<table>
<tr><td>DOCKET NO:

A</td><td>BOARD MEETING:

August 12-13, 2008</td><td>PROJECT NO:

07-109</td><td rowspan="2">PROJECT COST:

Original: $249,326,954
Current: $234,145,211</td></tr>
<tr><td colspan="2">FACILITY NAME:

Edward Plainfield Hospital</td><td>CITY:

Plainfield</td></tr>
<tr><td colspan="3">TYPE OF PROJECT: Substantive</td><td>HSA: IX</td></tr>
</table>

PROJECT DESCRIPTION: The applicants propose to establish a new 162-bed acute care hospital in Plainfield. The facility will have 369,858 ("GSF") gross square feet of space. The hospital will contain 114 medical/surgical-pediatric ("M/S"), 22 obstetric ("OB"), six intensive care ("ICU") and 20 acute mental illness ("AMI") beds.
The total estimated project cost is $234,145,211.

On January 25, 2008, the State Agency received information from the applicants that modified the project. This modification is considered a Type B modification and under current State Board rules (77 IAC 1130.650) did not require a Notice for an Opportunity for a Public Hearing. This modification involved a reduction in the GSF of surgery, recovery, pharmacy, emergency department, and PT/OT/speech therapy. This reduction totaled 1,350 GSF of space. The applicants also reduced the project's total cost by $15,181,743 all related to the clinical portion of the project. With this modification, the applicants are now in conformance with all applicable Part 1120 review criterion.

The State Agency notes this project was originally scheduled for State Board consideration at the January 2008 meeting. At this meeting the State Board issued a deferral (per 77 IAC 1130.655(e)) to the April 2008 meeting in order to incorporate the new Inventory and the revised 1100 rules. At the April 2008 meeting, the State Board deferred the project (per 77 IAC 1130.655(e)) based on the applicants' comments regarding the revised Inventory. At this meeting, the State Board determined that the project would be deferred to no later than the July 2008 meeting. As a result of the deferral, the applicants met with IDPH staff from the Illinois Center for Health Statistics on April 18, 2008. The purpose of this meeting was to discuss IDPH's methodology in developing the revised Inventory and to compare the applicants' bed need projections to IDPH's material. A report of the technical assistance meeting is included in the State Board's materials. The applicants submitted additional information that addressed the bed need inventory on May 15, 2008. This information is also included in the State Board's information. As the result of this review, the Inventory was revised on May 28, 2008. This revision is reflected in this report. At the July 2008 State Board meeting the Board deferred the project so the applicants could meet with State Agency staff for technical assistance to discuss modifications to the proposed project and timeframes. That meeting took place on July 11, 2008. A write-up of that meeting has been included in the State Board's packet of information. On July 22, 2008 the applicants provided a

letter responding to the concerns of the State Board. That letter has also been included in the State Board's packet of information.

The State Agency notes Silver Cross Hospital was approved for a replacement hospital in New Lenox, Illinois at the July 2008 State Board Meeting as Project 07-147. The new facility is approximately 24 miles and 33 minutes (adjusted) from the proposed site for this project. The replacement hospital was approved for 202 M/S Peds, 22 ICU, 30 OB, 20 AMI, and 15 Rehabilitation Beds. The Illinois Department of Public Health's July, 2008 Update to the Inventory of Healthcare Facilities and Services and Need Determination ("Inventory") reflects these bed changes. However the utilization data for Silver Cross Hospital as reported in this report reflects the current facility's utilization.

STATE AGENCY REPORT

Edward Plainfield Hospital
Plainfield, Illinois
Project #07-109

APPLICATION SUMMARY	
Applicant(s)	Edward Health Services Corporation, Edward Health Ventures and Edward Plainfield Hospital
Facility Name	Edward Plainfield Hospital
Location	Plainfield, Illinois
Application Received	July 3, 2007
Application Deemed Complete	July 18, 2007
Scheduled Review Period Ended	November 15, 2007
Review Period Extended by the State Agency?	Yes
Public Hearing Held?	September 27, 2007
Applicants' Deferred Project?	No
Application Modified?	January 25,2008 - Type B Modification
Can Applicants Request Another Deferral?	No

I. The Proposed Project

The applicants propose to establish a new 162-bed acute care hospital in Plainfield. The hospital will contain 369,858/GSF and have 114 M/S-Pediatric, 22 OB, six ICU and 20 AMI beds. The total estimated project cost is $234,145,211.

II. Summary of Findings

A. The State Agency finds the proposed project does **not** appear to be in conformance with the provisions of Part 1110.

B. The State Agency finds the proposed project appears to be in conformance with the provisions of Part 1120.

III. General Information

The applicants are Edward Plainfield Hospital ("EPH"), Edward Health Services Corporation ("EHSC") and Edward Health Ventures ("EHV"). EHSC is the parent corporation of Edward Hospital Naperville and the sole corporate member of EPH. EHSC is also the parent and sole corporate member of EHV, which is the entity that owns the 60-acre site where the proposed hospital is to be located. EPH will be the operating entity and hold the license of the proposed hospital.

The facility will be located at 24600 West 127th Street, Plainfield. The hospital will be in Will County (HSA IX) in the A-13 hospital planning area ("HPA"). A-13 is comprised of Will and Grundy Counties. Currently, there are four hospitals in A-13, including: Adventist Bolingbrook Hospital (Bolingbrook), Silver Cross Hospital (Joliet), Provena St. Joseph Medical Center (Joliet) and Morris Hospital (Morris). The project will also be located in the 9-A-13 AMI planning area. There are two AMI providers in the planning area: Provena St. Joseph Medical Center and Silver Cross Hospital both located in Joliet.

Table One list these four hospitals as well as hospitals within a 45 minute travel time of the proposed site. The 45 minute travel time is in reference to 77 IAC 1110.320(b)(4) – Allocation of Additional Beds Criterion. The table contains data on authorized beds for the M/S, OB, ICU and AMI services; respective occupancy rates for CY 2007 and distance and travel times. The State Agency notes authorized bed and utilization data were obtained from IDPH's 2007 hospital profiles; while distance and travel times were obtained from Map Quest. Travel times taken from Map Quest were adjusted to reflect changes to 77 IAC 1100 effective March 19, 2008. These new rules allow Map Quest times to be adjusted by 1.15 for counties in the Chicago Metropolitan Area. These counties include Cook (excluding Chicago) DuPage, Will, Kendall, Kane, McHenry, Lake, and Aux Sable Township of Grundy County, plus the counties of Winnebago, Peoria, Sangamon and Champaign. See 77 IAC 1100.510(d) Normal Travel Time Determinations. The table is sorted based on travel time from the applicants' proposed facility. Hospitals within the A-13 planning area are bolded.

