION III. CHANGE OF OWNERSHIP (CHOW)

Transaction Type. Check the Following that Applies to the Transaction:

- Purchase resulting in the issuance of a license to an entity different from current licensee.
- Lease resulting in the issuance of a license to an entity different from current licensee.
- Stock transfer resulting in the issuance of a license to a different entity from current licensee.
- Stock transfer resulting in no change from current licensee.
- Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee.
- Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee.
- Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity.
- Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets.
- Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility.
- Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee.
- Change of ownership among related persons resulting in a license being issued to an entity different from the current licensee
- Change of ownership among related persons that does not result in a license being issued to an entity different from the current licensee.
- Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets and explain in "Narrative Description."

1130.520 Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility

1. Prior to acquiring or entering into a contract to acquire an existing health care facility, a person shall submit an application for exemption to HFSRB, submit the required application-processing fee (see Section 1130.230) and receive approval from HFSRB.
2. If the transaction is not completed according to the key terms submitted in the exemption application, a new application is required.
3. READ the applicable review criteria outlined below and **submit the required documentation (key terms) for the criteria:**

APPLICABLE REVIEW CRITERIA	CHOW
1130.520(b)(1)(A) - Names of the parties	X
1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.	X
1130.520(b)(1)(C) - Structure of the transaction	X
1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction	X
1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.	X
1130.520(b)(1)(F) - Fair market value of assets to be transferred.	X
1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]	X
1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section	X
1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction	X

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 10/2018 Edition**

1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community	X
1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership;	X
1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;	X
1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body;	X
1130.520(b)(8) - A statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility	X
1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.	X

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

SECTION IV.CHARITY CARE INFORMATION

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 7.

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

APPEND DOCUMENTATION AS ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant Identification including Certificate of Good Standing	15-17
2	Site Ownership	18-19
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	20-23
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	24-26
5	Background of the Applicant	27-29
6	Change of Ownership	30-33
7	Charity Care Information	34-35

ATTACHMENT 1

Applicant Information

The Certificates of Good Standing for Memorial Health System and Decatur Memorial Hospital are attached at **ATTACHMENT 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

DECATUR MEMORIAL HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 09, 1902, 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 14TH day of MAY A.D. 2019 .



Jesse White

SECRETARY OF STATE

Authentication #: 1913403300 verifiable until 05/14/2020
Authenticate at: <http://www.cyberdriveillinois.com>



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

MEMORIAL HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON AUGUST 21, 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 14TH day of MAY A.D. 2019 .



Jesse White

SECRETARY OF STATE

ATTACHMENT 2

Site Ownership

Decatur Memorial Hospital is the sole owner of the property site located at 2300 N. Edward Street, Decatur, IL 62526. See ATTACHMENT 2 for letter certifying ownership and additional property information and legal description from Macon County records.

May 22, 2019

Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street - Second Floor
Springfield, IL 62761-0001

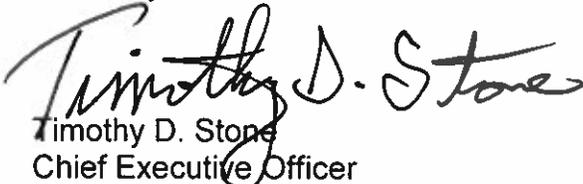
Re: Site Ownership of Decatur Memorial Hospital

Dear Ms. Avery:

This letter attests to Decatur Memorial Hospital's site ownership and control of Decatur Memorial Hospital located at 2300 N Edward Street, Decatur, Illinois 62526.

Please contact me at 217-876-8121 if you have any questions.

Sincerely,



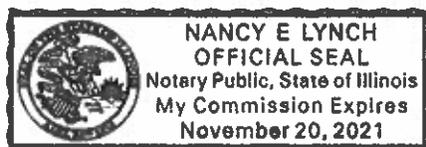
Timothy D. Stone
Chief Executive Officer
Decatur Memorial Hospital

SUBSCRIBED AND SWORN

To before me this 16 day of May, 2019



Notary Public



ATTACHMENT 3

Persons with 5% or greater ownership interest

The Certificates of Good Standing for Memorial Health System and Decatur Memorial Hospital are attached at ATTACHMENT 3.

