

E-026-18

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR EXEMPTION PERMIT

[ ORIGINAL ]

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

APR 30 2018

Facility/Project Identification

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Facility Name: Memorial Hospital Association
Street Address: 1454 North County Road 2050
City and Zip Code: Carthage, Illinois 62321
County: Hancock                      Health Service Area: 003                      Health Planning Area: E05

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

Exact Legal Name: Iowa Health System d/b/a UnityPoint Health
Street Address: 1776 West Lakes Parkway, Suite 400
City and Zip Code: West Des Moines, Iowa 50266
Name of Registered Agent: Elizabeth Kurt
Registered Agent Street Address: 120 NE Glen Oak Avenue, Suite 101
Registered Agent City and Zip Code: Peoria, Illinois 61603
Name of Chief Executive Officer: Kevin Vermeer
CEO Street Address: 1776 West Lakes Parkway, Suite 400
CEO City and Zip Code: West Des Moines, Iowa 50266
CEO Telephone Number: (515) 241-6161

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

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

**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: <a href="mailto:egreen@foley.com">egreen@foley.com</a>
Fax Number: (312) 832-4700

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR EXEMPTION PERMIT**

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

**This Section must be completed for all projects.**

**Facility/Project Identification**

Facility Name: Memorial Hospital Association		
Street Address: 1454 North County Road 2050		
City and Zip Code: Carthage, Illinois 62321		
County: Hancock	Health Service Area: 003	Health Planning Area: E05

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

Exact Legal Name: Memorial Hospital Association		
Street Address: 1454 North County Road 2050		
City and Zip Code: Carthage, Illinois 62321		
Name of Registered Agent: Stanley L. Tucker		
Registered Agent Street Address: 608 Wabash Avenue		
Registered Agent City and Zip Code: Carthage, Illinois 62321		
Name of Chief Executive Officer: Ada Bair		
CEO Street Address: 1454 North County Road 2050		
CEO City and Zip Code: Carthage, Illinois 62321		
CEO Telephone Number: (217) 357-8566		

**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

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

**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: <a href="mailto:egreen@foley.com">egreen@foley.com</a>
Fax Number: (312) 832-4700

**Additional Contact**

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

Name: Ashley Kleemeier, Esq.
Title: Senior Counsel
Company Name: UnityPoint Health
Address: 1776 West Lakes Parkway, Suite 400, West Des Moines, Iowa 50266
Telephone Number: (515) 241-4662
E-mail Address: Ashley.kleemeier@unitypoint.org
Fax Number: (515) 241-4656

**Additional Contact**

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

Name: Steven Pratt, Esq.
Title: Partner
Company Name: Hall, Render, Killian, Heath & Lyman, P.C.
Address: 500 North Meridian Street, Suite 400
Telephone Number: (317) 977-1442
E-mail Address: spratt@hallrender.com
Fax Number: (317) 633-4878

**Post Exemption 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: Ashley Kleemeier, Esq.
Title: Senior Counsel
Company Name: UnityPoint Health
Address: 1776 West Lakes Parkway, Suite 400, West Des Moines, Iowa 50266
Telephone Number: (515) 241-4662
E-mail Address: Ashley.kleemeier@unitypoint.org
Fax Number: (515) 241-4656

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Memorial Hospital Association
Address of Site Owner: 1454 North County Road 2050, Carthage, Illinois 62321
Street Address or Legal Description of Site: Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, 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.
<b>APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>

**Operating Identity/Licensee**

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

Exact Legal Name: Memorial Hospital Association

Address: 1454 North County Road 2050, Carthage, Illinois 62321

- |                                     |                           |                          |                     |                                |
|-------------------------------------|---------------------------|--------------------------|---------------------|--------------------------------|
| <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 |

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

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

**Organizational Relationships**

Provide (for each co-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**

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 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](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://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 #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS **ATTACHMENT 5**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

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

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

**DESCRIPTION OF PROJECT****1. Project Classification**

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

Part 1110 Classification:

- Change of Ownership
- Discontinuation of an Existing Health Care Facility or of a category of service
- Establishment or expansion of a neonatal intensive care or beds

## 2. Narrative Description

Provide in the space below, 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.

Iowa Health System d/b/a UnityPoint Health ("UnityPoint") and Memorial Hospital Association ("Memorial") hereby seek a Certificate of Exemption ("COE") from the Illinois Health Facilities & Services Review Board (the "Board") to allow consummation of the proposed transaction (the "Transaction") set forth in that certain Affiliation Agreement (the "Affiliation Agreement"), whereby UnityPoint will become the sole corporate member of Memorial. UnityPoint and Memorial are collectively referred to as the "Applicants."

UnityPoint is one of the nation's most integrated health systems. Through relationships with more than 290 physician clinics, 38 hospitals in metropolitan and rural communities and home care services throughout its 9 regions, UnityPoint provides care throughout Iowa, Illinois, and Wisconsin and has annual revenues of \$4.0 billion. UnityPoint entities employ more than 30,000 employees, working toward innovative advancements to deliver the Best Outcome for Every Patient Every Time. Each year, through more than 5.6 million patient visits, UnityPoint, UnityPoint Clinic and UnityPoint at Home provides a full range of coordinated care to patients and families. UnityPoint provides community benefit programs and services to improve the health of people in its communities.

Memorial, an eighteen (18) bed general medical and surgical hospital, is located in Carthage, Illinois. Memorial, a community owned, not-for-profit organization, is dedicated to maintaining and improving the health of patients in and around Hancock County, Illinois (the "Region").

Memorial is pursuing the affiliation with UnityPoint to better enable it to provide necessary and high value healthcare services to the Region. UnityPoint wishes to further its provision of services to Memorial and the Region. Memorial and UnityPoint share common values and believe that the affiliation will better assure their collective ability to fulfill their missions into the indefinite future.

Because the Transaction will result in a change in the membership or sponsorship of a not-for-profit corporation that owns or controls an Illinois licensed health facility (as well as its physical plant and capital assets), the Transaction constitutes a change of ownership under Section 1130.140 of the Board's rules. The Transaction is contingent upon the approval of the Board. The Transaction is currently scheduled to close on or about June 1, 2018, subject to the Board granting this COE.

