

ORIGINALILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**RECEIVED**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

MAR 18 2010

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Medical Office Building and Swedish Covenant Surgery Center				
Street Address:	(see legal description in Attachment 1, Exhibit 1)				
City and Zip Code:	Chicago	60625			
County:	Cook	Health Service Area	5	Health Planning Area:	A-01

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Swedish Covenant Surgery Center, LLC
Address:	(see legal description in Attachment 1, Exhibit 1)
Name of Registered Agent:	Mark Newton
Name of Chief Executive Officer:	Mark Newton
CEO Address:	5145 North California Avenue, Chicago, IL 60625
Telephone Number:	773-878-8200 Ext. 1000

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

Type of Ownership

<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership	
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental	
<input checked="" 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.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name:	Gary Krugel
Title:	Senior VP of Operations and Chief Financial Officer
Company Name:	Swedish Covenant Hospital
Address:	5145 North California Avenue, Chicago, IL 60625
Telephone Number:	773-907-1075
E-mail Address:	gkrugel@schosp.org
Fax Number:	773-878-6125

Additional Contact

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

Name:	Janet Scheuerman
Title:	Senior Consultant
Company Name:	PRISM Healthcare Consulting
Address:	1808 Woodmere Drive, Valparaiso, IN 46383
Telephone Number:	219-464-3969
E-mail Address:	jscheuerman@consultprism.com
Fax Number:	219-464-0027

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
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City and Zip Code:	Chicago	60625		
County:	Cook	Health Service Area	5	Health Planning Area: A-01

Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Covenant Ministries of Benevolence
Address:	5145 North California Avenue, Chicago, IL 60625
Name of Registered Agent:	Grant Erickson
Name of Chief Executive Officer:	David Dwight
CEO Address:	5145 North California Avenue, Chicago, IL 60625
Telephone Number:	773-989-1610

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Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance]

Name:	Gary Krugel
Title:	Senior VP of Operations and Chief Financial Officer
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Address:	5145 North California Avenue, Chicago, IL 60625
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Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Swedish Covenant Hospital
Address of Site Owner:	5145 North California Avenue, Chicago, IL 60625
Street Address or Legal Description of Site:	(see legal description in Attachment 1, Exhibit 1)

APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**Operating Identity/Licensee**

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

Exact Legal Name:	Swedish Covenant Surgery Center, LLC		
Address:	(see legal description in Attachment 1, Exhibit 1)		
<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
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Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person who is related (as defined in Part 1130.140). If the related person 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-3, 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 or www.illinoisfloodmaps.org. This map must be in a readable format. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.idph.state.il.us/about/hfpb.htm>).

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

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Name:	Gary Krugel
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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-5, 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)]

<p>Part 1110 Classification:</p> <p><input checked="" type="checkbox"/> Substantive</p> <p><input type="checkbox"/> Non-substantive</p>	<p>Part 1120 Applicability or Classification: [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable</p> <p><input type="checkbox"/> Category A Project</p> <p><input checked="" type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
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2. Project Outline

In the chart below, indicate the proposed action(s) for each clinical service area involved by writing the number of beds, stations or key rooms involved:

Clinical Service Areas	Establish	Expand	Modernize	Discontinue	No. of Beds, Stations or Key Rooms
Medical/Surgical, Obstetric, Pediatric and Intensive Care					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
Open Heart Surgery					
Cardiac Catheterization					
In-Center Hemodialysis					
Non-Hospital Based Ambulatory Surgery	X				15
General Long Term Care					
Specialized Long Term Care					
Selected Organ Transplantation					
Kidney Transplantation					
Subacute Care Hospital Model					
Post Surgical Recovery Care Center					
Children's Community-Based Health Care Center					
Community-Based Residential Rehabilitation Center					
Long Term Acute Care Hospital Bed Projects					
Clinical Service Areas Other Than Categories of Service:					
• Surgery					
• Ambulatory Care Services (organized as a service)					
• Diagnostic & Interventional Radiology/Imaging					
• Therapeutic Radiology					
• Laboratory					
• Pharmacy					
• Occupational Therapy					
• Physical Therapy					
• Major Medical Equipment					
Freestanding Emergency Center Medical Services					
Master Design and Related Projects					
Mergers, Consolidations and Acquisitions					

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

3. 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.

Swedish Covenant Surgery Center, LLC (the Surgery Center, the Center), Swedish Covenant Hospital (SCH), and Covenant Ministries of Benevolence, the applicants, propose to construct a new facility at the northeast corner of North California Avenue and Foster Avenue. A site plan is provided as Narrative, Exhibit 1. The proposed building does not have a street address. The legal description of the site is: "All of Lots 262 to 271, both inclusive, in William H. Britigan's Budlong Woods Golf Addition, being a subdivision of the south half of the west half of the northeast quarter of Section 12, Township 40 North. Containing 33,337 sq. ft. or 0.766 acres, more or less."

The proposed new facility will have 8 levels and a mechanical penthouse. Beginning at the ground level through the fifth level there will be ramps, parking, and a small amount of retail lease space. Levels 6 and 7 will be lease space for physician offices. Approximately half of Level 8 will be additional space for physician offices; the remainder will house a new non-hospital based ambulatory surgery category of service, the Swedish Covenant Surgery Center. A stacking diagram of the building is provided as Narrative, Exhibit 2.

The project contains both clinical and non-clinical space. All of the parking, retail and physician office space, as well as the mechanical space are non-clinical. The Surgery Center has both clinical and non-clinical space. The Center's clinical space includes 3 operating rooms and 12 recovery bays, and code required support space. The Center's non-clinical space includes waiting and reception, administration, and records storage. Of the total space, 3.8 percent is clinical, the remainder is non-clinical.

The physician office and retail space as well as the Surgery Center will be leased. The applicants have received letters of intent to lease more than 80 percent of the proposed space.

SCH will fund the entire medical office building including the parking, as well as the build out and equipment for the Surgery Center. The physician office and retail lease spaces include a build out allowance.

The structure will be built to silver category LEED certification standards and will include systems to reduce energy consumption and use green power; use of green roofs; efficient use of potable water; improved indoor comfort factors such as thermal and lighting systems; as well as sustainable interior finishes to include those with low-emitting and recyclable materials.

Swedish Covenant Surgery Center, LLC is a joint venture between Swedish Covenant Hospital and Regent Surgical Health. Regent Surgical Management, LLC will hold the Development and Management Agreement (see Appendix B).

Letters of support for the project are included as Narrative, Exhibit 3.