TABLE ONE
Time and Distance for all Facilities Located within 45 minutes of Proposed Site

Hospital	Location	HPA	Distance (miles) [1]	Travel Time (minutes) [1]	2007 Beds (2)				2007 Utilization (2)			
					M/S-PEDS	ICU	OB	AMI	M/S-Peds	ICU	OB	AMI
Rush Copley Hosp.	Aurora	A-12	9.2	15	116	12	28	NA	75%	79%	105%	NA
Bolingbrook Hosp. (1)	**Bolingbrook**	**A-13**	**8.6**	**19.6**	**106**	**12**	**20**	**NA**	NA	NA	NA	NA
Provena St. Joseph Med Ctr	**Joliet**	**A-13**	**11.4**	**28.8**	**332**	**52**	**28**	**31**	**71%**	**55%**	**60%**	**82%**
Linden Oaks Hospital	Naperville	7-A-5	13.8	31.1	NA	NA	NA	110	NA	NA	NA	66%
Edward Hospital	Naperville	A-5	13.8	31.1	206	39	25	NA	85%	67%	81%	NA
Provena Mercy Ctr.	Aurora	A-12	13	32.2	184	16	16	99	37%	74%	42%	41%
Central DuPage Hosp.	Winfield	A-05	18	35.7	223	32	35	15	71%	85%	91%	100%
Good Samaritan Hosp.	D. Grove	A-05	23	36.8	201	44	36	48	73%	82%	37%	49%
Adventist LaGrange Hosp	LaGrange	A-04	22	39.1	173	27	23	NA	57%	39%	28%	NA
Hinsdale Hospital	Hinsdale	A-05	22	40.3	221	31	37	22	51%	83%	64%	60%
Delnor Comm. Hosp.	Geneva	A-12	20	41.4	121	20	18	NA	61%	74%	80%	NA
Morris Hospital	**Morris**	**A-13**	**29**	**41.4**	**70**	**8**	**8**	**NA**	**60%**	**54%**	**52%**	**NA**
Silver Cross Hosp. (5)	**Joliet**	**A-13**	**14**	**43.7**	**223**	**18**	**26**	**20**	**63%**	**64%**	**61%**	**49%**
Palos Comm. Hosp.	Palos Heights	A-04	27	44.9	332	24	32	48	66%	68%	42%	35%

1. Distance and travel times from Map Quest and adjusted 1.15x for 77 IAC 1100.510.
2. Bed Numbers and Utilization calculations from 2007 Annual Hospital Questionnaire.
3. Bolingbrook Hospital was approved in November 2004. The project has a required completion date of October 21, 2008.
4. NA - Facility does not offer the service.
5. Silver Cross Hospital was approved for a replacement hospital in New Lenox, Illinois at the July 2008 State Board Meeting for 202 M/S Pediatric Beds, 22 ICU beds, 30 OB beds, 20 AMI Beds, and 15 Rehabilitation beds. The hospital remains in the A-13 planning area and is approximately 24 miles and 33 minutes (adjusted) from the proposed site.

Table Two outlines the planned bed capacity of Edward Plainfield Hospital.

TABLE TWO Proposed Number of Beds	
Category of Service	**Beds Proposed**
Medical-Surgical	114
Obstetrics	22
Intensive Care	6
Acute Mental Illness	20
TOTAL	**162**

This is a Category B substantive project subject to both a Part 1110 and Part 1120 review. Project obligation will occur after permit issuance. The anticipated project completion date is June 30, 2014. The Illinois Department of Public Health's July, 2008 Update to the Inventory of Healthcare Facilities and Services and Need Determination ("Inventory") shows a computed need for an additional 40 M/S-Pediatric, and 81 OB beds in the A-13 planning area. There is also a computed need for 24 additional AMI beds in the 9-A-13 AMI Planning Area. There is an excess of 3 ICU beds in the A-13 planning area.

A public hearing was held for this project on September 27, 2007. Ninety individuals attended the hearing. There were 48 individuals who testified in support for the project and three individuals who testified in opposition. The transcript and written comments from this hearing are included in the State Board's packet of material. Additionally, the State Agency received letters of support, petitions of support, and letters of opposition for this proposal.

IV. The Proposed Project - Details

The applicants propose to establish a new 162-bed acute care hospital in Plainfield with 369,858 GSF of space. The hospital will have eight floors with mechanicals located on the 8th floor. The hospital will contain 114 M/S-Pediatric, 22 OB, six ICU and 20 AMI beds. The M/S beds will be all private rooms located on floors four, five and six. OB beds will be located on the third floor and the AMI beds will be located on the seventh floor. The ICU beds will be located on the second floor adjacent to the surgery department. The applicants propose six operating rooms ("ORs"), two endoscopy rooms, 32 PACU/recovery rooms, one MRI room, one room for nuclear medicine, 11 rooms dedicated to diagnostic radiology, an outpatient OB clinic serving the low income population and an outpatient psychiatric clinic. The total estimated project cost is $234,154,211. The

cost of the land is $1,700,000 and the projected start up costs is $14,175,000. In addition to this project, the State Board has approved three CON applications for these co-applicants in Plainfield, including:

1. Project #04-065 to establish a medical office building. This project was completed on May 1, 2007 at a cost of $35.5 million;

2. Project #06-004 to establish an ambulatory surgical treatment center. This project has a required completion date of May 31, 2008 and an approved permit amount of approximately $6.6 million. There is a pending compliance issue associated with this project.

3. On October 22, 2007, the State Board approved Project #07-113, which authorized the establishment an outpatient cancer care center. This project has a required completion date of September 30, 2009 and an approved permit amount of approximately $18.1 million.

Edward Health Systems also has ongoing projects at its Edward Hospital Naperville campus, including:

1. Project #05-030. This permit authorizes the construction of a three-story addition to the hospital to add 28 M/S and 14 ICU beds. This project's approved permit amount is $49.7 million and has a required completion date of February 28, 2008. This project was completed on May 28, 2008 with a final cost of $48,262,678.

2. Project #07-091 authorizes a reconfiguration of approved space in Project #05-030 and the addition of 14 OB and nine ICU beds. This project's approved permit amount is $17 million with a required completion date of December 31, 2008;

3. Project #07-111 authorizes the establishment of a Cancer Center in existing space on the Edward Hospital, Naperville campus. This project has an approved permit amount of approximately $18 million and has a project completion date of September 30, 2009.

4. Project #07-138 authorizes a modernization of the Edward Hospital Naperville campus for the emergency, neonatal surgery and ICU units. The total estimated project cost is $81 million. This application was approved by the State Board at the February 26, 2008 State Board Meeting. The project has a required completion date of September 30, 2010.

V. Project Costs and Sources of Funds

The project is being funded with cash and securities of $11,707,261 and a bond issue of $222,437,950. Table Three shows the project's sources and uses of funds. The State Agency notes the project has clinical and non-clinical components. The clinical components comprise 68.3% of the cost and 57.55% of the GSF; while the non-clinical components comprise 31.7% of cost and 42.45% of the GSF.