**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:

<p>Land acquisition is related to project <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Purchase Price: \$ _____</p> <p>Fair Market Value: \$ _____</p>
<p>The project involves the establishment of a new facility or a new category of service  <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, provide the dollar amount of all <b>non-capitalized</b> 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.</p> <p>Estimated start-up costs and operating deficit cost is \$ _____.</p>

**Project Status and Completion Schedules**

<p><b>For facilities in which prior permits have been issued please provide the permit numbers.</b></p> <p>Indicate the stage of the project's architectural drawings:</p> <p><input checked="" type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary</p> <p><input type="checkbox"/> Schematics <input type="checkbox"/> Final Working</p>
<p>Anticipated project completion date (refer to Part 1130.140): Upon approval by Board (June 1, 2018).</p>
<p>Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):</p> <p><input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.</p> <p><input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies</p> <p><input checked="" type="checkbox"/> Project obligation will occur after permit issuance.</p>
<p><b>APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b></p>

**State Agency Submittals**

<p>Are the following submittals up to date as applicable:</p> <p><input checked="" type="checkbox"/> Cancer Registry</p> <p><input checked="" type="checkbox"/> APORS</p> <p><input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted</p> <p><input checked="" type="checkbox"/> All reports regarding outstanding permits</p> <p><b>Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.</b></p>
--

**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.

This Application for Permit is filed on the behalf of Iowa Health System d/b/a UnityPoint Health \* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit 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 permit application fee required for this application is sent herewith or will be paid upon request.

  
\_\_\_\_\_  
SIGNATURE

Arthur Nizza  
PRINTED NAME

Executive Vice President & COO  
PRINTED TITLE

  
\_\_\_\_\_  
SIGNATURE

Dan Carpenter  
PRINTED NAME

Senior Vice President & CFO  
PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this 22 day of March 2018

  
\_\_\_\_\_  
Signature of Notary

Seal



Notarization:

Subscribed and sworn to before me  
this 22 day of March 2018

  
\_\_\_\_\_  
Signature of Notary

Seal



\*Insert EXACT legal name of the applicant

**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.

This Application for Permit is filed on the behalf of Memorial Hospital Association\* 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 permit 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 permit application fee required for this application is sent herewith or will be paid upon request.

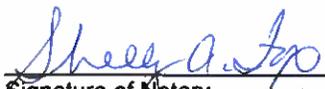
  
SIGNATURE

Ada Bair  
PRINTED NAME

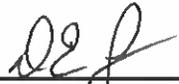
Chief Executive Officer  
PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this 15 day of March, 2018

  
Signature of Notary

Seal **OFFICIAL SEAL**  
**SHELLY A FOX**  
Notary Public - State of Illinois  
My Commission Expires May 20, 2019  
\*Insert EXACT legal name of the applicant

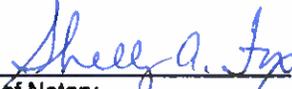
  
SIGNATURE

Dan Asbury  
PRINTED NAME

Chairman of the Board  
PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this 15 day of March, 2018

  
Signature of Notary

Seal **OFFICIAL SEAL**  
**SHELLY A FOX**  
Notary Public - State of Illinois  
My Commission Expires May 20, 2019

### 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.

#### Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

##### BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

**APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.**

#### Criterion 1110.230 – Purpose of the Project, and Alternatives (Not applicable to Change of Ownership)

##### 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 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 V. CHANGE OF OWNERSHIP (CHOW)****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:**

<b>APPLICABLE REVIEW CRITERIA</b>	<b>CHOW</b>
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)(2) - 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
1130.520(b)(2) - A statement as to the anticipated benefits of	X

the proposed changes in ownership to the community	
1130.520(b)(2) - 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)(2) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;	X
1130.520(b)(2) - A description of the selection process that the acquiring entity will use to select the facility's governing body;	X
1130.520(b)(2) - 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)(2)- 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

### **Application for Change of Ownership Among Related Persons**

*When a change of ownership is among related persons, and there are no other changes being proposed at the health care facility that would otherwise require a permit or exemption under the Act, the applicant shall submit an application consisting of a standard notice in a form set forth by the Board briefly explaining the reasons for the proposed change of ownership. [20 ILCS 3960/8.5(a)]*

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

**SECTION X. CHARITY CARE INFORMATION (CHOW ONLY)**

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

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

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

**A table in the following format must be provided for all facilities as part of Attachment 41.**

<b>CHARITY CARE</b>			
	<b>Year</b>	<b>Year</b>	<b>Year</b>
<b>Net Patient Revenue</b>			
<b>Amount of Charity Care (charges)</b>			
<b>Cost of Charity Care</b>			

**APPEND DOCUMENTATION AS ATTACHMENT 21, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Section I**  
**Attachment 1**  
**Applicant Identification**

The Certificates of Good Standing for Iowa Health System d/b/a UnityPoint Health ("UnityPoint") and Memorial Hospital Association ("Memorial") are attached at ATTACHMENT 1.

File Number

6720-693-2



**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*

IOWA HEALTH SYSTEM, INCORPORATED IN IOWA AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON JUNE 15, 2010, ADOPTED THE ASSUMED NAME UNITYPOINT HEALTH ON MAY 14, 2013, 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.