The applicants will begin to implement the project as soon as it is approved by the Illinois Health Facilities and Services Review Board. The following are key dates for the project:

- Complete the parking levels – Winter 2011
- Complete the first physician office space – March 31, 2012
- Complete the Surgery Center except for inspections – March 31, 2012
- Anticipated date of first surgery case – October 1, 2012
- Complete the migration of surgery cases from the Hospital to the Surgery Center – December 31, 2014
- Complete the physician office space – December 31, 2014.

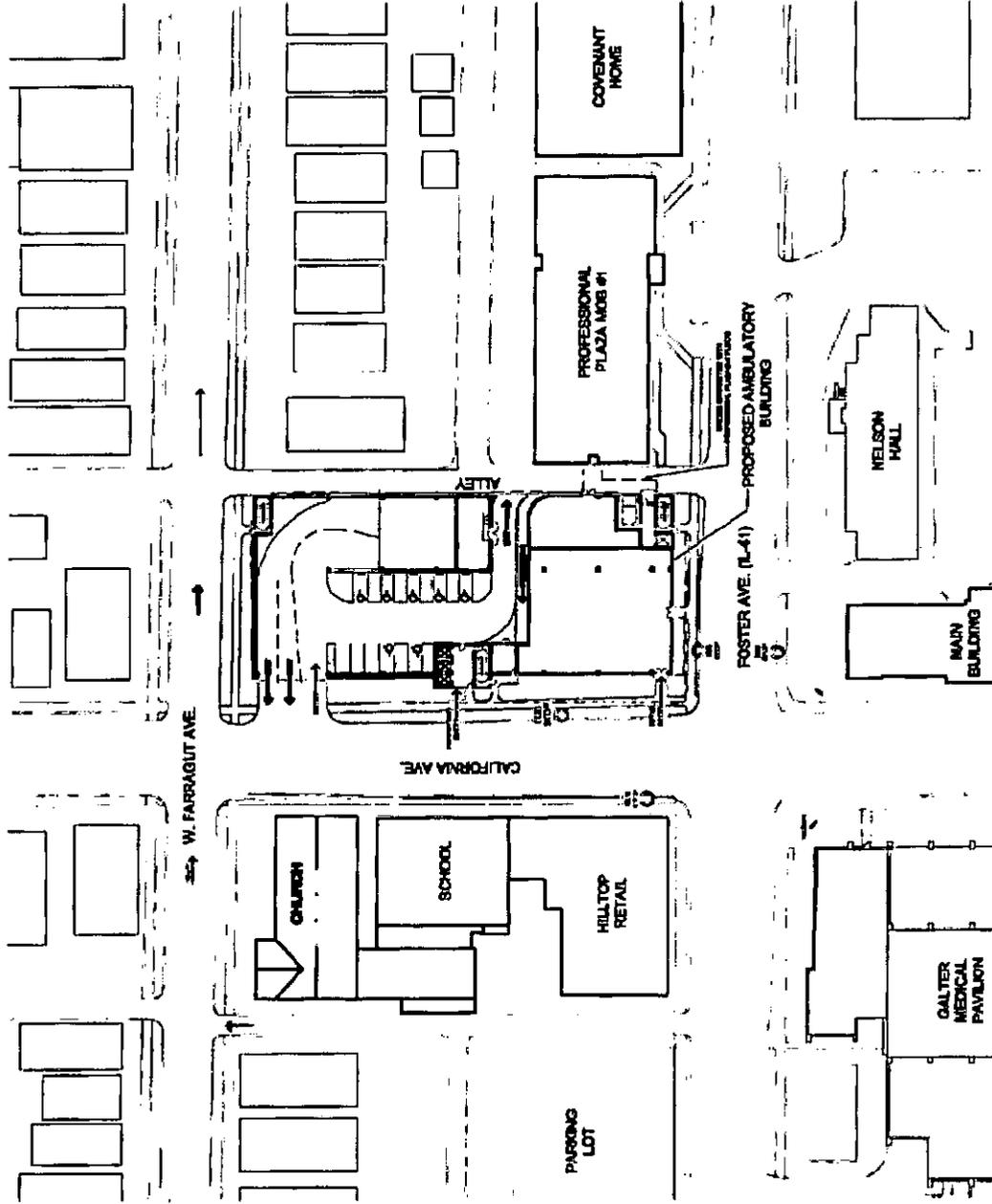
December 31, 2014 is the project completion date. Total project cost is \$49,809,652.

This project is classified as a substantive project which is subject to both Part 1110 and Part 1120 review because it is for the establishment of a new category of service as defined in the Illinois Health Facilities Planning Act.



San Francisco General Hospital Architecture

Proposed Site Plan
23 February 2008



BSA
By Appointment

Narrative
Exhibit I

Support Letters

1318 LONGWORTH BUILDING
WASHINGTON, DC 20515
202-225-4061
202-225-5603 (FAX)

3742 W. IRVING PARK ROAD
CHICAGO, IL 60618
773-267-5926
773-267-6883 (FAX)



MIKE QUIGLEY
CONGRESS OF THE UNITED STATES
5TH DISTRICT, ILLINOIS

COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON COURTS AND COMPETITION POLICY
SUBCOMMITTEE ON CRIME, TERRORISM, AND HOMELAND
SECURITY

COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
ORGANIZATION, AND PROCUREMENT
SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN
AFFAIRS

February 15, 2010

Dear Members of the Illinois Health Facilities and Services Review Board:

As the Congressman representing Illinois' 5th Congressional District, I am sending this letter to convey to you my full support for Swedish Covenant Hospital's proposed outpatient medical office building project, including a new ambulatory surgery center with 3 operating rooms, rentable medical office suites and a five-level enclosed parking facility on the hospital's campus on the northeast corner of Foster and California Avenues.

I have lived in Chicago's Lakeview community since 1982 and have personally witnessed Swedish Covenant Hospital's remarkable development and transformational growth over the years into a truly indispensable not-for-profit community provider of high quality health care services. Swedish Covenant has a true and lasting commitment to a faith-based, charitable mission of healing, medical education and community service.

Swedish Covenant Hospital is now a federal Disproportionate Share Hospital on Chicago's Northside, providing a full continuum and a large volume of medical and surgical services for Medicaid and Medicare recipients, as well as large numbers of both uninsured and underinsured patients. Their busy Level 2 Emergency Department will soon provide over 50,000 visits annually.

On top of these remarkable commitments, during a time when good jobs are at a premium, the organization is a major employer within the Chicago area, providing stable jobs for over 2,000 people. The proposed project will create many new jobs this year in construction and related trades and provide additional new health care jobs into the future.

In order to better serve area residents, Swedish Covenant's leadership has proposed a well-conceived plan to increase my communities' access to cost-efficient and convenient outpatient surgical services in a new ambulatory surgery center. Importantly, this project will free up existing operating room capacity in the hospital for higher acuity surgical patients requiring inpatient care.