TABLE THREE
Project Cost Information

Use of Funds	Total	Clinical	Non Clinical
Preplanning Costs	3,322,136	2,208,402	978,834
Site Survey and Soil Investigation	20,000	14,107	5,893
Site Preparation	6,971,243	4,499,500	2,054,007
Off Site Work	572,384	403,737	168,647
New Construction Contracts	143,441,216	83,068,579	46,843,375
Contingencies	11,475,297	7,221,966	3,381,082
A & E Fees	7,745,826	5,236,000	2,282,230
Consulting and Other Fees	9,775,000	6,894,894	2,880,106
Movable or Other Equipment	40,503,239	32,402,591	8,100,648
Bond Issuance Expense	7,745,826	5,463,596	2,282,230
Net Interest Expense	14,407,236	10,162,288	4,244,948
Other Costs to be Capitalized	3,347,551	2,361,229	986,322
TOTALS	**$234,145,211**	**$159,936,889**	**$74,208,322**
Source of Funds	**Total**		
Cash and Securities	11,707,261		
Bond Proceeds	222,437,950		
TOTAL	**$234,145,211**		

VI. Charity Care

Table Four outlines the charity care and community benefits for Edward Health System (the parent corporation of the applicants). This information was provided to the Illinois Attorney General as part of the Community Benefits report. The projected payor mix for the new hospital is 32.4% Medicare, 9.3% Medicaid, 49.7% Commercial Insurance, 3.9% HMO, 3.4% Charity Care and 1.3% Other.

TABLE FOUR Edward Health System Charity Care and Community Benefit Information				
	2006		**2007**	
Net Revenue	$424,619,147		$487,075,337	
Operating Expenses	$430,748,639	**Percent of Net Revenue**	$502,920,737	**Percent of Net Revenue**
Charity Care	$16,525,000	3.89%	$20,770,000	4.26%
Bad Debt	$21,392,903	5.04%	$22,571,625	4.63%
Govt. Sponsored Indigent Care	$33,376,000	7.86%	$35,559,000	7.30%
Community Services (at cost)	$6,976,000	1.64%	$6,142,000	1.26%
TOTALS	**$ 78,269,903**		**$ 85,042,625**	
Gross Revenue is Total Patient Revenue before Charity Care Deductions and Contractual Allowances for Edward Hospital, Linden Oaks Hospital and Edward Medical Group. It does not include Other Operating Revenue of $31,729,073 and $25,591,443 for 2007 and 2006 respectively.				

VII. Cost Space Requirements

Table Five displays the project's clinical cost/space requirements.

TABLE FIVE Project's Clinical Cost Space Requirements		
Department / Area	**GSF**	**Cost**
Medical Surgical Beds	75,240	56,536,093
Obstetrics	14,300	10,745,165
ICU	3,960	2,975,584
AMI	13,200	9,918,613
Surgery	12,468	9,368,580
Recovery	4,680	3,516,600
PACU	1,080	811,524
LAB	4,544	3,414,408
LDR's	15,800	11,872,280
Nurseries	3,300	2,479,653
Pharmacy	1,944	1,460,741
OB Outpatient Clinic	1,932	1,451,725
Outpatient Psych.	11,880	8,926,753
Endoscopy	4,156	3,122,860
MRI	3,400	2,554,794
Diagnostic Radiology	16,632	12,497,454
Nuclear Medicine	1,661	1,248,091
Emergency	11,914	8,952,300
CDU	4,088	3,071,765
PT/OT	2,622	1,970,197
Respiratory Therapy	1,264	949,782
Animal Asst. Therapy	284	213,401
Cardiac Diagnostic	2,500	1,878,525
TOTALS	**212,849**	**$159,936,889**

VIII. Bed Related Review Criteria

A. Criterion 1110.320(a) - Establishment of Additional Hospitals

The criterion states:

"A proposed general hospital to be located within a Metropolitan Statistical Area (M.S.A.*) must contain a minimum of 100 MS beds."

The proposed hospital will be located in Will County, which is within a Metropolitan Statistical Area ("MSA"). The criterion requires that, for the establishment of a new hospital, a minimum of 100 M/S beds be proposed. The applicants propose 114 M/S beds, which is in conformance with the requirements of this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ESTABLISHMENT OF ADDITIONAL HOSPITALS CRITERION.

B. Criterion 1110.320(b) - Allocation of Additional Beds

This criterion states:

"The applicant proposing to establish a category of service must document that access to the service will be improved. Documentation shall consist of at least one of the following:
1) the proposed service is not available within the planning area;
2) existing facilities have restricted admission policies resulting in access limitations;
3) existing service providers are experiencing occupancy levels in excess of the category of service target levels;
4) the travel time to existing service providers is excessive (exceeds 45 minutes) for area residents to be served by the project."

The applicants' state access will be improved with the establishment of the proposed hospital based on the following:

- Residents have increased travel times to existing providers due to weaknesses in the infrastructure in Will and Grundy Counties;
- The bed to population ratio will improve for individuals residing in the A-13 planning area;

- Planning Area A-13 currently has a lower bed to population ratio than the State average (1.21 beds per thousand population compared to the State average of 2.54 beds per thousand);
- In FY 2006, 7,923 A-13 Planning Area residents were admitted to Edward Hospital (Naperville);
- In FY 2007, 8,216 A-13 Planning Area residents were admitted to Edward Hospital (Naperville).

The proposed hospital will provide M/S, OB, ICU and AMI inpatient services. The applicants identified the service area (pages 33-36 of the application) as the geographic area represented by six zip codes that are located in HPAs A-13 and A-12. The proposed facility will be physically located in HPA A-13. There are currently four providers of acute care service in A-13, two of which are located within 30 minutes travel time of the proposed facility (Adventist Bolingbrook Hospital – Bolingbrook and Provena St. Joseph Medical Center – Joliet). There are also two providers of the AMI service in the 9-A-13 AMI planning area, including: Provena St. Joseph Medical Center located within 30 minutes and Silver Cross Hospital approximately 44 minutes from the proposed site. Both of these facilities are located in Joliet.

There are also three existing providers in HPA A-12. One of these providers (Rush Copley Medical Center) is located within 30 minutes travel time of the proposed hospital. The remaining providers in A-12 are Provena Mercy Center (Aurora) and Delnor Community Hospital (Geneva). These hospitals are approximately 32 and 40 minutes (as adjusted) from the proposed site. In addition the applicants' affiliated facility, Edward Hospital (Naperville), located in HPA A-5 is approximately 31 minutes travel time (adjusted) from the proposed site.

As noted in Table One, all four acute care services proposed by the applicants (M/S, ICU, OB and AMI) are offered within the A-13 planning area. Thus, the applicants do not meet the first requirement of this criterion.

The applicants have not documented that any of the existing facilities have restrictive admission policies. Thus, the applicants do not meet the second requirement of this criterion.

The State Board's target utilization for the M/S service is 80% (for hospitals with 1-100 beds), 85% (for hospitals with 101-199 beds) and 90% (for hospitals with 200 or more beds). The target utilization for the ICU

service is 60% regardless of the number of ICU beds in the facility. The target utilization for the OB service is 60% (for hospitals with OB units with 1-10 beds, 75% for hospitals with OB units with 11-25 beds, and 78% for hospitals with OB units of 26 or more beds). Finally, the target utilization rate for the AMI service is 85%. Table One displays the time, distance and utilization for these services at the existing hospitals located within 45 minutes travel time (adjusted) of the proposed site.