Current Ownership > 5%

The following Persons own a 5% or greater interest in Decatur Memorial Hospital:

Name	Percentage Interest
Illinois Health and Science	100%

The following Persons own a 5% or greater interest in Memorial Health System:

Name	Percentage Interest
Memorial Health System	100%

Post-Affiliation Ownership > 5%

The following Persons own a 5% or greater interest in Decatur Memorial Hospital:

Name	Percentage Interest
Memorial Health System	100%

The following Persons own a 5% or greater interest in Memorial Health System:

Name	Percentage Interest
Memorial Health System	100%



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

DECATUR MEMORIAL HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 09, 1902, 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 14TH day of MAY A.D. 2019 .

Jesse White

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

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

ILLINOIS HEALTH AND SCIENCE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 08, 1984, 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 14TH day of MAY A.D. 2019 .



Jesse White

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

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

MEMORIAL HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON AUGUST 21, 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.

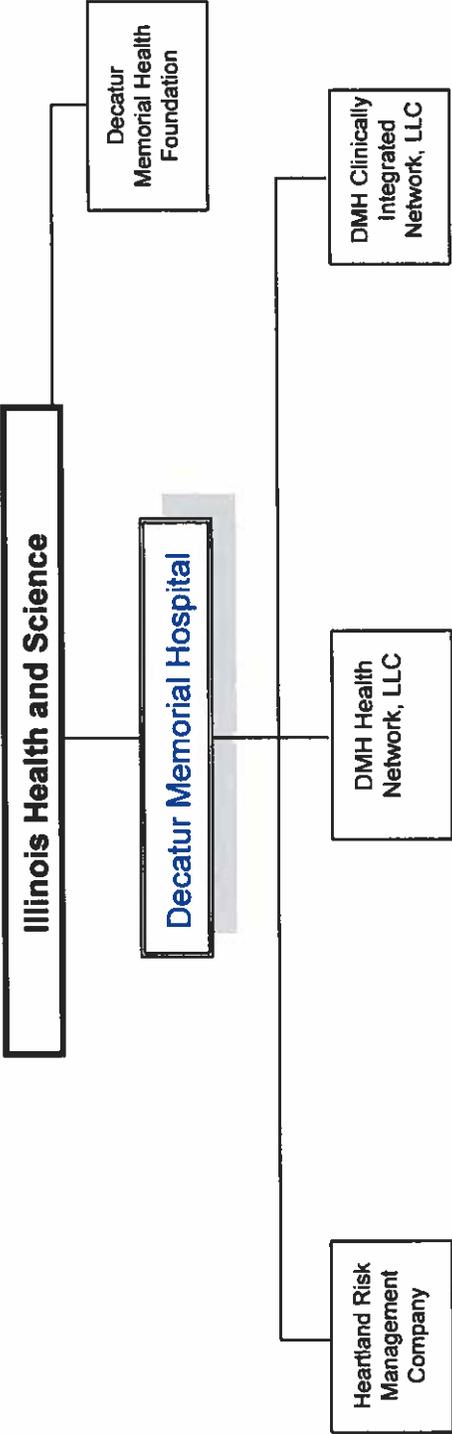
In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 14TH day of MAY A.D. 2019 .