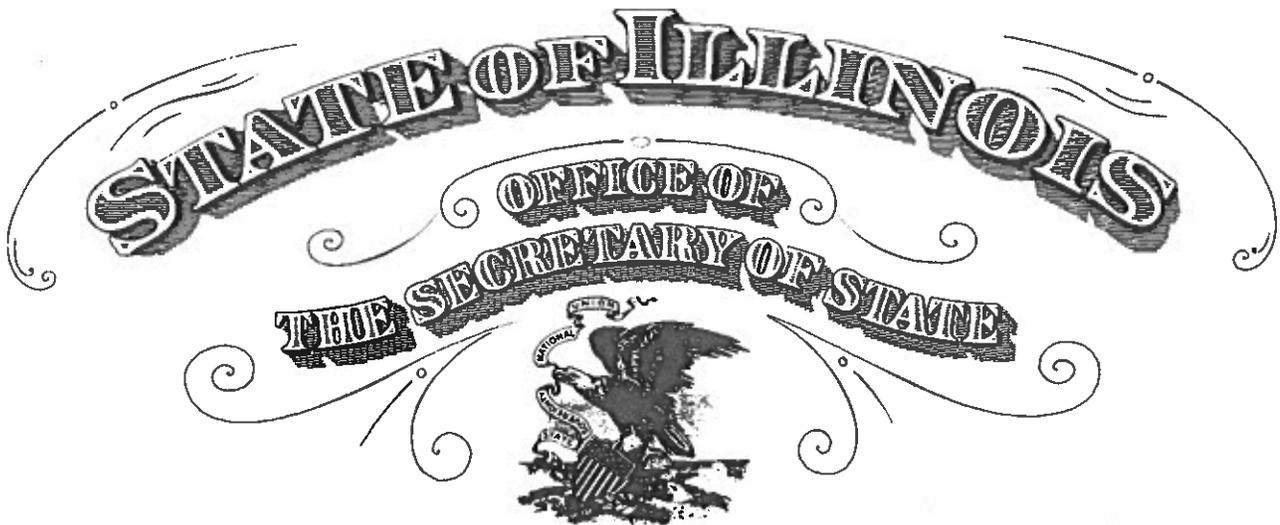
***In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 19TH day of MARCH A.D. 2018 .***



Authentication #: 1807801559 verifiable until 03/19/2019.  
Authenticate at: <http://www.cyberdriveillinois.com>

*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 HOSPITAL ASSOCIATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 26, 1947, 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 APRIL A.D. 2018 .***



*Jesse White*

SECRETARY OF STATE

Authentication #: 1811701734 verifiable until 04/27/2019

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

**Section I**  
**Attachment 2**  
**Site Ownership**

Memorial currently owns the land, buildings, and other real estate comprising the campus of Memorial Hospital.

Following the Transaction, Memorial will continue to own the land, buildings, and other real estate comprising the campus of Memorial Hospital.

**Section I**  
**Attachment 3**  
**Operating Entity/Licensee**

Memorial is currently the licensee and operator of Memorial Hospital. Copies of Memorial Hospital's general acute care hospital license and Joint Commission accreditation are attached at ATTACHMENT 3.

Memorial will continue to be the licensee and operator of Memorial Hospital following the Transaction.



**Illinois Department of  
PUBLIC HEALTH**

**HF113814**

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

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

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

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
8/14/2018		0005611
<b>Critical Access Hospital</b>		
<b>Effective: 08/15/2017</b>		

**Memorial Hospital Association  
1454 North County Road 2050  
Carthage, IL 62321**

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #48240 5M 5116



January 26, 2018

Ada Bair  
CEO  
Memorial Hospital Association  
1454 North County Road 2050  
Carthage, IL 62321

Joint Commission ID #: 351912  
Program: Critical Access Hospital Accreditation

Accreditation Activity: 60-day Evidence of  
Standards Compliance  
Accreditation Activity Completed: 01/24/2018

Dear Ms. Bair:

The Joint Commission is pleased to grant your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- **Accreditation Manual for Critical Access Hospitals**

This accreditation cycle is effective beginning November 03, 2017 and is customarily valid for up to 36 months. Please note, The Joint Commission reserves the right to shorten or lengthen the duration of the cycle.

Should you wish to promote your accreditation decision, please view the information listed under the 'Publicity Kit' link located on your secure extranet site, The Joint Commission Connect.

The Joint Commission will update your accreditation decision on Quality Check®.

Congratulations on your achievement.

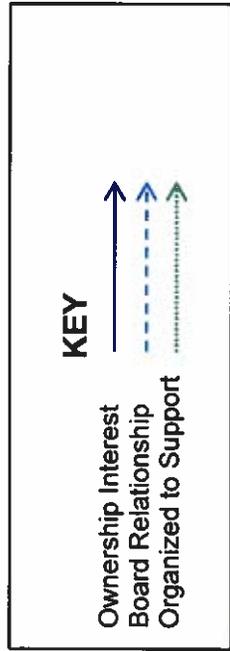
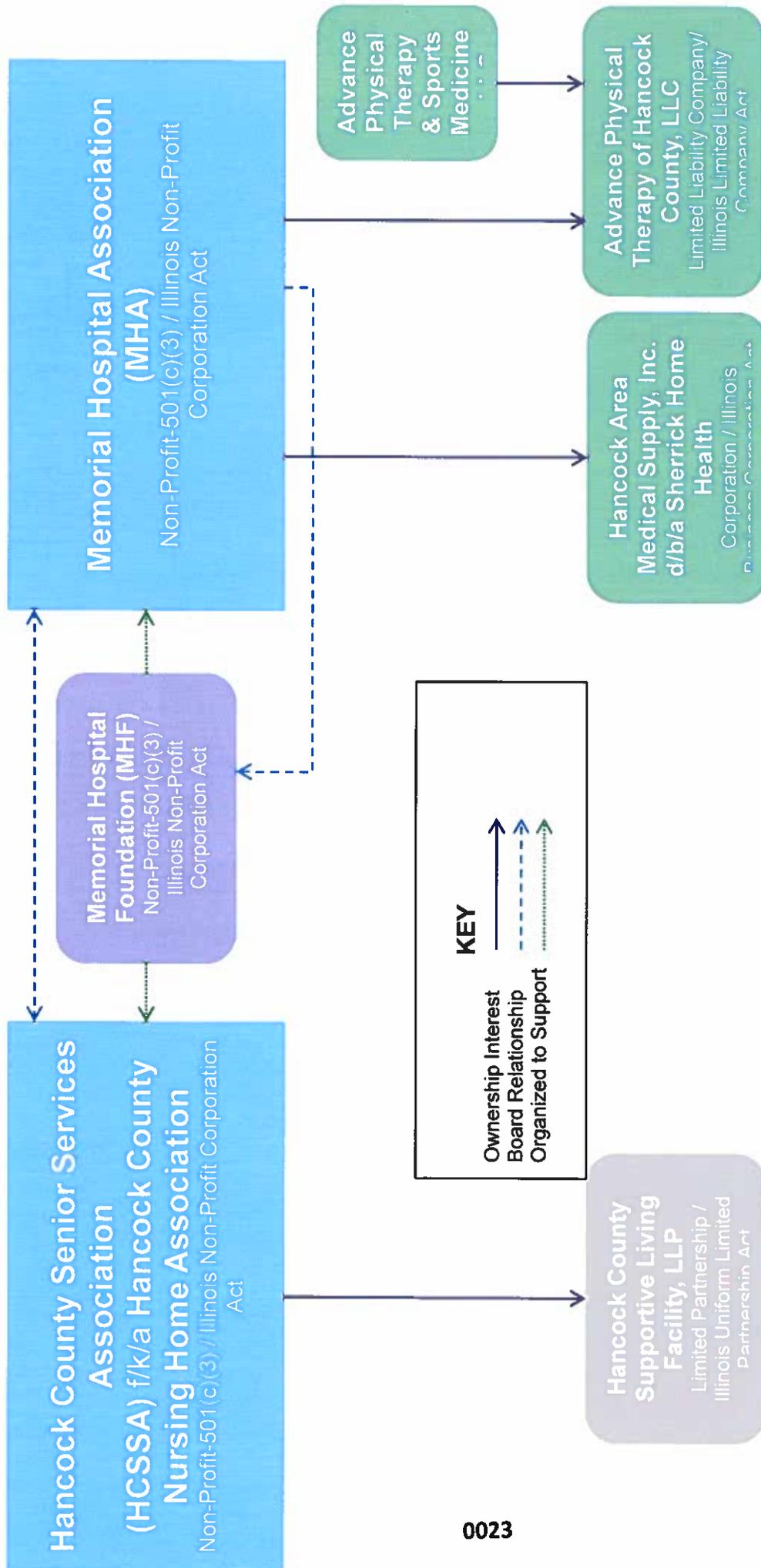
Sincerely,