As shown in Table One, two providers (Edward Hospital, and Rush Copley Medical Center) met the target utilization for the OB service. The table also shows that nine facilities exceeded the 60% target utilization for the ICU service (Rush Copley Medical Center, Edward Hospital, Provena Mercy Hospital, Central DuPage Hospital, Advocate Good Samaritan Hospital, Hinsdale Hospital, Delnor Community Hospital, Silver Cross Hospital, and Palos Community Hospital). Finally, one provider (Edward Hospital) met the target occupancy for the M/S service. There are eight provides of AMI service within a 45 minute travel time. From the 2007 data, only one provider (Central DuPage Hospital - Winfield) met the target utilization of 85%. Since all existing providers are not at the target utilization levels for all services proposed, the third requirement of this criterion has not been met.

The fourth requirement of the criterion is to document that travel times to existing providers is excessive (exceeding 45 minutes). As Table One illustrates, there are 13 hospitals located within 45 minutes travel time of the proposed facility. This includes four in HPA A-13, three in HPA A-12, four in HPA A-05 (including the applicants' affiliated facility Edward Hospital) and two in HPA A-04. There is one psychiatric hospital within the 45-minute travel time (Linden Oaks Hospital – Naperville), which is located in the 7-A-5 AMI planning area. Since there are existing providers within 45 minutes travel time, the applicants do not meet the fourth requirement of this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE ALLOCATION OF ADDITIONAL BEDS CRITERION.

C. Criterion 1110.320(c) - Addition of Beds to Existing Facilities

This criterion is not applicable since the project is for the establishment of a new facility.

IX. Review Criteria Relating to Med/Surg, Pediatric, OB and ICU

A. 1110.530(a) - Unit Size

The criterion states:

"Unit Size – Review Criterion

1) Obstetrics
   A) The minimum unit size for a new obstetric unit within a Metropolitan Statistical Area is 20 beds.
   B) The minimum unit size for a new obstetric unit outside a Metropolitan Statistical Area is 7 beds.
2) Intensive Care. The minimum unit size for an intensive care unit is 4 beds.
3) Pediatrics. The minimum size for a pediatric unit within a Metropolitan Statistical Area is 16 beds. "

The hospital will contain 114 M/S-Pediatric, 22 OB and 6 ICU beds. The hospital will be located within an MSA. This criterion states the minimum size in an MSA for an OB unit is 20 beds and four beds for an ICU unit. The applicants are in conformance with this review criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE UNIT SIZE CRITERION.

B. Criterion 1110.530(b) - Variances to Bed Need

The applicants addressed the Medically Underserved Variance as required.

The criterion states:

"2) Medically Underserved Variance
   A) The applicant must document that access to the proposed service is restricted in the planning area as documented by:
      i) the absence of the service within the planning area;
      ii) limitations on governmentally funded or charity patients;
      iii) restrictive admission policies of existing providers;
      iv) the area population and existing care system exhibit indicators of median care problems such as an average family income level below the State average

poverty level, high infant mortality or designation as a Health Manpower Shortage Area; or

v) the project will provide service for a portion of the population who must currently travel over 45 minutes to receive service.

B) Documentation shall consist of location and utilization of other planning area service providers; patient location information and all applicable time-travel studies; a certification of waiting times and scheduling or admission restrictions that exist in area providers; and an assessment of area population characteristics which would indicate an access problem.

C) The applicant must also document that the number of beds proposed will not exceed the number needed at the target occupancy rate to meet the health care needs of the population identified as having restricted access."

The applicants propose 114 M/S, 22 OB and 6 ICU beds. For HPA A-13, the current calculated bed need (as indicated in the July 2008 Inventory Update) projects a computed need for an additional 40 M/S-Pediatric, and 81 OB beds. The Inventory also shows a computed need for 24 additional AMI beds in the 9-A-13 AMI planning area. There is an excess of 3 ICU beds in the A-13 planning area. The applicants' service/market area for the proposed facility also includes geographic portions of planning areas A-05 and A-12. The A-05 planning area shows a computed excess of 144 M/S-Pediatric and 79 OB beds. There is a computed need for four additional ICU beds. The A-12 planning area shows a computed excess of 144 M/S-Pediatric, three OB and five ICU beds. There is a computed excess of 83 AMI beds in A-05 and a computed excess of 51 AMI beds in A-12.

Because the bed need estimates for A-13 do not substantiate a need for the number of beds proposed for the project, the applicants addressed the Medically Underserved Variance and state that access to service is restricted in the planning area because:

- Planning Area A-13 has a lower bed to population ratio than the State average (1.21 beds per thousand population compared to the State average of 2.54 beds per thousand);

- In FY 2006, 7,923 A-13 Planning Area residents were admitted to Edward Hospital (Naperville);

- In FY 2007, 8,216 A-13 Planning Area residents were admitted to Edward Hospital (Naperville).
- Residents in A-13 have increased travel times to existing providers due to weaknesses in the infrastructure in Will and Grundy Counties;

The applicants cite high occupancy of the existing Edward Hospital (Naperville) and the rapid growth in its service area population as the reasons for establishing a hospital in Plainfield. Population projections provided by the applicants indicate an increase in the primary service area (communities of Plainfield, Romeoville, Bolingbrook, Southwest Naperville, Oswego and Yorkville) of 5.5% annually though 2010. The applicants' state "that an access problem exist within the A-13 planning area because a review of 2007 Comp data for patients from zip codes in Will and Grundy Counties indicates that almost half of the population (47.5%) traveled outside the planning area for service. The chart below illustrates that approximately 47.5% of A-13 residents are leaving the A-13 planning area. Of those patients receiving care outside the planning area, approximately 75% of those patients received care at facilities within 45 minutes travel time of the proposed site, most commonly Edward Hospital in Naperville."

Table Six shows the discharge data for the A-13 planning area. The State Agency notes this data was furnished by the applicants and verified with discharge data collected by IDPH. As the table shows, approximately 10.8% of residents of A-13 accessed acute care services at Edward Hospital in Naperville. This hospital is in the A-05 planning area. Additionally, another 36.7% of residents of A-13 accessed acute care services outside the A-13 planning area. These residents sought care at facilities other than Edward Hospital, however.

TABLE SIX (1)
Planning Area A-13 FY 2007 Discharges

A-13 FY 2007 Discharges	Planning Area	FY 07 Discharges	Percent of Total
Provena St. Joseph – Joliet	A-13	21,763	28.5%
Silver Cross Hospital – Joliet	A-13	14,800	19.4%
Edward Hospital – Naperville (2)	A-05	8,216	10.8%
Morris Hospital – Morris	A-13	3,500	4.6%
Other (2)		28,009	36.7%
TOTALS		**76,288**	**100.0%**

TABLE SIX (1) Planning Area A-13 FY 2007 Discharges			
A-13 FY 2007 Discharges	**Planning Area**	**FY 07 Discharges**	**Percent of Total**
1. Information provided by the applicants and verified by IDPH. 2. 8,216 + 28,009 = 36,225 /76,288 = 47.5%.			