This project and the applicant, Swedish Covenant Hospital, have my full and unwavering support.

Sincerely,

Congressman Mike Quigley
Illinois 5th Congressional District

cc: Mike Constantino, Supervisor of Project Review

QUIGLEY.HOUSE.GOV



- SPRINGFIELD OFFICE
ROOM M120
STATE CAPITOL BUILDING
SPRINGFIELD, ILLINOIS 62706
PHONE: 217/782-8482
FAX: 217/782-2115
hsteans@sonatedem.ilga.gov
- DISTRICT OFFICE
5533 NORTH BROADWAY
CHICAGO, ILLINOIS 60640
PHONE: 773/769-1717
FAX: 773/769-6901
www.heathersteans.com

ILLINOIS STATE SENATE



Heather A. Steans

SENATOR

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

COMMITTEE MEMBERSHIP:
APPROPRIATIONS III
EDUCATION - VICE CHAIR
ENVIRONMENT - VICE CHAIR
HUMAN SERVICES
PUBLIC HEALTH

February 18, 2010

Dear Members of the Illinois Health Facilities and Services Review Board:

I am writing to communicate my strong support for Swedish Covenant Hospital's proposed outpatient medical office building project, including five levels of indoor parking, rentable physician office space, and an ambulatory surgery center -- all to be located within a new eight level building directly across Foster Avenue from the Hospital.

As State Senator for Illinois' 7th District and a 14 year resident of the Lakewood-Balmoral neighborhood within the Edgewater community, I am personally familiar with the important, high quality health care services that Swedish Covenant Hospital provides for my ethnically and economically diverse community and fully appreciate the organization's critical role as an Illinois Safety Net Hospital.

Within this CON application, Covenant Ministries of Benevolence, Swedish Covenant Hospital and Swedish Covenant Surgery Center, LLC have jointly proposed a balanced and forward thinking plan to increase my Districts' access to more cost-efficient outpatient surgical services in a new ambulatory surgery center, to add space needed for additional physician offices and to provide substantially more parking in response to growing campus parking demand.

I fully support and respectfully recommend that you vote to approve this project as proposed.

If I may answer questions or be of any help to you, please feel free to call me at my district office at 773-769-1717 or email me at hsteans@senatedem.ilga.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Heather Steans".

Heather Steans
State Senator - 7th District

cc: Mike Constantino, Supervisor of Project Review

RECYCLED PAPER - SOYBEAN INK

CAPITOL OFFICE:
258 - W STRATTON BUILDING
SPRINGFIELD, ILLINOIS 62700
217/782-3535
Email: greg@gregarric.org

DISTRICT OFFICE:
1967 W. MONTROSE
CHICAGO, ILLINOIS 60613
773/348-3434
FAX: 773/348-3475



ILLINOIS HOUSE OF REPRESENTATIVES
GREGORY S. HARRIS
STATE REPRESENTATIVE · 13TH DISTRICT

COMMITTEES:

CHAIR:

· YOUTH AND FAMILY

VICE CHAIR:

· HOMELAND SECURITY

MEMBER:

· AGING
· ENVIRONMENTAL HEALTH
· HEALTH CARE AVAILABILITY
AND ACCESS
· HEALTH CARE LICENSES
· INSURANCE
· PUBLIC SAFETY APPROPRIATIONS

February 26, 2010

Dear Members of the Illinois Health Facilities and Services Review Board:

I am recommending that you vote to approve Swedish Covenant Hospital's proposed outpatient building project, including a new ambulatory surgical treatment center with three operating rooms, rentable medical office space and a five level parking facility on the hospital's campus.

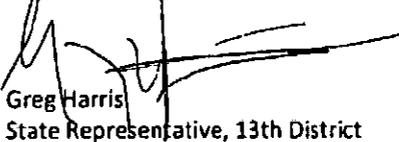
As a longtime area resident, supporter of Social Services, Health Care and Senior Needs, one of my central goals is to improve the quality of life for residents of the 13th District, which encompasses large parts of Ravenswood, Lincoln Square, North Center, Andersonville and Uptown.

Swedish Covenant Hospital is the most accessible and comprehensive safety net hospital for my community, consistently providing high quality and compassionate health care services to area residents without regard to their ability to pay.

In these challenging and turbulent times within our State and Nation, it gives me great personal comfort and pride to know that Swedish Covenant Hospital stands ready 24 hours each and every day, as it has for 125 years, to provide essential health care services for residents of the 13th District.

The proposed building project appropriately addresses my District's need for expanded access to cost effective outpatient medical and surgical service options. I ask that you join me in supporting Swedish Covenant Hospital's medical office building and ambulatory surgical treatment center project.

Very truly yours,


Greg Harris
State Representative, 13th District

cc: Mr. Mike Constantino, Supervisor of Project Review

RECYCLED PAPER • SOYINK INK



PATRICK J. O'CONNOR
ALDERMAN, 40TH WARD
5850 NORTH LINCOLN AVENUE
CHICAGO, ILLINOIS 60659
TELEPHONE: 773-769-1140
FAX: 773-769-3804
EMAIL: ward40@cityofchicago.org

CITY COUNCIL
CITY OF CHICAGO
COUNCIL CHAMBER

CITY HALL - ROOM 305
121 NORTH LA SALLE STREET
CHICAGO, ILLINOIS 60602
TELEPHONE 312-744-8858
FAX 312-744-8548

COMMITTEE MEMBERSHIPS

TRAFFIC CONTROL AND SAFETY
(CHAIRMAN)

FINANCE
(VICE-CHAIRMAN)

BUDGET AND GOVERNMENT OPERATIONS

EDUCATION AND CHILD DEVELOPMENT

HUMAN RELATIONS

RULES AND ETHICS

February 8, 2010

Dear Members of the Illinois Health Facilities and Services Review Board:

As Alderman of Chicago's 40th Ward, I want to express my full support for Swedish Covenant Hospital's proposed project to construct an eight story outpatient building on the northeast corner of Foster and California Avenues.

The project simultaneously addresses the communities' needs for leasable medical office space, a high quality ambulatory surgery center, ground floor leasable retail space and an enclosed parking facility for 260 cars. I have personally reviewed each of the alternatives to the proposed project over the past two years and believe that the project, as currently proposed, will best meet the health care needs of my constituents and residents of the surrounding communities.

Swedish Covenant Hospital and her parent organization Covenant Ministries of Benevolence are essential, anchor employers within my ward and have longstanding track records of providing exceptional community-based services and of being exemplary not-for-profit corporate citizens.