Mark G. Pelletier, RN, MS  
Chief Operating Officer  
Division of Accreditation and Certification Operations

**Section I**  
**Attachment 4**  
**Organizational Relationships**

The organizational charts for the Applicants are attached at ATTACHMENT 4.

**Current Organizational Structure**





**Section I**  
**Attachment 5**  
**Flood Plain Requirements**

This Project involves a change of ownership. This Project does not involve any construction or modernization. Accordingly, this criterion is not applicable.

**Section I**  
**Attachment 6**  
**Historic Resources Preservation Act Requirements**

This Project involves a change of ownership. This Project does not involve any construction or modernization. Accordingly, this criterion is not applicable.

**Section III**  
**Attachment 11**  
**Criterion 1110.230(a), Background of The Applicants**

**UnityPoint**

1. UnityPoint is one of the nation's most integrated health systems. Through relationships with more than 290 physician clinics, 38 hospitals in metropolitan and rural communities and home care services throughout its 9 regions, UnityPoint provides care throughout Iowa, Illinois, and Wisconsin and has annual revenues of \$4.0 billion. UnityPoint entities employ more than 30,000 employees, working toward innovative advancements to deliver the Best Outcome for Every Patient Every Time. Each year, through more than 5.6 million patient visits, UnityPoint, UnityPoint Clinic and UnityPoint at Home provides a full range of coordinated care to patients and families. UnityPoint provides community benefit programs and services to improve the health of people in its communities.
2. UnityPoint owns and operates the following general acute care hospitals in Illinois: Methodist Medical Center (Peoria); Pekin Memorial Hospital (Pekin); Proctor Community Hospital (Peoria); UnityPoint Health – Trinity Moline Hospital (Moline); and UnityPoint Health – Trinity Rock Island Hospital (Rock Island).
3. There have been no adverse actions taken against any facility owned or operated in Illinois by UnityPoint during the three (3) years prior to the filing of this Application. A letter certifying the above information is attached at ATTACHMENT 11.
4. An authorization letter granting access to the Review Board and the Illinois Department of Public Health ("IDPH") to verify information about UnityPoint is attached at ATTACHMENT 11.

**Memorial**

4. Memorial, an eighteen (18) bed general medical and surgical hospital, is located in Carthage, Illinois. Memorial, a community owned, not-for-profit organization, is dedicated to maintaining and improving the health of patients in and around Hancock County, Illinois (the "Region").
5. On or about January 4, 2018, Memorial 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 Sample Validation Survey conducted by the Illinois Department of Public Health ("IDPH") on or about December 15, 2017. The Statement of Deficiencies concerned 42 C.F.R. Part 485.623 - Physical Plant and Environment. Based on the cited deficiencies, Memorial was advised that it lost its deemed status. Prior to the stated deadline, Memorial 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 Memorial's Plan of Correction and Memorial subsequently passed its follow-up survey and was found to be in full compliance with the Conditions of Participation for critical access hospitals set forth at 42 C.F.R. Part 485. Other than the foregoing, there have been no adverse actions taken against any facility owned or operated in Illinois by Memorial during the three (3) years prior to

the filing of this Application. A letter certifying the above information is attached at ATTACHMENT 11.

6. An authorization letter granting access to the Review Board and the Illinois Department of Public Health ("IDPH") to verify information about Memorial is attached at ATTACHMENT 11.



# UnityPoint Health

Art Nizza  
EVP, Chief Operating Officer

UnityPoint Health Corporate Services  
1776 West Lakes Pkwy, Suite 400  
West Des Moines, IA 50266  
Office: (515) 241-4017  
Fax: (515) 241-6220  
[arthur.nizza@unitypoint.org](mailto:arthur.nizza@unitypoint.org)  
unitypoint.org

March 7, 2018

Ms. Courtney R. Avery  
Administrator  
Illinois Health Facilities & Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761-0001

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

Re: No Adverse Actions Certification (Memorial Hospital Association Certificate of Exemption)

Dear Ms. Avery and 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, and pursuant to 77 Ill. Admin. Code §§ 1110.230 and 1130.520(b)(1)(B), that there have been no adverse actions taken against any Illinois facility owned or operated by Iowa Health System d/b/a UnityPoint Health during the three (3) years prior to the filing of this Certificate of Exemption.

Sincerely,

  
\_\_\_\_\_  
Arthur Nizza  
Executive Vice President & COO

SUBSCRIBED AND SWORN  
to before me this 22 day  
of March, 2018.