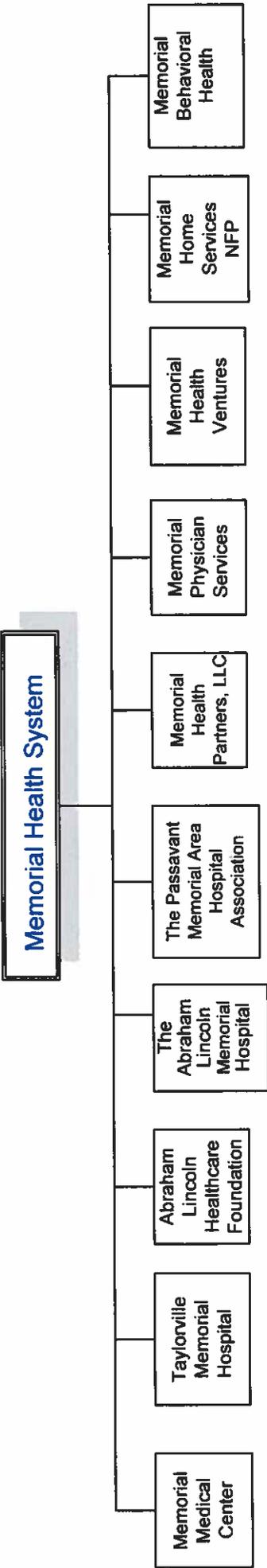
Jesse White

SECRETARY OF STATE

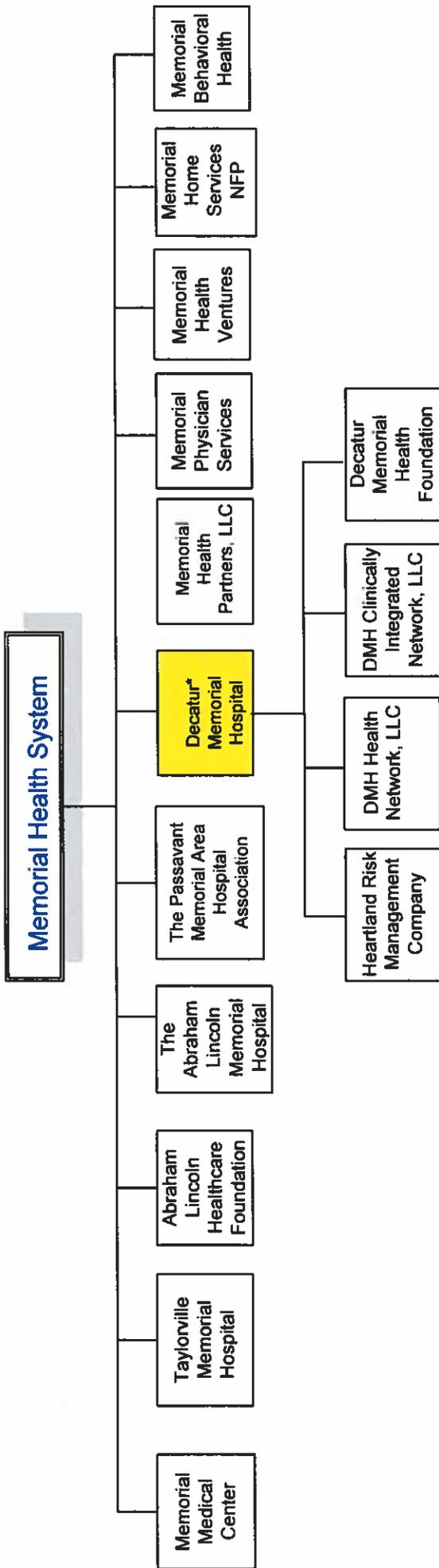
Current Organizational Relationships



Current Organizational Relationships



Post-Affiliation Organizational Relationships



* Highlighted to show new addition under existing MHS organizational structure.

ATTACHMENT 5

Background of the Applicant

Decatur Memorial Hospital (“DMH”) is a community hospital with 222-staffed acute beds (300 authorized beds) located in Decatur, Illinois. The health care facility operates under license number 0000471 issued by the Illinois Department of Public Health. DMH is an Illinois – Not for Profit (501(c)(3) – FEIN 37-0661199) that is 100% owned by Illinois Health and Science. As part of the definitive affiliation agreement signed on May 3, 2019, Memorial Health System (“MHS”), an Illinois Not for Profit corporation, will become the sole corporate member of DMH, an Illinois Not for Profit corporation. See ATTACHMENT 3 for owners of greater than 5% ownership and ATTACHMENT 4 for related organizations.

MHS is an Illinois Not for Profit corporation and is the sole corporate member of the following Illinois health care facilities, as defined under the Illinois Health Facilities Planning Act (20 ILCS 3960/3).

The identification numbers of each of these health care facilities is shown below, along with their names and locations.