I respectfully submit to you that the co-applicant organizations and the proposed project are worthy of your full support. Please contact my office directly if I may answer questions related to this project or be of any other assistance to you.

Sincerely,

Patrick J. O'Connor, Alderman
5850 N. Lincoln Ave. Chicago, IL 60659
773.769.1140

cc: Mr. Mike Constantino, Supervisor of Project Review

Project Costs and Sources of Funds - Preliminary

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-clinical components that are not related to the provision of health care, complete the second column of the table below. See 20 ILCS 3960 for definition of non-clinical. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Preplanning Costs	\$ 15,000	\$ 36,000	\$ 51,000
Site Survey and Soil Investigation	\$ 0	\$ 100,000	\$ 100,000
Site Preparation	\$ 0	\$ 683,000	\$ 683,000
Off Site Work	\$ 0	\$ 803,000	\$ 803,000
New Construction Contracts	\$ 2,415,889	\$ 33,975,275	\$ 36,391,164
Modernization Contracts	\$ 0	\$ 0	\$ 0
Contingencies	\$ 145,000	\$ 3,255,000	\$ 3,400,000
Architectural/Engineering Fees	\$ 162,000	\$ 1,533,000	\$ 1,695,000
Consulting and Other Fees	\$ 150,000	\$ 2,045,584	\$ 2,195,584
Movable or Other Equipment (not in construction contracts)	\$ 1,537,967	\$ 762,033	\$ 2,300,000
Bond Issuance Expense (project related)	\$ 0	\$ 0	\$ 0
Net Interest Expense During Construction (project related)	\$ 0	\$ 0	\$ 0
Fair Market Value of Leased Space or Equipment	\$ 0	\$ 0	\$ 0
Other Costs To Be Capitalized	\$ 0	\$ 2,190,904	\$ 2,190,904
Acquisition of Building or Other Property (excluding land)	\$ 0	\$ 0	\$ 0
TOTAL USES OF FUNDS	\$ 4,425,856	\$ 45,383,796	\$ 49,809,652
SOURCE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Cash and Securities	\$ 4,425,856	\$ 45,383,796	\$ 49,809,652
Pledges	\$ 0	\$ 0	\$ 0
Gifts and Bequests	\$ 0	\$ 0	\$ 0
Bond Issues (project related)	\$ 0	\$ 0	\$ 0
Mortgages	\$ 0	\$ 0	\$ 0
Leases (fair market value)	\$ 0	\$ 0	\$ 0
Governmental Appropriations	\$ 0	\$ 0	\$ 0
Grants	\$ 0	\$ 0	\$ 0
Other Funds and Sources	\$ 0	\$ 0	\$ 0
TOTAL SOURCES OF FUNDS	\$ 4,425,856	\$ 45,383,796	\$ 49,809,652
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

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

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$	_____	
Fair Market Value: \$	_____	
The project involves the establishment of a new facility or a new category of service		
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.		
Estimated start-up costs and operating deficit cost is \$ <u>Not Applicable</u>		

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:	
<input type="checkbox"/> None or not applicable	<input type="checkbox"/> Preliminary
<input checked="" type="checkbox"/> Schematics	<input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>December 31, 2014</u>	
Final cost report: <u>Approximately June 30</u>	
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):	
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.	
<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.	
<input checked="" type="checkbox"/> Project obligation will occur after permit issuance.	

State Agency Submittals

Are the following submittals up to date as applicable:
<input checked="" type="checkbox"/> Cancer Registry
<input checked="" type="checkbox"/> APORS
<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
<input checked="" type="checkbox"/> All reports regarding outstanding permits

Cost Space Requirements

Provide in the following format, the department/area GSF and cost. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. Explain the use of any vacated space.

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL – Swedish Covenant Surgery Center							
Operating rooms	\$ 3,498,858		6,821	6,821			
Stage I and State II recovery bays	\$ 926,998		2,160	2,160			
Total Clinical	\$ 4,425,856		8,981	8,981			
NON-CLINICAL – Swedish Covenant Surgery Center							
Subtotal Non-Clinical – Swedish Covenant Surgery Center	\$ 1,108,074		3,413	3,413			
Total – Swedish Covenant Surgery Center	\$ 5,533,930		12,394	12,394			
NON-CLINICAL OTHER							
Lease space for physician offices and retail space	\$ 21,401,956		64,518	64,518			
Parking	\$ 18,913,091		121,805	121,805			
Circulation	\$ 882,375		23,876	23,876			
Mechanical including penthouse	\$ 3,078,300		13,298	13,298			
Subtotal Non-Clinical Other	\$ 44,275,722		223,497	223,497			
Total Non-Clinical	\$ 45,383,796		226,910	226,910			
Total Project	\$ 49,809,652		235,890	235,890			

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

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest Calendar Year for which the data are available. Any bed capacity discrepancy from the Inventory will result in the application being deemed incomplete.

FACILITY NAME: Swedish Covenant Hospital		CITY: Chicago			
REPORTING PERIOD DATES: From: January 1, 2008 to: December 31, 2008					
Category of Service	Authorized Beds	Admissions ^a	Patient Days ^b	Bed Changes	Proposed Beds
Medical/Surgical	182	10,095	51,410	0	182
Obstetrics	21	2,811	6,830	0	21
Pediatrics	6	413	1,004	0	6
Intensive Care	18	975	4,037	0	18
Comprehensive Physical Rehabilitation	25	412	4,786	0	25
Acute/Chronic Mental Illness	34	1,124	8,383	0	34
Neonatal Intensive Care	0	0	0	0	0
General Long Term Care	37	676	5,122	0	37
Specialized Long Term Care	0	0	0	0	0
Long Term Acute Care	0	0	0	0	0
Other (identify)					
TOTALS:	323	16,135	81,572	0	323

a. Includes only direct admission to the intensive care unit.

b. Does not include the following observation utilization in authorized beds.

<u>Observation Days</u>	
<u>Category of Bed</u>	<u>Days</u>
Medical/Surgical	2,002
Pediatric	277
Rehabilitation	8
Obstetrics/Gynecology	<u>156</u>
Total	3,054

Facility Bed Capacity and Utilization - Preliminary

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest Calendar Year for which the data are available. Any bed capacity discrepancy from the Inventory will result in the application being deemed incomplete.