  
\_\_\_\_\_  
Notary Public





**UnityPoint Health**

**Art Nizza  
EVP, Chief Operating Officer**

UnityPoint Health Corporate Services  
1776 West Lakes Pkwy, Suite 400  
West Des Moines, IA 50266  
Office: (515) 241-4017  
Fax: (515) 241-6220  
[arthur.nizza@unitypoint.org](mailto:arthur.nizza@unitypoint.org)  
unitypoint.org

March 7, 2018

Ms. Courtney R. Avery  
Administrator  
Illinois Health Facilities & Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761-0001

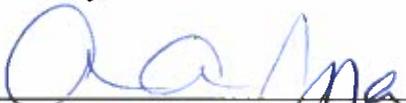
Mr. Michael Constantino  
Supervisor, Project Review Section  
Illinois Health Facilities & Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761-0001

Re: Authorization to Access Information (Memorial Hospital Association Certificate of Exemption)

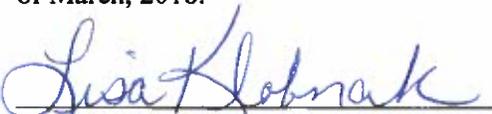
Dear Ms. Avery and Mr. Constantino:

Pursuant to 77 Ill. Admin. Code § 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 Iowa Health System d/b/a UnityPoint Health 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,

  
\_\_\_\_\_  
Arthur Nizza  
Executive Vice President & COO

SUBSCRIBED AND SWORN  
to before me this 22 day  
of March, 2018.

  
\_\_\_\_\_  
Notary Public



0030

Attachment  
11



1454 North County Road 2050  
P.O. Box 160 • Carthage, IL 62321  
(217) 357-8500 • MHTLC.ORG  
March 7, 2018

Ms. Courtney R. Avery  
Administrator  
Illinois Health Facilities & Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761-0001

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

Re: No Adverse Actions Certification (Memorial Hospital Association Certificate of Exemption)

Dear Ms. Avery and 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, and pursuant to 77 Ill. Admin. Code §§ 1110.230 and 1130.520(b)(1)(B), as follows:

1. On or about January 4, 2018, Memorial Hospital (the "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 Sample Validation Survey conducted by the Illinois Department of Public Health ("IDPH") between on December 15, 2017. The Statement of Deficiencies concerned 42 C.F.R. Part 485.623 – Physical Plant and Environment. Based on the cited deficiencies, the Hospital was advised that it lost its deemed status. Prior to the stated deadline, the 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 the Hospital's Plan of Correction and the Hospital subsequently passed its follow-up survey and was found to be in full compliance with the Conditions of Participation for critical access hospitals set forth at 42 C.F.R. Part 485.

2. Other than the matter described above, there have been no adverse actions taken against any Illinois facility owned or operated by Memorial Hospital Association during the three (3) years prior to the filing of this Certificate of Exemption.

Sincerely,

Ada Bair  
Chief Executive Officer



SUBSCRIBED AND SWORN  
to before me this 20<sup>th</sup> day  
of March, 2018.

Shelly A. Fox  
Notary Public

OFFICIAL SEAL  
SHELLY A FOX  
Notary Public - State of Illinois  
My Commission Expires May 20, 2019



1454 North County Road 2050  
P.O. Box 160 • Carthage, IL 62321  
(217) 357-8500 • MHTLC.ORG

March 7, 2018

Ms. Courtney R. Avery  
Administrator  
Illinois Health Facilities & Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761-0001

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

Re: Authorization to Access Information (Memorial Hospital Association Certificate of Exemption)

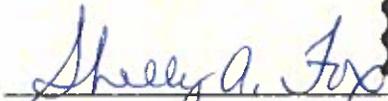
Dear Ms. Avery and Mr. Constantino:

Pursuant to 77 Ill. Admin. Code § 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 Hospital Association 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,

  
\_\_\_\_\_  
Ada Bair  
Chief Executive Officer

SUBSCRIBED AND SWORN  
to before me this 15 day  
of March, 2018.

  
\_\_\_\_\_  
Notary Public



**Section V**

**Attachment 15**

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

**Criterion 1130.520(b)(1)(A), Name of the Parties**

1. See Criterion 1110.230(a), Background of The Applicants, in support of this Criterion.

**Criterion 1130.520(b)(1)(B), Background of the Applicants**

1. See Criterion 1110.230(a), Background of The Applicants, in support of this Criterion.

**Criterion 1130.520(b)(1)(C), Structure of the Transaction**

1. As set forth in that certain Affiliation Agreement (the "Affiliation Agreement"), UnityPoint will become the sole corporate member of Memorial pursuant to a membership substitution.

**Criterion 1130.520(b)(1)(D), Licensed Party**

1. Memorial will continue to be the licensee and operator of Memorial Hospital following the Transaction.

**Criterion 1130.520(b)(1)(E), List of Ownership Interests in the Licensed Party**

1. Memorial is currently the licensee and operator of Memorial Hospital. Following the Transaction, Memorial will continue to be the licensee and operator of Memorial Hospital.
2. Memorial currently owns the land, buildings, and other real estate comprising the campus of Memorial Hospital. Following the Transaction, Memorial will continue to own the land, buildings, and other real estate comprising the campus of Memorial Hospital.
3. Following the Transaction, UnityPoint will be the sole member of Memorial.

**Criterion 1130.520(b)(1)(F), Fair Market Value of Equity Being Transferred**

1. The anticipated fair market value of Memorial Hospital is approximately \$17,366,016, which is the approximate net asset value of Memorial Hospital as of June 30, 2016. This amount is identified solely for purposes of this COE.

**Criterion 1130.520(b)(1)(G), Purchase Price of the Equity Being Transferred**

1. There is no "purchase price" associated with the Transaction.

**Criterion 1130.520(b)(2), Completion of Pending CONs**

1. There are no pending Certificates of Need for UnityPoint or Memorial.

### **Criterion 1130.520(b)(3), Charity Care Policies**

1. UnityPoint will not cause Memorial Hospital to adopt more restrictive charity care policies following the Transaction, and for no less than two years thereafter. See ATTACHMENT 15. Copies of the current charity care policies at Memorial Hospital are attached at ATTACHMENT 15.