Based on the requirements of the criterion and the material submitted by the applicants, the State Agency notes the following: 1) the proposed services are not absent in planning areas A-13, A-12 or A-05; 2) there are no limitations on government funded or charity patients; 3) there are no restrictive admission policies at existing providers; 4) there are no medical care problems indicated; 5) there is no indications of high infant mortality; 6) there is no indication that this area is designated as a Health Manpower Shortage Area; and, 7) residents are not traveling excessive distances (i.e., more than 45 minutes) to access needed services. As a result, it does not appear the applicants meet the requirements of the variance.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE VARIANCE TO BED NEED CRITERION.

X. Acute Mental Illness--Review Criteria

A) Criterion 1110.730(a) - Unit Size

The criterion states:

"The minimum unit size for acute mental illness beds is 20 beds for facilities within a metropolitan statistical area. The minimum unit size for acute mental illness beds is 10 beds for facilities within non-metropolitan statistical areas."

The applicants documented that the proposed facility is located in a MSA. The applicants propose 20 AMI beds. The applicants have met the requirements of this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE UNIT SIZE CRITERION.

B) Criterion 1110.730(b) - Supportive Mental Health Services

The criterion states:

"The applicant must document that the proposed project is or will be a component of an integrated community mental health system, as indicated by the existence of formal multi-institutional service agreements with non-hospital providers. The formal agreements must include:

1) A specific process for linking of patients to needed aftercare services;
2) A specific process for the exchange of information concerning the patient; and
3) Designated staff members or points of contact between the facilities and/or professionals."

The applicants provided documentation of a linkage agreement between Edward Plainfield Hospital inpatient psychiatric program and Linden Oaks Hospital at Edward Outpatient Service Program in Plainfield.

The State Agency found evidence within the linkage agreements of points of contact between the facilities and/or professionals, and the specific process for the exchange of information concerning the patient. The State Agency is able to make a positive recommendation regarding this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE SUPPORTIVE MENTAL HEALTH AGREEMENTS CRITERION.

C) Criterion 1110.730(c) - Variance to Bed Need

The criterion states:

"1) High Occupancy - The applicant must document that the number of beds proposed will not exceed the number needed to reduce the facility's high occupancy to the target occupancy.

2) Access - The applicant must document that the proposed project will be providing the acute mental illness category of service that is not readily accessible to the general population of the given planning area. Factors affecting accessibility include, but are not limited to:
   A) Restrictive admission policies by facilities currently providing the service in the area; and/or
   B) Location of existing services requires an excessive amount of travel time (more than 45 minutes under normal driving conditions) for planning area residents to receive service.

> In addition, the applicant must provide documentation that the proposed project will achieve, within the first year of operation, the target occupancy for the service and that there is an available number of patients needing the facility's services to meet this level."

There is a computed need for 24 additional AMI beds in the A-13 planning area; therefore, this criterion is not applicable to this project.

THE STATE AGENCY FINDS THE ABOVE REVIEW CRITERION VARIANCE TO BED NEED IS NOT APPLICABLE TO THE PROPOSED PROJECT.

D. Type of Admissions – 1110.730(d)

The criterion states:

"The applicants must document that the acute mental illness service will annually achieve the target occupancy beginning in the second year of operation. Documentation shall consist of statistical evidence that there are an available number of patients suffering from psychiatric disorders as referenced in the Diagnostic and Statistical Manual of Mental Disorders, IV Edition (1980), DMS-111, American Psychiatric Association, which would utilize the acute mental illness service."

The applicants provided a referral letter signed by 13 psychiatrists indicating that approximately 915 patients would be referred to the proposed facility on an annual basis. This letter includes discharge diagnosis for each patient.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TYPE OF ADMISSIONS CRITERION.

XI. General Review Criteria

A. Criterion 1110.230(a) - Location

The criterion states:

"An applicant who proposes to establish a new health care facility or a new category of service or who proposes to acquire major medical equipment that is not located in a health care facility and that is not being

acquired by or on behalf of a health care facility must document the following:

1) that the primary purpose of the proposed project will be to provide care to the residents of the planning area in which the proposed project will be physically located. Documentation for existing facilities shall include patient origin information for all admissions for the last 12 months. Patient origin information must be presented by zip code and be based upon the patient's legal residence other than a health care facility for the last six months immediately prior to admission. For all other projects for which referrals are required to support the project, patient origin information for the referrals is required. Each referral letter must contain a certification by the health care worker physician that the representations contained therein are true and correct. A complete set of the referral letters with original notarized signatures must accompany the application for permit.

2) that the location selected for a proposed project will not create a maldistribution of beds and services. Maldistribution is typified by such factors as: a ratio of beds to population (population will be based upon the most recent census data by zip code), within 30 minutes travel time under normal driving conditions of the proposed facility, which exceeds one and one half times the State average; an average utilization rate for the last 12 months for the facilities providing the proposed services within 30 minutes travel time under normal driving conditions of the proposed project which is below the Board's target occupancy rate; or the lack of a sufficient population concentration in an area to support the proposed project."

The applicants provided a map (application page 34) outlining the intended service/market area for the proposed facility. The service area has been identified by the following communities: Bolingbrook (60440), Plainfield (60544), Naperville (Will County) (60564), Romeoville (60446), Plainfield (60586) and Plainfield (60585). The applicants anticipate 73% of patient admissions to originate from these six zip codes. The secondary service area is expected to account for 27% of admissions with approximately 12% from outside the A-13 Planning Area.

The applicants provided the ratio of beds to population data. The applicants state the bed to population ratio for the A-13 planning area is 1.21 beds per thousand and the bed to population ratio within 30 minutes of the proposed facility is .92 beds per thousand. This is below the State

average of 2.56 beds per thousand. The State Agency notes all approved beds within the A-13 planning area have been included in these calculations and verified. See page 35 of the application for discussion.

This criterion also states that maldistribution is typified by average utilization rates for facilities within 30 minutes travel time of the proposed project that are below the State Board's target occupancy. Table Seven displays facilities within 30 minutes travel time of the proposed project, along with their authorized beds, utilization rates, distance and travel times. The State Agency notes beds and utilization rates were obtained from 2007 IDPH's profiles; while distance and travel times were determined from Map Quest and adjusted.

As seen in Table Seven, none of the three facilities with M/S beds achieved the target occupancy for 2007. One facility offering ICU service achieved the target occupancy for 2007 (Rush Copley Hospital). One provider met the State standard for OB service (Rush Copley Hospital). Finally, none of the providers of AMI service are at the target occupancy of 85% (see pages 31-50 of the application for permit for a complete discussion of this criterion).