<u>Name and Location of Facility</u>	<u>Identification Numbers</u>
Passavant Area Hospital Jacksonville, Illinois	Illinois License ID # 1792 Joint Commission ID # 7362
Memorial Medical Center Springfield, Illinois	Illinois License ID # 1487 Joint Commission ID # 7431
Abraham Lincoln Medical Center Lincoln, Illinois	Illinois License ID # 5728 Joint Commission ID # 7373
Taylorville Memorial Hospital Taylorville, Illinois	Illinois License ID # 5447 Joint Commission ID # 4745

There have been no adverse actions taken against any facility owned or operated in Illinois by DMH or MHS in the three (3) year period prior to the filing of this Application. Letters certifying the above information and granting access to the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health for DMH and MHS are included in ATTACHMENT 5.

May 22, 2019

Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street - Second Floor
Springfield, IL 62761-0001

Mr. Michael Constantino
Supervisor, Project Review Section
525 W. Jefferson Street - Second Floor
Springfield, IL 62761-0001

Re: Authorization to Access Information and Statement of No Adverse Action

Dear Ms. Avery and Mr. Constantino:

Pursuant to 77 Ill. Admin. Code Section 1110.230, 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 Decatur Memorial Hospital 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.

I also certify that there has been no adverse action taken against any Illinois facility owned and/or operated by the Decatur Memorial Hospital in the three years prior to the filing of this application for a Certificate of Exemption Permit.

Please contact me at 217-876-8121 if you have any questions.

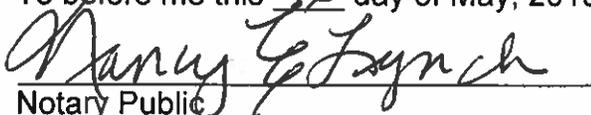
Sincerely,



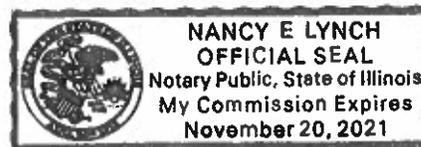
Timothy D. Stone
Chief Executive Officer
Decatur Memorial Hospital

SUBSCRIBED AND SWORN

To before me this 16 day of May, 2019



Notary Public





701 North First Street • Springfield, Illinois 62781-0001
www.memorialmedical.com • Phone (217) 788-3000

May 22, 2019

Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street - Second Floor
Springfield, IL 62761-0001

Mr. Michael Constantino
Supervisor, Project Review Section
525 W. Jefferson Street - Second Floor
Springfield, IL 62761-0001

Re: Authorization to Access Information and Statement of No Adverse Action

Dear Ms. Avery and Mr. Constantino:

Pursuant to 77 Ill. Admin. Code Section 1110.230, 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 Memorial Health System 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.

I also certify that there has been no adverse action taken against any Illinois facility owned and/or operated by the Memorial Health System in the three years prior to the filing of this application for a Certificate of Exemption Permit.

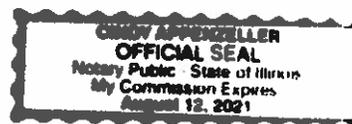
Please contact me at 217-788-3340 or curtis.ed@mhsil.com if you have any questions.

Sincerely,

Edgar J. Curtis
President and Chief Executive Officer
Memorial Health System

SUBSCRIBED AND SWORN
To before me this 20th day of May, 2019

Cindy Appenzeller
Notary Public



ATTACHMENT 6

Change of Ownership

CRITERION 1130.520(b)(1)(A) – Names of the parties:

Decatur Memorial Hospital (“DMH”) and Memorial Health System (“MHS”)

CRITERION 1130.520(b)(1)(B) – Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application:

See ATTACHMENT 5.

CRITERION 1130.520(b)(1)(C) – Structure of the transaction:

DMH is an Illinois Not-for-Profit (“NFP”) Corporation, and its sole corporate member is Illinois Health and Science, also an Illinois NFP Corporation. If the transaction is approved and closes, DMH and all of its assets and liabilities will be controlled by MHS. MHS will become the sole corporate member of DMH, with the standard reserved powers it holds as member, by way of example; approval of changes to the mission, vision and values of DMH, amendments to articles and bylaws of DMH, appointment and removal of the board of directors of DMH, approve the sale, lease or encumbrance of any real, tangible or intangible property with value in excess of limits set forth by MHS, approve debt in excess of limits set forth by MHS.