### **Criterion 1130.520(b)(4), Benefits to the Community**

1. Memorial is pursuing the affiliation with UnityPoint to better enable it to provide necessary and high value healthcare services to the Region. UnityPoint wishes to further its provision of services to Memorial and the Region. Memorial and UnityPoint share common values and believe that the affiliation will better assure their collective ability to fulfill their missions into the indefinite future.

2. In order to provide comprehensive services to Memorial's patients at the right time and in the settings that are in the patients' best interests, Memorial and UnityPoint intend to work together through the affiliation to build a new care delivery model.

### **Criterion 1130.520(b)(5), Cost Savings**

1. It is anticipated that the proposed Transaction will result in some cost savings at Memorial Hospital and the communities served by Memorial Hospital. That said, at this time, it is not possible to predict with specificity the cost savings that will be realized.

### **Criterion 1130.520(b)(6), Quality Improvement**

1. UnityPoint takes great pride in the quality of services that each of their many facilities has traditionally provided. UnityPoint is committed to the on-going training and development of its employees and staff and will continue to invest in state-of-the art facilities and equipment.

### **Criterion 1130.520(b)(7), Governing Body**

1. Individuals serving on Memorial's Board of Directors prior to the Transaction may continue to serve on the Memorial Board of Directors until their terms expire under Memorial's Bylaws or at Memorial's discretion.

2. Effective upon the closing date of the Transaction, the Bylaws of Memorial will be amended so that when director positions are open: (a) Memorial's Board of Directors will nominate a slate of directors for election, and (b) UnityPoint (as Memorial's sole member) will promptly approve (and thereby elect) or disapprove the slate of directors. Memorial's Bylaws, as revised, will reflect the fact that steps (a) and (b) may be repeated as necessary until a slate of directors is elected.

3. Effective upon the closing date of the Transaction, the Bylaws of Memorial will be amended so that one Board member will be selected and appointed by UnityPoint.

**Criterion 1130.520(b)(8), Section 1110.240 Written Response**

1. The review criteria set forth in 77 Ill. Admin. Code § 1110.240 have been addressed, a copy of which is available for public review at Memorial Hospital.

**Criterion 1130.520(b)(9), Scope of Service Changes or Charity Care Changes**

1. The Transaction set forth in this COE will result in no reductions in the services offered at Memorial Hospital. Indeed, in order to provide comprehensive services to Memorial's patients at the right time and in the settings that are in the patients' best interests, Memorial and UnityPoint intend to work together through the affiliation to build a new care delivery model.
2. UnityPoint will not cause Memorial Hospital to adopt more restrictive charity care policies following the Transaction, and for no less than two years thereafter. See ATTACHMENT 15.



# UnityPoint Health

Art Nizza  
EVP, Chief Operating Officer

UnityPoint Health Corporate Services  
1776 West Lakes Pkwy, Suite 400  
West Des Moines, IA 50266  
Office: (515) 241-4017  
Fax: (515) 241-6220  
[arthur.nizza@unitypoint.org](mailto:arthur.nizza@unitypoint.org)  
unitypoint.org

March 7, 2018

Ms. Courtney R. Avery  
Administrator  
Illinois Health Facilities & Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761-0001

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

Re: Criterion 1130.520(b)(3), Charity Care Certification (Memorial Hospital Association Certificate of Exemption)

Dear Ms. Avery and 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, and pursuant to 77 Ill. Admin. Code § 1130.520(b)(3), that Iowa Health System d/b/a UnityPoint Health (“UnityPoint”) shall not cause Memorial Hospital Association (“Memorial”) to adopt more restrictive charity care policies following the proposed transaction between UnityPoint and Memorial, and for no less than two years thereafter.

Sincerely,

  
\_\_\_\_\_  
Arthur Nizza  
Executive Vice President & COO

SUBSCRIBED AND SWORN  
to before me this 22 day  
of March, 2018.

  
\_\_\_\_\_  
Notary Public

Memorial Hospital  
Carthage, Illinois

POLICY TITLE: Financial Assistance Policy

RECOMMENDED BY: Patient Access and Patient Accounts

CONCURRENCE(S): Memorial Medical Clinics

REVIEWED: \_\_\_\_\_

ADMINISTRATIVE APPROVAL: \_\_\_\_\_

SUPERSEDES: Uncompensated Services

EFFECTIVE DATE: October 2006

REVISED: 04/08, 05/13, 12/13, 02/14, 07/14, 02/15, 6/15, 12/15, 01/16, 02/16, 06/16, 02/17, 6/17,

MEDICAL STAFF/DIRECTOR APPROVAL: \_\_\_\_\_

---

**Policy:**

Memorial Hospital and Memorial Medical Clinics are everything you would expect from your health care provider – a trusting, loving, caring approach to each individual patient. As part of this commitment, Memorial Hospital and Memorial Medical Clinics, a non-profit organization, serve patients in difficult financial circumstances and offers financial assistance to those who have an established need to receive medically necessary medical services.

Financial Assistance is defined as healthcare services provided at no charge or at a reduced charge to patients who do not have nor cannot obtain adequate financial resources or other means to pay for their care. This is in contrast to bad debt, which is defined as patient and/or guarantor who, having the financial resources to pay for health care services, has demonstrated by their actions an unwillingness to resolve a bill. The granting of charity shall be based on an individualized determination of financial need, and shall not take into account, race, creed, gender, national origin, disability, age, social immigrant status, color, religion, or sexual orientation.

Included: Screening and/or wellness services that fall within the recommendations of the American Cancer Society Guidelines.

The following services are specifically excluded from the Financial Assistance Policy for Memorial Hospital and Memorial Medical Clinics:

1. Elective fertility and/or infertility services, cosmetic services, etc.
2. Mole or wart removal unless medically necessary
3. Joint Replacement
4. Elective procedures not considered to be medically necessary
5. This is not an all-inclusive list and is subject to addition/deletion.

**Purpose:**

To establish policies and procedures necessary to insure that patients of Memorial Hospital and Memorial Medical Clinics, who for economic and financial reasons cannot meet the requirements of the collection policy, are provided with Memorial Hospital's Financial Assistance Policy.