TABLE SEVEN
Facilities within 30 minutes of the Proposed Site

Hospital	Location	HPA	Distance (miles) [1]	Travel Time (minutes) [1]	2007 Beds [3]				2007 Utilization [3]			
					M/S	ICU	OB	AMI	M/S	ICU	OB	AMI
Rush Copley Hosp.	Aurora	A-12	9.2	15.0	116	12	28	NA	75%	79%	105%	NA
Bolingbrook Hosp. [2]	Bolingbrook	A-13	8.6	19.6	106	12	20	NA	-	-	-	NA
Provena St. Joseph Med Ctr	Joliet	A-13	11.4	28.8	332	52	28	31	71%	55%	60%	82%

1 - Travel time and distance taken from Map Quest and adjusted to reflect revised 77 IAC 1100.510 (d)
2 - Bolingbrook Hospital was approved in November 2004. The project has a completion date of October 21, 2008; 2007 utilization data not available.
3 - Bed and Utilization information taken from IDPH 2007 Hospital Questionnaire
NA- Facilities that do not have the AMI category of service.

It appears the purpose of the facility is to serve the residents of the A-13 planning area. The proposed project will not cause the bed to population ratio to exceed 1.5 times the State average. However, there are facilities within the planning area and within a 30-minute travel time that are below the State Board's target utilization. As a result, the establishment of the facility may create a maldistribution of beds and services. Therefore, a positive finding cannot be made.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE LOCATION CRITERION.

B. Criterion 1110.230(b) - Background of Applicants

The criterion states:

"The applicant shall demonstrate that it is fit, willing and able, and *has the qualifications, background and character to adequately provide a proper standard of health care service for the community.* [20 ILCS 3960/6] In evaluating the fitness of the applicant, the State Board shall consider whether adverse action has been taken against the applicant, or against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application."

The applicants provided licensure and certification information as required. The applicants certified that they have not had any adverse actions within the past three years. The applicants appear fit, willing and able and have the qualifications, background and character to adequately provide a proper standard of healthcare service for the community. The applicants provided zoning and property ownership information as required at pages 51-55 of the application for permit.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE BACKGROUND OF APPLICANT CRITERION.

C. Criterion 1110.230(c) - Alternatives

The criterion states:

"The applicant must document that the proposed project is the most effective or least costly alternative. Documentation shall consist of a comparison of the proposed project to alternative options. Such a comparison must address issues of cost, patient access, quality, and financial benefits in both the short and long term. If the alternative selected is based solely or in part on improved quality of care, the applicant shall provide empirical evidence including quantifiable outcome data that verifies improved quality of care. Alternatives must include, but are not limited to: purchase of equipment, leasing or utilization (by contract or agreement) of other facilities, development of freestanding settings for service and alternate settings within the facility."

The applicants provided information on the alternatives for this project at pages 57-83 of the application.

The applicants considered four alternatives:

1. Do Nothing;
2. Establish a Hospital having a larger bed complement than proposed;
3. Limit Edward Health Services Corporation's Expansion of Inpatient Services to the Naperville Campus; and,
4. Limit Edward Health Services Corporation's presence in HPA-13 to outpatient services.

The applicants rejected the first alternative (do nothing) because it did not address the acute care health care needs of Will and Grundy Counties (HPA-13).

The second alternative, Establish a Hospital having a larger bed complement than proposed, was dismissed by the applicants as being too costly.

The third and fourth alternatives (Limit Edward Health Services Corporation's Expansion of Inpatient Services to the Naperville Campus and Limit Edward Health Services Corporation's presence in HPA-13 to outpatient services) would not improve access or provide clinical services at the greatest cost benefit to the residents of HPA-13.

Tale Eight summarizes the identified alternatives.

TABLE EIGHT (1)
Alternatives to the Proposed Project

Description	Community Need	Access	Quality	Construction and Cost	Benefit to Proposed Service Area.	Status
Do Nothing	Status Quo	Same	Same	$0	None	Reject
Establish a hospital having a larger bed complement than proposed	Partially Met	Partially Enhanced	Same	$275-$300 million	Improved	Reject
Limit Edward Health Services Expansion of Inpatient Services to the Naperville Campus	Partially Met	Partially Enhanced	Same	$299.7 million	Marginal	Reject
Limit Edward Health Services presence in HPA-13 to outpatient services	Partially Met	Partially Enhanced	Same	Unknown	Marginal	Reject

(1) Information provided by the applicants

As stated, there is a computed need for additional M/S, ICU, OB and AMI beds in A-13 and 9-A-13 planning areas. However, the number of beds proposed by the applicants exceeds the calculated bed need. All providers within a 30 minute travel time of the proposed site have not achieved State Board target utilization for all services proposed. Since the applicants have not adequately documented that the proposed new

hospital is needed to serve an underserved population, it does not appear the project is the most effective or least costly alternative for meeting the health care needs of the area.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE ALTERNATIVES CRITERION.

D. Criterion 1110.230(d) - Need for the Project

This criterion states:

"The project must be needed.

1) If the State Board has determined need pursuant to Part 1100, the proposed project shall not exceed additional need determined unless the applicants meet the criterion for a variance.
2) If the State Board has not determined need pursuant to Part 1100, the applicants must document that it will serve a population group in need of the services proposed and that insufficient service exists to meet the need. Documentation shall include but not be limited to:
    A) area studies (which evaluate population trends and service use factors);
    B) calculation of need based upon models of estimating need for the service (all assumptions of the model and mathematical calculations must be included);
    C) historical high utilization of other area providers; and
    D) identification of individuals likely to use the project.

"3) If the project is for the acquisition of major medical equipment that does not result in the establishment of a category of service, the applicants must document that the equipment will achieve or exceed any applicable target utilization levels specified in Appendix B within 12 months after acquisition."

Justification for the project included the ratio of hospital beds to population in the A-13 planning area, the population growth in Will and Grundy Counties and that 8,216 residents of A-13 planning area in 2007 received care at Edward Hospital in Naperville (which is located in the A-05 planning area). The applicants also provided notarized referral letters (pages 67-113 of the application) which estimate that 9,129 patients from Will and Grundy Counties will be referred to the proposed hospital in the first year of operation (2014).

As stated, the July 2008 Inventory update shows a computed need for an additional 40 M/S-Pediatric, 81 OB beds, and 24 AMI beds in the A-13 and 9-A-13 AMI planning areas respectively. There is an excess of 3 ICU beds in the A-13 planning area. The applicants propose 114 M/S, 22 OB, six ICU and 20 AMI beds. The applicants' proposal exceeds the calculated bed need for M/S beds and ICU beds; therefore, the applicants are not in compliance with this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE NEED FOR THE PROJECT REVIEW CRITERION.

E. Criterion 1110.230(e) - Size of the Project

This criterion states:

"The applicants must document that the size of a proposed project is appropriate.

1) The proposed project cannot exceed the norms for project size found in Appendix B of this Part unless the additional square footage beyond the norm can be justified by one of the following:
    A) the proposed project requires additional space due to the scope of services provided;
    B) the proposed project involves an existing facility where the facility design places impediments on the architectural design of the proposed project;
    C) the proposed project involves the conversion of existing bed space and the excess square footage results from that conversion; or
    D) the proposed project includes the addition of beds and the historical demand over the last five year period for private rooms has generated a need for conversion of multiple bed rooms to private usage.