FACILITY NAME: Swedish Covenant Hospital		CITY: Chicago			
REPORTING PERIOD DATES: From: January 1, 2009 to: December 31, 2009					
Category of Service	Authorized Beds	Admissions ^a	Patient Days ^b	Bed Changes	Proposed Beds
Medical/Surgical	182	10,422	50,897	0	182
Obstetrics	21	2,882	6,771	0	21
Pediatrics	6	392	812	0	6
Intensive Care	18	632	4,813	0	18
Comprehensive Physical Rehabilitation	25	325	4,100	0	25
Acute/Chronic Mental Illness	34	1,092	8,009	0	34
Neonatal Intensive Care	0	0	0	0	0
General Long Term Care	37	721	5,770	0	37
Specialized Long Term Care	0	0	0	0	0
Long Term Acute Care	0	0	0	0	0
Other (identify)					
TOTALS:	323	16,466	81,172	0	323

a. Includes only direct admission to the intensive care unit.

b. Does not include the following observation utilization in authorized beds.

<u>Observation Days</u>	
<u>Category of Bed</u>	<u>Days</u>
Medical/Surgical	1,760
Pediatric	319
Rehabilitation	44
Obstetrics/Gynecology	108
Dedicated Observation	<u>1,040</u>
Total	3,271

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

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

This Application for Permit is filed on the behalf of Swedish Covenant Surgery Center, LLC * 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.

Mark Newton
 SIGNATURE
MARK NEWTON
 PRINTED NAME
Manager
 PRINTED TITLE

Anthony Bucco
 SIGNATURE
Anthony Bucco
 PRINTED NAME
C.O.O./Manager
 PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 11TH day of MARCH, 2010

Notarization:
Subscribed and sworn to before me
this 11TH day of MARCH, 2010

Laura D. Weiss
Signature of Notary

Laura D. Weiss
Signature of Notary

Seal

Seal



*Insert EXACT legal name of the applicant

CERTIFICATION

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

This Application for Permit is filed on the behalf of Swedish Covenant Hospital *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application 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.

Mark Newton
SIGNATURE
MARK NEWTON
PRINTED NAME
President
PRINTED TITLE

Anthony Guccio
SIGNATURE
Anthony Guccio
PRINTED NAME
C.O.O.
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 11TH day of MARCH, 2010

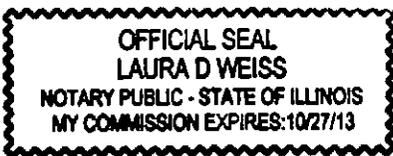
Notarization:
Subscribed and sworn to before me
this 11TH day of MARCH, 2010

Laura D. Weiss
Signature of Notary

Laura D. Weiss
Signature of Notary

Seal

Seal



*Insert EXACT legal name of the applicant

CERTIFICATION

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- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
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- o in the case of a sole proprietor, the individual that is the proprietor.

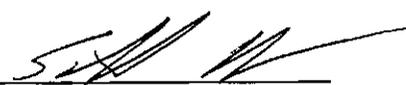
This Application for Permit is filed on the behalf of Covenant Ministries of Benevolence * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf 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.

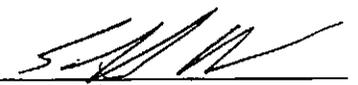

 SIGNATURE
Lawrence P. Anderson
 EVP of Finance
 PRINTED NAME **Covenant Ministries of Benevolence**
 PRINTED TITLE


 SIGNATURE
DAVID DWICKI
 PRINTED NAME
President
 PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 11th day of March 2010

Notarization:
Subscribed and sworn to before me
this 11th day of March 2010


Signature of Notary


Signature of Notary



*Insert EXACT legal name of the applicant

SECTION III. - PROJECT PURPOSE, BACKGROUND 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 - Project Purpose, Background 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, certification and accreditation identification numbers, 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-10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as 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.

For projects involving modernization, describe the conditions being upgraded. For facility projects, include statements of age and condition and regulatory citations. For equipment being replaced, include repair and maintenance records.

NOTE: The description of the "Purpose of the Project" should not exceed one page in length. Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ALTERNATIVES

Document ALL of the alternatives to the proposed project:

Examples of alternative options 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
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, 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.
 - 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive.
2. If the gross square footage exceeds the GSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing bed space that results in excess square footage.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B.

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF tot be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data are available; and

- b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

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

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VII. - CATEGORY OF SERVICE - REVIEW CRITERIA

1. This Section is applicable to all projects proposing establishment, expansion or modernization of ALL categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960], WITH THE EXCEPTION OF:
 - General Long Term Care;
 - Subacute Care Hospital Model;
 - Postsurgical Recovery Care Center Alternative Health Care Model;
 - Children's Community-Based Health Care Center Alternative Health Care Model; and
 - Community-Based Residential Rehabilitation Center Alternative Health Care Model.

If the project involves any of the above-referenced categories of service, refer to "SECTION VIII. - Service Specific Review Criteria" for applicable review criteria, and submit all necessary documentation for each service involved.

2. READ THE APPLICABLE REVIEW CRITERIA FOR EACH OF THE CATEGORIES OF SERVICE INVOLVED. [Refer to SECTION VIII regarding the applicable criteria for EACH action proposed, for EACH category of service involved.]
3. After identifying the applicable review criteria for each category of service involved (see the charts in Section VIII), provide the following information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

A. Planning Area Need - Formula Need Calculation:

1. Complete the requested information for each category of service involved:
Refer to 77 Ill. Adm. Code 1100 for information concerning planning areas, bed/station/key room deficits and occupancy/utilization standards.

Planning Area A-01

Category of Service	No. of Beds/Stations/Key Rooms Proposed	HFSRB Inventory Need or Excess	Part 1100 Occupancy/Utilization Standard

Using the formatting above:

2. Indicate the number of beds/stations/key rooms proposed for each category of service.
3. Document that the proposed number of beds/stations/key rooms is in conformance with the projected deficit specified in 77 Ill. Adm. Code 1100.
4. Document that the proposed number of beds/stations/key rooms will be in conformance with the applicable occupancy/utilization standard(s) specified in Ill. Adm. Code 1100.

B. Planning Area Need - Service to the Planning Area Residents:

1. If establishing or expanding beds/stations/key rooms, document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.
2. If expanding an existing category of service, provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, document that at least 50% of the projected patient volume will be from residents of the

area.

- If expanding an existing category of service, submit patient origin information by zip code, based upon the patient's legal residence (other than a health care facility).

APPEND DOCUMENTATION AS ATTACHMENT-19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

C. Service Demand - Establishment of Category of Service

Document "Historical Referrals" and either "Projected Referrals" or "Project Service Demand - Based on Rapid Population Growth" :

1. Historical Referrals

If the applicant is an existing facility, document the number of referrals for the last two years for each category of service, as formatted below:

EXAMPLE:

Year	CY or FY	Category of Service	Patient Origin by Zip Code	Name & Specialty of Referring Physician	Name & Location of Recipient Hospital
2008	CY	Medical/Surgical	62761 [Patient Initials]	Dr. Hyde	Wellness Hospital

2. Projected Referrals

An applicant proposing to establish a category of service or establish a new hospital shall submit physician referral letters containing ALL of the information outlined in Criterion 1110.530(b)(3)

3. Project Service Demand - Based on Rapid Population Growth

If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand must be determined, as specified in the Criterion titled "Project Service Demand - Based on Rapid Population Growth".