**Covered Providers:**

Memorial Hospital, Memorial Medical Clinics, Memorial Medical Clinics Employed Providers, AIMS Physicians

**Non-Covered Providers:**

Clinical Radiologists, Heart Care Midwest, Blessing Physician Services, Burlington Neurology, Edward F. McKenney D.O., Central IL Pathology, Poplar Health, McDonough Eye Associates, Prairie Cardiovascular, Peoria Echo, Quincy Medical Group, Illinois Bariatric Center, Richard Sowles, DPM, and Illinois Cancer Care

**Procedure:**

Eligibility criteria for financial assistance are based on the Federal Poverty Income Guidelines.

- A. The following definitions will be used in determining eligibility for services provided at no charge or at reduced charges:
- a. **Family:**
    - 1. Using the Census Bureau definition, a group of two or more people who reside together and who are related by birth, marriage, or adoption is a family. If a person lives with a family, income included is the income of all related family members. Income from non-relatives, such as housemates, does not count.
    - 2. According to the Internal Revenue Service rules, if the patient claims someone as a dependent on their income tax return, they may be considered a dependent for purposes of the provision of financial assistance. Additionally, income from anyone that is financially responsible for the applicant should be included on the application.
  - b. **Income:**
    - 1. Family income is determined using the Census Bureau definition, which uses the following income when computing federal poverty guidelines. For administrative purposes income data for part of a year may be annualized in order to determine eligibility. For instance, three months of income will be multiplied by 4 to annualize the 12 months of income. Income taxes from the previous year may also be required for income verification.
    - 2. Income is determined on a before-tax basis and includes wages and salaries before any deductions (as verified by copies of a W2, income tax return, or check stub); unemployment compensation, worker's compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household, strike benefits from union funds, annuity payments and miscellaneous sources.
    - 3. Net receipts from non-farm self-employment (receipts from a person's own unincorporated business, professional enterprise, or partnership, less deductions for business expenses).
    - 4. Net receipts from farm self-employment (receipts from a farm which one operates as an owner, renter, or sharecropper, less deductions for farm operating expenses excluding depreciation and any loss carried forward).

5. Income excludes: capital gains or losses, tax refunds, loans, or compensation for injury; Any non-cash benefits, such as the employer-paid or union-paid portion of health insurance or other employee fringe benefits, food or housing received in lieu of wages, the imputed value of rent from owner-occupied non-farm or farm housing, and such Federal non-cash benefit programs as Medicare, Medicaid, food stamps, school lunches, and housing assistance.
- B. Eligibility for charity will be considered for those individuals who are uninsured, underinsured, and ineligible for any government health care program, for services without third party payments, and for those who are unable to pay for their care based upon a determination of financial need in accordance with this policy.
- C. All eligible patients are billed according the Average Generally Billed for emergent or medically necessary care using the Look Back Method.
- D. Applications for financial assistance can be picked up and should be returned to Patient Accounts, 630 Locust St, Lower Level, PO Box 160, Carthage, IL 62321. All inquiries about this policy should be referred to Patient Accounts – 217-357-6591. Applications are available on Memorial Hospital’s web site at [www.mhtlc.org](http://www.mhtlc.org). (Translation services are available upon request.)
- E. Applications for financial assistance will be available on accounts for 240 days from the first bill post discharge. Once an application is received extraordinary collection actions will be suspended until determination of eligibility is finalized and the patient has been sent a 30 day notice of the determination and a financial assistance brochure.
- F. Applicants requesting financial assistance under this policy may be asked to provide the following information: a completed application, income verification, and a denial from Medicaid.
- G. Income verification may include, but is not limited to, income taxes, paycheck stubs, or notes from employers for gross taxable wages and salaries, gross income less employment expenses (excluding depreciation and any loss carried forward) for self-employed or any other form of taxable income. Consideration of applications will not take place until all needed income verification is received.
- H. It is preferred but not required that a request for charity and a determination of financial need occur prior to rendering of non-emergent medically necessary services. However, the determination may be done at any point in the collection cycle.
- I. Determination of eligibility will remain valid for six (6) months from the date of approval for all services without outstanding third party payments as long as funds are available. If there is a change in financial circumstances, an updated or new application must be completed.
- J. If a household income falls within the guidelines listed below, the members of the household unit are entitled to discounted services according to the guidelines. The household income must be at or below the guidelines listed below:

\*For family units with more than 8 members, add \$4,180 for each additional member.

\*Percentages are calculated on balances after all possible payers have remitted.

\*Tier three will only be used for insured patients and never used for uninsured patients.

Size of Family			Tier One		Tier Two		Tier Three	
		*No Patient Share	*Patient Share is 25%	*Patient Share is 25%	*Patient Share is 50%	*Patient Share is 50%	*Patient Share is 75%	*Patient Share is 75%
1	\$12,060	\$18,090	\$18,091	\$24,120	\$24,121	\$30,150	\$30,151	\$36,180
2	\$16,240	\$24,360	\$24,361	\$32,480	\$32,481	\$40,600	\$40,601	\$48,720
3	\$20,420	\$30,630	\$30,631	\$40,840	\$40,841	\$51,050	\$51,051	\$61,260
4	\$24,600	\$36,900	\$36,901	\$49,200	\$49,201	\$61,500	\$61,501	\$73,800
5	\$28,780	\$43,170	\$43,171	\$57,560	\$57,561	\$71,950	\$71,951	\$86,340
6	\$32,960	\$49,440	\$49,441	\$65,920	\$65,921	\$82,400	\$82,401	\$98,880
7	\$37,140	\$55,710	\$55,711	\$74,280	\$74,281	\$92,850	\$92,851	\$111,420
8	\$41,320	\$61,980	\$61,981	\$82,640	\$82,641	\$103,300	\$103,301	\$123,960

K. The balance the patient owes after financial assistance is applied must be no more than 49% of the original total charges. Therefore, any balance after financial assistance is applied that is over 49% of the original total charges will have an additional discount applied to bring the patient portion to no more than 49% of the original total charges.

L. PRESUMPTIVE ELIGIBILITY: A patient may appear eligible for charity care discounts, but there is no financial assistance form or due to a lack of supporting documentation. Often there is adequate information provided by the patient through other sources, which could provide sufficient evidence to provide the patient with charity care assistance.