"2) When the State Board has established utilization targets for the beds or services proposed, the applicants must document that in the second year of operation the annual utilization of the beds or service will meet or exceed the target utilization. Documentation shall include, but not be limited to, historical utilization trends, population growth, expansion of professional staff or programs (demonstrated by signed contracts with additional physicians) and the provision of new procedures which would increase utilization."

1. Size

The State Agency identified the departments involved in this project that are considered clinical and that have GSF standards established by the State Board. Table Nine displays those departments' GSF and a comparison to State Board standards. All of the departments meet the standards for which the State Board has established guidelines with the exception of the following: M/S, Obstetric, ICU, and AMI.

TABLE NINE [1]
Departments/Functions of the Proposed Project Compared to State Standards

Department	Beds/Rooms	GSF Standard per Bed / Room	Proposed GSF	Proposed GSF per Bed / Room	State Standard	Difference	Difference per Bed / Room	Exceed Standard
M-S	114 Beds	401	75,240	660	45,714	29,526	259 GSF	Yes
OB	22 Beds	476	14,300	650	10,472	3,828	174 GSF	Yes
ICU	6 Beds	603	3,960	660	3,618	342	57 GSF	Yes
AMI	20 Beds	586	13,200	660	11,720	1,480	74 GSF	Yes
Surgery	6 OR	2,078	12,468	2,078	12,468	0	0	No
Recovery	26 Rooms	180	4,680	180	4,680	0	0	No
PACU	6 Rooms	180	1,080	1,080	1,080	0	0	No
LAB	162 Beds	36	4,544	28	5,832	(1,288)	(8)	No
LDRs	162 Beds	No standard	15,800	No standard				
Nurseries	22 Beds	152	3,300	150	3,344	-44	(2)	No
Pharmacy	162 Beds	12	1,944	12	1,944	0	0	No
OB Outpt Clinic	No standard	No standard	1,932	No standard				
Outpt Psy	No standard	No standard	11,880	No standard				
Endoscopy	No standard	No standard	4,156	No standard				
MRI	1 Room	3,400	3,400	3,400	3,400	0	0	No
Dx Radiology	11 Rooms	1,386	15,246	1,386	15,246	0	0	No
Nuclear Med	162 Beds	11.7	1,661	10.3	1,895	-234	(1.4)	No
Emergency	16 Rooms	744.6	11,914	744.6	11,914	0	0	No
Cardio Dx Unit	162 Beds	No standard	4,088	No Standard				
PT/OT	114 Beds	23	2,622	2,622	2,622	0	0	No
RT	162 Beds	8.9	1,264	8.9	1,264	0	0	No
Animal Asst Therapy	No standard	No Standard	284	No Standard				
Stress Testing	No standard	No Standard	2,500	No Standard				
(1) Source: Information provided by the applicants								

2. Utilization

According to the applicants, the facility is expected to achieve target utilization within two years after project completion. Documentation of expected utilization for all services can be found at pages 130-136 of the application. If the expected growth in the population materializes, the applicants will meet the required utilization requirements of this criterion. Table Ten displays this information.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE SIZE OF THE PROJECT CRITERION.

TABLE TEN
Applicants' Utilization Projections

	M/S		**ICU**		**AMI [7]**	
	2015	2017	2015	2017	2015	2017
Population Projection [1]	852,685	893,243	852,685	893,243	852,685	893,243
Projected Patient Days [2]	298,626	319,214	20,974	21,971		
Average Daily Census [3]	819	875	58	60		
Bed at 90% Occupancy [4]	910	973	96	100	94	98
Existing M/S Beds [5]	731	731	90	90	51	51
Beds Needed [6]	179	242	6	10	43	48

1. Population projections based upon Department of Commerce and Economic Opportunity data.
2. Use rates taken from 2005 IDPH Hospital Inventory for A-13 planning area.
3. Average Daily Census (ADC) = Projected Patient Days/365.
4. M/S - ADC/Utilization 90% - ICU = ADC/60%.
5. Existing Beds taken from 2005 IDPH Hospital Inventory.
6. M/S Beds at 90% Occupancy – Existing Beds – ICU Beds at 60% occupancy – Existing beds.
7. AMI beds needed is based upon .11 beds per 1000 projected population as per 77 IAC 1100.560. Projected patient days and ADC not calculated by applicants.

XII. Review Criteria - Financial Feasibility

A. Criterion 1120.210(a) - Financial Viability
B. Criterion 1120.210(b) - Availability of Funds
C. Criterion 1120.210(c) - Start-Up Costs

The applicants provided evidence of an "A" bond rating (pages 144-147 of the application). Therefore, these criteria are not applicable.

XIII. Review Criteria - Economic Feasibility

A. Criterion 1120.310(a) - Reasonableness of Financing Arrangements

The applicants provided evidence of an "A" bond rating (pages 144-147 of the application). Therefore, the criterion is not applicable.

B. Criterion 1120.310(b) - Conditions of Debt Financing

The criterion states:

"The applicant must certify that the selected form of debt financing the project will be at the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs, and other factors. In addition, if all or part of the project involves the leasing of equipment or facilities, the applicant must certify that the expenses incurred with leasing a facility and/or equipment are less costly than constructing a new facility or purchasing new equipment. Certification of compliance with the requirements of this criterion must be in the form of a notarized statement signed by two authorized representative (in the case of a corporation, one must be a member of the board of directors) of the applicant entity."

The applicants provided a certification that the selected form of debt financing will be at the lowest net cost available.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO MEET THE CONDITIONS OF DEBT FINANCING CRITERION.

C. Criterion 1120.310(c) - Reasonableness of Project Cost

The criterion states:

1) Construction and Modernization Costs
Construction and modernization costs per square foot for non-hospital based ambulatory surgical treatment centers and for facilities for the developmentally disabled, and for chronic renal dialysis treatment centers projects shall not exceed the standards detailed in Appendix A of this Part unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities. For all other projects, construction and modernization costs per square foot shall not exceed the adjusted (for inflation, location, economies of scale and mix of service) third quartile as provided for in the Means Building Construction Cost Data publication unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities.

2) Contingencies
Contingencies (stated as a percentage of construction costs for the stage of architectural development) shall not exceed the standards detailed in Appendix A of this Part unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities. Contingencies shall be for construction or modernization only and shall be included in the cost per square foot calculation.
BOARD NOTE: If, subsequent to permit issuance, contingencies are proposed to be used for other line item costs, an alteration to the permit (as detailed in 77 Ill. Adm. Code 1130.750) must be approved by the State Board prior to such use.

3) Architectural Fees
Architectural fees shall not exceed the fee schedule standards detailed in Appendix A of this Part unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities.

4) Major Medical and Movable Equipment
A) For each piece of major medical equipment, the applicant must certify that the lowest net cost available has been selected, or if not selected, that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.
B) Total movable equipment costs shall not exceed the standards for equipment as detailed in Appendix A of this Part unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities.