APPEND DOCUMENTATION AS ATTACHMENT-20, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

D. Service Demand - Expansion of an Existing Category of Service - Not Applicable

Document "Historical Service Demand" and either "Projected Referrals" or "Project Service Demand - Based on Rapid Population Growth" :

1. Historical Service Demand

Category of Service	Board Occupancy/Utilization Standards	Year One Indicate CY or FY	Year Two Indicate CY or FY
	[Indicate standards for the planning area.]		

<p>a. As formatted above, document that the average annual occupancy/utilization rate has equaled or exceeded occupancy standards for the category of service, as specified in 77 Ill. Adm. Code 1100, for each of the latest two years;</p> <p>b. If patients have been referred to other facilities in order to receive the subject services, provide documentation of the referrals, including: patient origin by zip code; name and specialty of referring physician; and name and location of the recipient hospital, for each of the latest two years</p> <p>2. Projected Referrals An applicant proposing to establish a category of service or establish a new hospital shall submit physician referral letters containing ALL of the information outlined in subsection(b)(4) of the criteria for the subject service(s).</p> <p>3. Projected Service Demand – Based on Rapid Population Growth If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand must be determined, as specified in the criterion titled "Projected Service Demand-Based on Rapid Population Growth" of the criteria for the subject service(s).</p>			
<p>APPEND DOCUMENTATION AS <u>ATTACHMENT-21</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</p>			

<p>E. Service Accessibility - Service Restrictions</p> <p>1. The applicant shall document that at least one of the factors listed in subsection (b)(5) of the criteria for subject service(s) exists in the planning area.</p> <p>2. Provide documentation, as applicable, listed in subsection (b)(5) of the criteria for the subject service(s), concerning existing restrictions to service access:</p>			
<p>APPEND DOCUMENTATION AS <u>ATTACHMENT-22</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</p>			

<p>F. Unnecessary Duplication/Maldistribution</p> <p>1. Document that the project will not result in an unnecessary duplication, and provide the following information:</p> <p>a. A list of all zip code areas that are located, in total or in part, within 30 minutes normal travel time of the project's site;</p> <p>b. The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois); and</p> <p>c. The names and locations of all existing or approved health care facilities located within 30 minutes normal travel time from the project site that provide the categories of bed service that are proposed by the project.</p>			

2. Document that the project will not result in maldistribution of services. Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities, beds and services characterized by such factors as presented in subsection (c)(1) and (2) of the criteria for the subject service(s).
3. Document that, within 24 months after project completion, the proposed project:
 - A) Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and
 - B) Will not lower, to a further extent, the utilization of other area hospitals that are currently (during the latest 12-month period) operating below the occupancy standards.

APPEND DOCUMENTATION AS ATTACHMENT-23, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

G. Category of Service Modernization

1. Document that the inpatient beds areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized, citing factors, as listed in subsection (d)(1) of the criteria for the subject service(s), but not limited to the reasons cited in the rule.
2. Provide the following documentation of the need for modernization:
 - A. the most recent IDPH Centers for Medicare and Medicaid Services (CMMS) inspection reports;
 - B. the most recent Joint Commission on Accreditation of Healthcare Organizations (JCAHO) reports;
3. Include other documentation, as applicable to the factors cited above:
 - A. Copies of maintenance reports;
 - B. Copies of citations for life safety code violations; and
 - C. Other pertinent reports and data.
4. Provide the annual occupancy/utilization for each category of service to be modernized, for each of the last three years.

APPEND DOCUMENTATION AS ATTACHMENT-24, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

H. Staffing Availability

1. For each category of service, document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCAHO staffing requirements can be met.
2. Provide the following documentation:
 - a. The name and qualification of the person currently filling the position, if applicable; and
 - b. Letters of interest from potential employees; and
 - c. Applications filed for each position; and
 - d. Signed contracts with the required staff; or
 - e. A narrative explanation of how the proposed staffing will be achieved.

APPEND DOCUMENTATION AS ATTACHMENT-25, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE

APPLICATION FORM.

I. Performance Requirements – Not Applicable

READ the subsection titled "Performance Requirements" for the subject service(s).

K. Assurances

Submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after project completion, the applicant will achieve and maintain the occupancy/utilization standards specified in 77 Ill. Adm Code 1100 for each category of service involved in the proposal.

APPEND DOCUMENTATION AS ATTACHMENT-26 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII. - SERVICE SPECIFIC REVIEW CRITERIA

This Section is applicable to all projects proposing establishment, expansion or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria and provide the required information. **AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:**

H. Non-Hospital Based Ambulatory Surgery

This section is applicable to all projects proposing to establish or modernize a non-hospital based ambulatory surgical treatment center or to the addition of surgical specialties.

1. Criterion 1110.1540(a), Scope of Services Provided

Read the criterion and complete the following:

a. Indicate which of the following types of surgery are proposed:

<input type="checkbox"/> Cardiovascular	<input checked="" type="checkbox"/> Obstetrics/Gynecology	<input checked="" type="checkbox"/> Plastic
<input checked="" type="checkbox"/> Dermatology	<input checked="" type="checkbox"/> Ophthalmology	<input checked="" type="checkbox"/> Podiatry
<input type="checkbox"/> Gastroenterology	<input checked="" type="checkbox"/> Oral/Maxillofacial	<input checked="" type="checkbox"/> Thoracic
<input checked="" type="checkbox"/> General/Other	<input checked="" type="checkbox"/> Orthopaedic	<input checked="" type="checkbox"/> Urology
<input checked="" type="checkbox"/> Neurology	<input checked="" type="checkbox"/> Otolaryngology	

b. Indicate if the project will result in a limited or a multi-specialty ASTC.

2. Criterion 1110.1540(b), Target Population

Read the criterion and provide the following:

- On a map (8 1/2" x 11"), outline the intended geographic services area (GSA).
- Indicate the population within the GSA and how this number was obtained.
- Provide the travel time in all directions from the proposed location to the GSA borders and indicate how this travel time was determined.

3. Criterion 1110.1540(c), Projected Patient Volume

Read the criterion and provide signed letters from physicians that contain the following:

- The number of referrals anticipated annually for each specialty.
- For the past 12 months, the name and address of health care facilities to which patients were referred, including the number of patients referred for each surgical specialty by facility.
- A statement that the projected patient volume will come from within the proposed GSA.
- A statement that the information in the referral letter is true and correct to the best of his or her belief.