DMH and MHS are both NFP corporations and are affiliating to strengthen their combined missions to provide state of the art healthcare for the people and communities in central Illinois. There is no acquisition price involved with this transaction, however, MHS has agreed to post-closing commitments to DMH upon becoming its sole corporate member. MHS recognizes the value of local health care services and intends to invest capital as necessary to provide and expand where reasonably appropriate DMH’s health care services to ensure high quality care and financial viability. MHS will become the controlling entity of the DMH assets, through MHS assuming sole corporate membership of DMH.

CRITERION 1130.520(b)(1)(D) – Name of the person who will be licensed or certified entity after the transaction:

Decatur Memorial Hospital is the current license holder and will continue to be the license holder after this transaction is approved and closes.

CRITERION 1130.520(b)(1)(E) – List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons:

DMH is the current licensed entity and its current sole corporate member is Illinois Health and Science. Following the approval and closing of the transaction, DMH will continue to be the licensed entity and MHS will become its sole corporate member. See ATTACHMENT 4 for current and post-transaction organizational relationships.

CRITERION 1130.520(b)(1)(F) – Fair market value of assets to be transferred:

There is not a purchase price associated with the transaction. Based on the audited financial statements, the net fair market value of the assets of DMH is approximately \$183,348,000. This is the value of the unrestricted net assets at September 30, 2018 per the audited financial statements.

CRITERION 1130.520(b)(1)(G) – The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]:

There is not a purchase price associated with the transaction. Based on the audited financial statements, the net fair market value the assets of DMH is approximately \$183,348,000. This is the value of the unrestricted net assets at September 30, 2018 per the audited financial statements.

CRITERION 1130.520(b)(2) – Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section:

There are no pending Certificates of Need or Certificates of Exemption for DMH.

There are no pending Certificates of Exemption for MHS.

MHS is co-applicant on Certificate of Need Permit 18-003 (Taylorville Memorial Hospital Facility Modernization) and progress is being made on schedule and the project scope has not been altered from the approved CON permit.

CRITERION 1130.520(b)(3) – If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction:

MHS has a progressive charity care program and will continue to provide care to the uninsured and underinsured in the Decatur community, at DMH, regardless of ability to pay in accordance with the MHS current charity care policy.

MHS affirms that DMH will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. MHS affirms that the compliant charity care policy will remain in effect at DMH for a two-year period following the change of ownership transaction.

CRITERION 1130.520(b)(4) – A statement as to the anticipated benefits of the proposed changes in ownership to the community:

DMH and MHS share a mission of providing a comprehensive offering of the highest quality accessible health care services to the communities they serve in Central Illinois. DMH and MHS believe that they will be in the best position to continue and strengthen the high-quality health care services that DMH and MHS currently deliver, and to better meet the increasing clinical, financial and technological demands of delivering health care in Central Illinois, by exploring initiatives that enhance the missions and clinical, operational, management and financial strengths of DMH and MHS through the affiliation. The affiliation will benefit the residents of Central Illinois by enabling DMH and MHS to undertake joint efforts to create a comprehensive and integrated delivery system that will allow both entities to improve its capabilities to better serve the health care needs of the residents of Central Illinois and,

specifically, the residents of DMH's service area, through maintaining and enhancing the ability of the DMH to deliver state-of-the-art health care services in the communities served by DMH.

CRITERION 1130.520(b)(5) – The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership:

At this time, it is not possible to predict with specificity the cost savings that will be realized. DMH and MHS believe the affiliation will provide a structure for increased operational efficiencies and cost savings, as well as allowing for collaboration and best-practice sharing among physicians, clinical support and administrative and support teams. Cost savings in areas that allow for the sharing of administrative structure and support resources are anticipated. The ultimate goal is to provide quality patient care and improve the health of patients in a cost-effective manner.

CRITERION 1130.520(b)(6) – A description of the facility's quality improvement program mechanism that will be utilized to assure quality control:

MHS has a nationally-recognized quality program to provide our patients with the safest, highest quality of care and a great patient experience. To ensure safe and effective care, MHS uses Lean Six Sigma, a process improvement methodology that helps eliminate waste and identify errors or defects with a process. MHS has several accredited programs (including The Joint Commission), hospital affiliates that are Magnet designated by the American Nurses Credentialing Center, and has been recognized through the obtainment of national quality awards such as the American Hospital Association-McKesson Quest for Quality Prize, the Illinois Health and Hospital Association Quality Excellence Achievement Award and the International Hospital Federation Quality and Safety and Patient-Centered Care Excellence Award Honorable Mention. Utilizing the Lean Six Sigma approach, MHS will utilize its quality infrastructure to collaborate with DMH's existing quality and safety team to identify areas for improvement in quality and safe patient care as well as in operational efficiency.