5) Other Project and Related Costs
The applicant must document that any preplanning, acquisition, site survey and preparation costs, net interest expense and other estimated costs do not exceed industry norms based upon a comparison with similar projects that have been reviewed.”

The State Agency notes only the clinical costs were reviewed against the established standards in Part 1120. The State Agency calculated the State Board's construction standard using the third quarter 2007 RS Means data unadjusted for complexity by department/function. The standard was then inflated by 3% per year to project completion (June 30, 2014).

Preplanning Costs - These costs total $2,343,302, or 1.7% of construction, contingencies and equipment costs (see page 153 for a description of these costs). This appears reasonable compared to the State standard of 1.8%.

Site Survey, Soil Investigation and Site Preparation - These costs total $4,913,343, or 4.7% of construction and contingency costs (see page 153 for a description of these costs). This appears reasonable compared to the State standard of 5%.

Off Site Work - These costs total $403,737 (see page 153 for a description of these costs). The State Board does not have standards for these costs.

New Construction and Contingencies - These costs total $90,290,545, or $424.20 per GSF. This appears reasonable compared to the adjusted State standard of $424.31 per GSF.

Contingencies - These costs total $7,221,966, or 8.6% of construction costs. This appears reasonable compared to the State standard of 10%.

Architectural and Engineering Fees - These costs total $5,463,596, or 5.2% of construction and contingencies. This appears reasonable compared to the State standard of 2.3% -5.8%.

Consulting or Other Fees - These costs total $6,894,894 and include interior design, construction administration, contract project manager and plan review. See page 153-154 of the application for a complete description of these costs. The State Board does not have standards for these costs.

Equipment - These costs total $32,402,591. The applicants identified that none of the equipment proposed represents major medical equipment, which exceeds the State Board's equipment threshold. Also, the State Board does not have an equipment standard for hospital-based projects.

Bond Issuance Expense – These costs total $5,463,596. The State Board does not have standards for these costs.

Net Interest Expense during Construction – These costs total $10,162,288. The State Board does not have standards for these costs.

Other Costs to be Capitalized – These costs total $2,361,229. See page 153 of the application for a description of these costs. The State Board does not have standards for these costs.

THE STATE AGENCY FINDS THE PROPOSED APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COST CRITERION.

D. Criterion 1120.310(d) - Projected Operating Costs
The criterion states:

"The applicant must provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year after project completion or the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Direct costs mean the fully allocated costs of salaries, benefits, and supplies for the service."

The applicants project $1,441.79 of annual operating costs per equivalent patient day for the first year of operation. See page 155 of the application for a description of this cost. The State Board does not have a standard for this cost.

E. Criterion 1120.310(e) - Total Effect of the Project on Capital Costs

The criterion states:

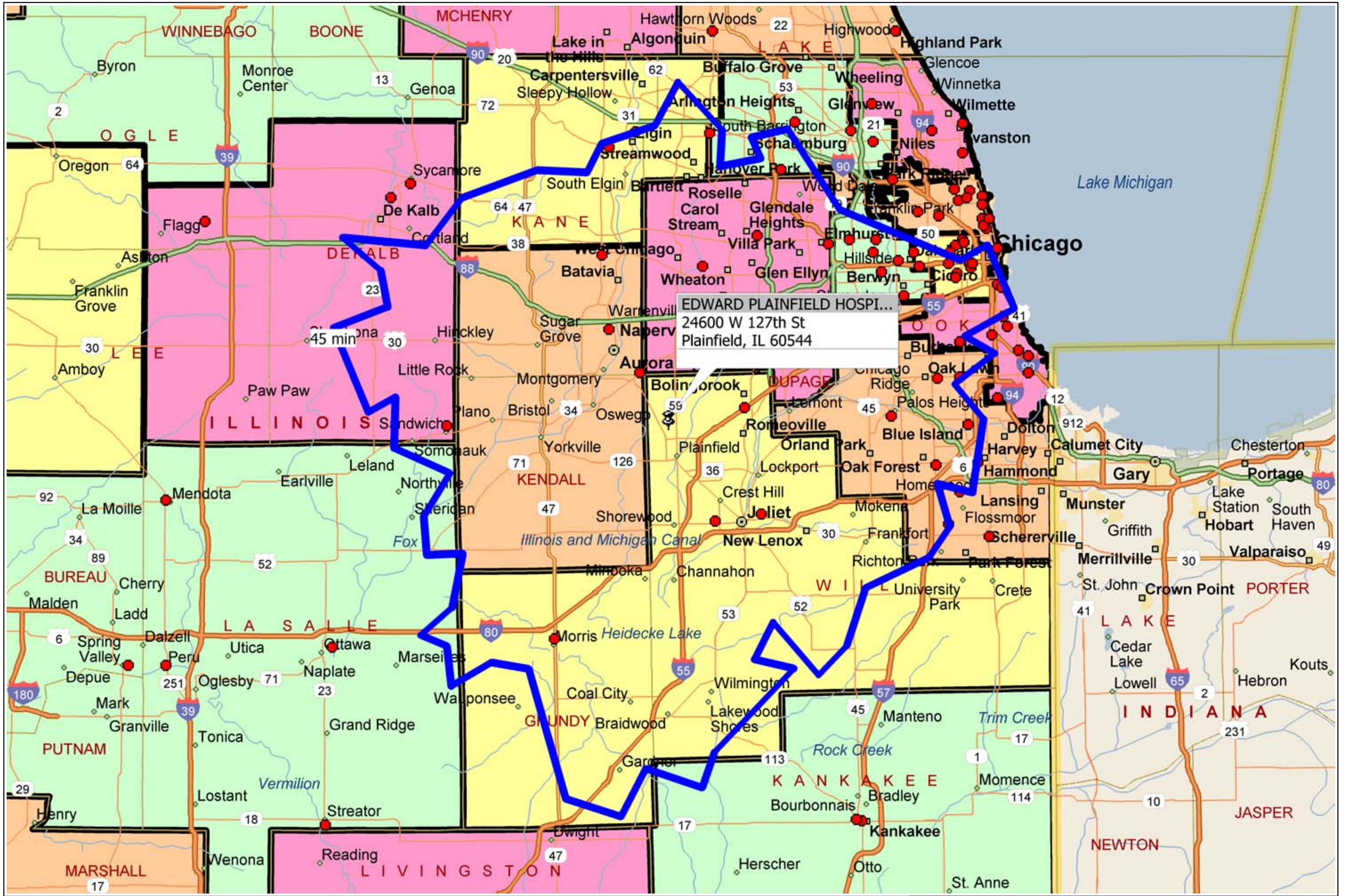
"The applicant must provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year after project completion or the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later."

The applicants project $691.52 per adjusted patient day in annual capital costs for the first year of operation. See page 155 of the application for a description of this cost. The State Board does not have a standard for this cost.

F. Criterion 1120.310(f) - Non-Patient Related Services

This criterion is not applicable.

EDWARD PLAINFIELD HOSPITAL



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