4. Criterion 1110.1540(d), Treatment Room Need Assessment

Read the criterion and provide:

- The number of procedure rooms proposed.
- The estimated time per procedure including clean-up and set-up time and the methodology used in arriving at this figure.

5. Criterion 1110.1540(e), Impact on Other Facilities

Read the criterion and provide:

- copy of the letter sent to area surgical facilities regarding the proposed project's impact on their workload. NOTE: This letter must contain: a description of the project including its size, cost, and projected workload; the location of the proposed project; and a request that the facility administrator indicate what the impact of the proposed project will be on the existing

facility.

- b. A list of the facilities contacted. NOTE: Facilities must be contacted by registered mail.

6. Criterion 1110.1540(f), Establishment of New Facilities

Read the criterion and provide:

- a. A list of services that the proposed facility will provide that are not currently available in the GSA; or
- b. Documentation that the existing facilities in the GSA have restrictive admission policies; or
- c. For co-operative ventures,
 - a. Patient origin data that documents the existing hospital is providing outpatient surgery services to the target population of the GSA, and
 - b. The hospital's surgical utilization data for the latest 12 months, and
 - c. Certification that the existing hospital will not increase its operating room capacity until such a time as the proposed project's operating rooms are operating at or above the target utilization rate for a period of twelve full months; and
 - d. Certification that the proposed charges for comparable procedures at the ASTC will be lower than those of the existing hospital.

7. Criterion 1110.1540(g), Charge Commitment

Read the criterion and provide:

- a. A complete list of the procedures to be performed at the proposed facility with the proposed charge shown for each procedure.
- b. A letter from the owner and operator of the proposed facility committing to maintain the above charges for the first two years of operation.

8. Criterion 1110.1540(h), Change in Scope of Service

Read the criterion and, if applicable, document that existing programs do not currently provide the service proposed or are not accessible to the general population of the geographic area in which the facility is located.

APPEND DOCUMENTATION AS ATTACHMENT-32, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IX - Financial Feasibility

This section is applicable to all projects subject to Part 1120.

REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)

Does the applicant (or the entity that is responsible for financing the project or is responsible for assuming applicant's debt obligations in case of default) have a bond rating of "A" or better?

Yes No **Swedish Covenant Hospital has an A bond rating. The project financing does not include debt.**

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXVI. If no is indicated, submit the most recent three years' audited financial statements including the following:

- 1. Balance sheet
- 2. Income statement
- 3. Change in fund balance
- 4. Change in financial position

A. Criterion 1120.210(a), Financial Viability Not Applicable

1. Viability Ratios

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each. Insert the worksheets after this page.

2. Variance

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)
(continued)

B. Criterion 1120.210(b), Availability of Funds Not Applicable

If proof of an "A" or better bond rating has not been provided, read the criterion and document that sufficient resources are available to fund the project and related costs including operating start-up costs and operating deficits. Indicate the dollar amount to be provided from the following sources:

_____ Cash & Securities

Provide statements as to the amount of cash/securities available for the project. Identify any security, its value and availability of such funds. Interest to be earned or depreciation account funds to be earned on any asset from the date of application submission through project completion are also considered cash.

_____ Pledges

For anticipated pledges, provide a letter or report as to the dollar amount feasible showing the discounted value and any conditions or action the applicant would have to take to accomplish goal. The time period, historical fund raising experience and major contributors also must be specified.

_____ Gifts and Bequests

Provide verification of the dollar amount and identify any conditions of the source and timing of its use.

_____ Debt Financing (indicate type(s) _____)

For general obligation bonds, provide amount, terms and conditions, including any anticipated discounting or shrinkage) and proof of passage of the required referendum or evidence of governmental authority to issue such bonds;

For revenue bonds, provide amount, terms and conditions and proof of securing the specified amount;

For mortgages, provide a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated;

For leases, provide a copy of the lease including all terms and conditions of the lease including any purchase options.

_____ Governmental Appropriations

Provide a copy of the appropriation act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, provide a resolution or other action of the governmental unit attesting to such future funding.

_____ Grants

Provide a letter from the granting agency as to the availability of funds in terms of the amount, conditions, and time or receipt.

_____ Other Funds and Sources

Provide verification of the amount, terms and conditions, and type of any other funds that will be used for the project.

_____ TOTAL FUNDS AVAILABLE

C. Criterion 1120.210(c), Operating Start-up Costs Not Applicable

If proof of an "A" or better bond rating has not been provided, indicate if the project is classified as a Category B project that involves establishing a new facility or a new category of service? Yes No . If yes is indicated, read the criterion and provide in the space below the amount of operating start-up costs (the same as reported in Section I of this application) and provide a description of the items or components that comprise the costs. Indicate the source and amount of the financial resources available to fund the operating start-up costs (including any initial operating deficit) and reference the documentation that verifies sufficient resources are available.

APPEND DOCUMENTATION AS ATTACHMENT 75, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

SECTION XXVI. REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)

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

Is the project classified as a Category B project? Yes No . If no is indicated this criterion is not applicable. If yes is indicated, has proof of a bond rating of "A" or better been provided? Yes No . If yes is indicated this criterion is not applicable, go to item B. If no is indicated, read the criterion and address the following:

Are all available cash and equivalents being used for project funding prior to borrowing? Yes No

If no is checked, provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following:

1. a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 2.0 times; or
2. borrowing is less costly than the liquidation of existing investments and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Criterion 1120.310(b), Conditions of Debt Financing Not Applicable

Read the criterion and provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following as applicable:

1. 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 debt, term (years) financing costs, and other factors;
2. All or part of the project involves the leasing of equipment or facilities and the expenses incurred with such leasing are less costly than constructing a new facility or purchasing new equipment.

B. Criterion 1120.310(c), Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

2. For each piece of major medical equipment included in the proposed project, the applicant must certify on the following:

REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)
(continued)

- a. that the lowest net cost available has been selected; or
 - b. 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.
3. List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40.

D. Criterion 1120.310(d), Projected Operating Costs

Read the criterion and provide in the space below the facility's projected direct annual operating costs (in current dollars per equivalent patient day or unit of service, as applicable) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. If the project involves a new category of service, also provide the annual operating costs for the service. Direct costs are the fully allocated costs of salaries, benefits, and supplies. Indicate the year for which the projected operating costs are provided.

E. Criterion 1120.310(e), Total Effect of the Project on Capital Costs Not Applicable

Is the project classified as a category B project? Yes No . If no is indicated, go to item F. If yes is indicated, provide in the space below the facility's total projected annual capital costs as defined in Part 1120.130(f) (in current dollars per equivalent patient day) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Indicate the year for which the projected capital costs are provided.