CRITERION 1130.520(b)(7) – A description of the selection process that the acquiring entity will use to select the facility's governing body:

DMH's existing Board of Directors will remain in place after the affiliation transaction and will continue to make governing decision for DMH, subject to the reserved powers of MHS. MHS will be the sole corporate member of DMH and after the closing of the affiliation, DMH Board will have the power to nominate and recommend individuals to serve on the DMH Board, subject to approval of the MHS Board.

CRITERION 1130.520(b)(8) – A statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility:

DMH and MHS have prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the Premises of DMH.

CRITERION 1130.520(b)(9) – A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition:

MHS is committed to maintaining quality healthcare services at DMH and in the central Illinois area. The affiliation will provide an organizational structure to allow DMH to clinically integrate and align its clinical service lines and trauma services with MHS. Services lines will be reviewed by the DMH Board for growth opportunities and operational efficiencies; however, at this time, there are not any proposed changes to the scope of services currently offered at DMH nor are there any anticipated in the 24 months following the closing of the affiliation transaction.

ATTACHMENT 7

Charity Care – Decatur Memorial Hospital

The amount of charity care provided by Decatur Memorial Hospital for the last three **audited** fiscal years, the cost of charity care and the ratio of charity care cost to net patient revenue are shown below. 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 – Decatur Memorial Hospital			
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Net Patient Revenue	\$ 254,244,029	\$275,946,863	\$296,433,641
Amount of Charity Care (charges)	\$7,522,012	\$8,748,999	\$10,405,063
Cost of Charity Care	\$2,491,560	\$2,739,107	\$3,237,596
Ratio of Cost of Charity Care to Net Patient Service Revenue	0.98%	0.99%	1.09%

Charity Care – Memorial Health System

The amount of charity care provided by Memorial Health System Affiliates – Memorial Medical Center, Passavant Area Hospital, Taylorville Memorial Hospital and Abraham Lincoln Memorial Hospital - for the last three **audited** fiscal years, the cost of charity care and the ratio of charity care cost to net patient revenue are shown below.

CHARITY CARE – Memorial Medical Center			
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Net Patient Revenue	\$593,032,278	\$572,791,762	\$602,680,285
Amount of Charity Care (charges)	\$15,463,228	\$24,338,424	\$25,976,165
Cost of Charity Care	\$4,132,511	\$6,179,274	\$6,464,059
Ratio of Cost of Charity Care to Net Patient Service Revenue	0.70%	1.08%	1.07%

CHARITY CARE – Passavant Area Hospital			
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Net Patient Revenue	\$90,777,366	\$101,842,950	\$104,709,239
Amount of Charity Care (charges)	\$4,409,235	\$6,758,901	\$6,985,714
Cost of Charity Care	\$1,096,291	\$1,697,205	\$1,735,849
Ratio of Cost of Charity Care to Net Patient Service Revenue	1.21%	1.67%	1.66%

CHARITY CARE – Abraham Lincoln Memorial Hospital			
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Net Patient Revenue	\$46,748,549	\$45,460,509	\$48,023,865
Amount of Charity Care (charges)	\$1,692,716	\$2,140,061	\$2,418,202
Cost of Charity Care	\$506,055	\$664,590	\$729,845
Ratio of Cost of Charity Care to Net Patient Service Revenue	1.08%	1.46%	1.52%

CHARITY CARE – Taylorville Memorial Hospital			
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Net Patient Revenue	\$42,441,416	\$41,553,636	\$42,081,576
Amount of Charity Care (charges)	\$1,589,421	\$1,347,644	\$2,095,273
Cost of Charity Care	\$474,305	\$399,084	\$639,523
Ratio of Cost of Charity Care to Net Patient Service Revenue	1.12%	0.96%	1.52%