In the event there is no evidence to support a patient's eligibility for charity care, Memorial Hospital and Memorial Medical Clinics could use outside agencies in determining estimate income amounts for the basis of determining charity care eligibility and potential discount amounts. Presumptive eligibility may be determined on the basis of individual life circumstance. In these situations, a patient is deemed to be eligible for 100% write off. A patient in this situation is presumed to be eligible and therefore does not need to complete a financial assistance application if they can provide proof that they meet one of the following criteria:

- a. Patient states that he/she is homeless. The due diligence efforts must be documented.
- b. Patient is deceased with no known estate.
- c. Patient is mentally incapacitated with no one to act on their behalf.
- d. Patient is currently eligible for Medicaid, but was not eligible on a prior date of service or for non-covered services. Instead of making the patient duplicate the required paperwork Memorial Hospital will rely on the financial assistance determination process from Medicaid.
- e. Patients eligible for energy assistance, food stamps, and/or free lunches.
- f. Accounts deemed uncollectible by a contracted collection agency.
- g. In the event of "special" circumstances where the income exceeds the poverty guidelines but medical bills are high, the Patient Account Director and/or Chief Financial Officer may determine partial or full eligibility provided proper documentation is available.

M. Applicants approved for reduced charges must pay their portion within the guidelines of the Financial and Collection Policy. Other collection efforts may be pursued if balance is not paid within the guidelines established in the Financial and Collection Policy. This policy is available upon request from Patient Accounts.

N. All applicable uninsured discounts will be applied according to the Uninsured Patient and Prompt Pay Discount Policy.

- O. Credit balances will be reviewed and reconciled according to the Financial and Collection Policy.
- P. Application for financial assistance will be forwarded to the Director of Patient Accounts for approval. Determination will be made within thirty (30) days of receipt of all requested information. Approved applications resulting in a write off of more than \$2,501 will be countersigned by the Chief Financial Officer (CFO) or Chief Executive Officer (CEO).
- Q. In implementing this policy, Memorial Hospital's management shall comply with all other federal, state, and local laws, rules and regulations that may apply to activities conducted pursuant to this policy.

**Section X  
Attachment 21  
Charity Care**

**UnityPoint Facilities Located in Illinois:**

Methodist Medical Center (Peoria)

	2014	2015	2016
Total Net Patient Revenue	358,957,685	363,906,683	366,118,328
Amount of Charity Care (Charges)	12,803,103	7,552,878	7,495,113
Cost of Charity Care	3,755,826	2,208,545	1,892,817
Cost of Charity Care/Total Net Patient Ratio	1.05%	0.61%	0.52%

Pekin Memorial Hospital (Pekin)

	2014	2015	2016
Total Net Patient Revenue	64,903,884	68,018,579	65,815,570
Amount of Charity Care (Charges)	6,255,254	661,849	1,012,255
Cost of Charity Care	1,570,000	159,000	292,000
Cost of Charity Care/Total Net Patient Ratio	2.42%	0.23%	0.44%

Proctor Community Hospital (Peoria)

	2014	2015	2016
Total Net Patient Revenue	83,274,075	89,191,163	100,720,439
Amount of Charity Care (Charges)	2,800,688	920,895	1,907,133
Cost of Charity Care	707,025	199,192	344,993
Cost of Charity Care/Total Net Patient Ratio	0.85%	0.22%	0.34%

UnityPoint Health - Trinity Hospitals (Rock Island and Moline)

	2014	2015	2016
Total Net Patient Revenue	268,099,000	282,498,000	298,962,000
Amount of Charity Care (Charges)	9,996,000	9,727,000	8,207,000
Cost of Charity Care	3,164,000	2,798,000	2,453,000
Cost of Charity Care/Total Net Patient Ratio	1.18%	0.99%	0.82%

The charity care numbers for Memorial Hospital for the past three years are set forth below:

Memorial Hospital (Carthage)

	2014	2015	2016
Total Net Patient Revenue	\$21,103,751	\$22,176,818	\$23,483,166
Amount of Charity Care (Charges)	\$648,081	\$333,236	\$235,368
Cost of Charity Care	\$365,000	\$174,000	\$121,000
Cost of Charity Care/Total Net Patient Ratio	1.73%	0.78%	0.52%

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

<b>INDEX OF ATTACHMENTS</b>		
<b>ATTACHMENT NO.</b>		<b>PAGES</b>
1	Applicant Identification including Certificate of Good Standing	15-17
2	Site Ownership	18
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	19-21
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	22-24
5	Flood Plain Requirements	25
6	Historic Preservation Act Requirements	26
7	Project and Sources of Funds Itemization	N/A
8	Financial Commitment Document if required	N/A
9	Cost Space Requirements	N/A
10	Discontinuation	N/A
11	Background of the Applicant	27-33
12	Purpose of the Project	N/A
13	Alternatives to the Project	N/A
		N/A
	<b>Service Specific:</b>	N/A
14	Neonatal Intensive Care Services	N/A
15	Change of Ownership	34-42
		N/A
	<b>Financial and Economic Feasibility:</b>	N/A
16	Availability of Funds	N/A
17	Financial Waiver	N/A
18	Financial Viability	N/A
19	Economic Feasibility	N/A
20	Safety Net Impact Statement	N/A
21	Charity Care Information	43-45

*E-026-18*

ATTORNEYS AT LAW  
321 NORTH CLARK STREET, SUITE 2800  
CHICAGO, IL 60654-5313  
312.832.4500 TEL  
312.832.4700 FAX  
WWW.FOLEY.COM

WRITER'S DIRECT LINE  
312.832.4375  
egreen@foley.com EMAIL

CLIENT/MATTER NUMBER  
106443-0103

April 27, 2018

**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 Exemption Application (Change of Ownership)  
Memorial Hospital Association, 1454 North County Road 2050, Carthage, IL 62321

Dear Mr. Constantino:

Enclosed please find an original and one copy of the Certificate of Exemption Application (Change of Ownership) regarding Memorial Hospital Association, 1454 North County Road 2050, Carthage, Illinois. 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*  
Edward J. Green

EJGR:sc  
Encls.