F. Criterion 1120.310(f), Non-patient Related Services

Is the project classified as a category B project and involve non-patient related services? Yes No . If no is indicated, this criterion is not applicable. If yes is indicated, read the criterion and document that the project will be self-supporting and not result in increased charges to patients/residents or that increased charges are justified based upon such factors as, but not limited to, a cost benefit or other analysis that demonstrates the project will improve the applicant's financial viability.

APPEND DOCUMENTATION AS ATTACHMENT -76, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION XI – SAFETY NET IMPACT STATEMENT**SAFETY NET IMPACT STATEMENT that describes all of the following:**

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service

APPEND DOCUMENTATION AS ATTACHMENT-77, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

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3	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	47 - 53
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8	Cost Space Requirements	63
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12	Alternatives to the Project	78 - 89
13	Size of the Project	90 - 100
14	Project Service Utilization	101
15	Unfinished or Shell Space	102
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17	Master Design Project	NA
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21	Service Demand - Expansion of Existing Category of Service	NA
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28	Neonatal Intensive Care	NA
29	Open Heart Surgery	NA
30	Cardiac Catheterization	NA
31	In-Center Hemodialysis	NA
32	Non-Hospital Based Ambulatory Surgery	141 - 261
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34	Service to Planning Area Residents	NA
35	Service Demand-Establishment of Category of Service	NA
36	Service Demand-Expansion of Existing Category of Service	NA
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38	Description of Continuum of Care	NA
39	Components	NA
40	Documentation	NA
41	Description of Defined Population to be Served	NA

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
42	Documentation of Need	NA
43	Documentation Related to Cited Problems	NA
44	Unnecessary Duplication of Service	NA
45	Maldistribution	NA
46	Impact of Project on Other Area Providers	NA
47	Deteriorated Facilities	NA
48	Documentation	NA
49	Utilization	NA
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72	Utilization- Major Medical Equipment	NA
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75	Financial Feasibility	262 - 272
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SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Swedish Covenant Surgery Center, LLC
Address:	(see legal description in Attachment 1, Exhibit 1)
Name of Registered Agent:	Mark Newton
Name of Chief Executive Officer:	Mark Newton
CEO Address:	5145 North California Avenue, Chicago, IL 60625
Telephone Number:	773-878-8200 Ext. 1000

Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Swedish Covenant Hospital
Address:	5145 North California Avenue, Chicago, IL 60625
Name of Registered Agent:	Mark Newton
Name of Chief Executive Officer:	Mark Newton
CEO Address:	5145 North California Avenue, Chicago, IL 60625
Telephone Number:	773-878-8200 Ext. 1000

Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Covenant Ministries of Benevolence
Address:	5145 North California Avenue, Chicago, IL 60625
Name of Registered Agent:	Grant Erickson
Name of Chief Executive Officer:	David Dwight
CEO Address:	5145 North California Avenue, Chicago, IL 60625
Telephone Number:	773-989-1610

Legal Description of the Project Site

The project site does not have a street address; a street address will be assigned during the zoning process. The following is the legal description of the site.

Legal Description:

All of Lots 262 to 271, both inclusive, in William H. Britigan's Budlong Woods Golf Club Addition, being a subdivision of the south half of the west half of the northeast quarter of Section 12, Township 40 North, Range 13 east of the third principal meridian, in Cook County, Illinois.

Containing 33,337 sq. ft. or 0.765 acres, more or less.

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Site Ownership

[Provide this information for each applicable site.]

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Swedish Covenant Hospital
Address of Site Owner:	5145 North California Avenue, Chicago, IL 60625
Street Address or Legal Description of Site:	(see legal description in Attachment 1, Exhibit 1)

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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

Operating Identity/Licensee

The following certificates of good standing are included:

- Swedish Covenant Surgery Center, LLC is included as Attachment 3, Exhibit 1, (Swedish Covenant Surgery Center, LLC will be the operating entity / licensee for the proposed non-hospital based ambulatory category of service);
- Swedish Covenant Hospital as Attachment 3, Exhibit 2; and
- Covenant Ministries of Benevolence as Attachment 3, Exhibit 3.

Organizational Relationships

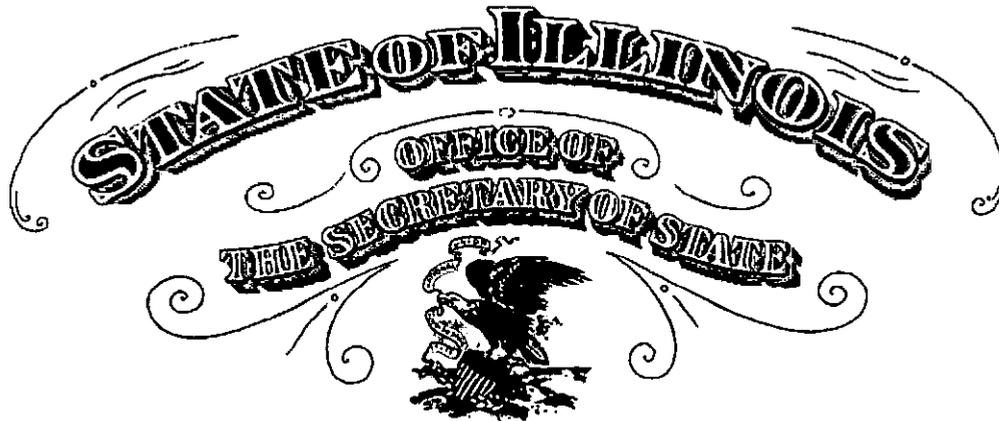
Attachment 3, Exhibit 4 shows the key organizational relationships of Covenant Ministries of Benevolence, Swedish Covenant Hospital, and the Swedish Covenant Surgery Center, LLC (the Surgery Center) as well as the distribution of the joint venture partners.

Swedish Covenant Hospital will own 90 percent of Swedish Covenant Surgery Center, LLC. Regent Surgical Health will own the remaining 10 percent. In the future, physicians may be offered ownership in the Surgery Center; however, even with physician owners, Swedish Covenant Hospital will retain control of the Center.

Swedish Covenant Surgery Center will have a transfer agreement with Swedish Covenant Hospital (see Attachment 3, Exhibit 5).

Regent Surgical Management, LLC, nationally respected developer and operator of high quality surgery centers, will be the entity holding the Swedish Covenant Surgery Center Development and Management Agreement; the Agreement includes a Certificate of Need contingency. The Management Agreement is included as Appendix B.

File Number 0294087-6



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

SWEDISH COVENANT SURGERY CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON MARCH 02, 2010, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

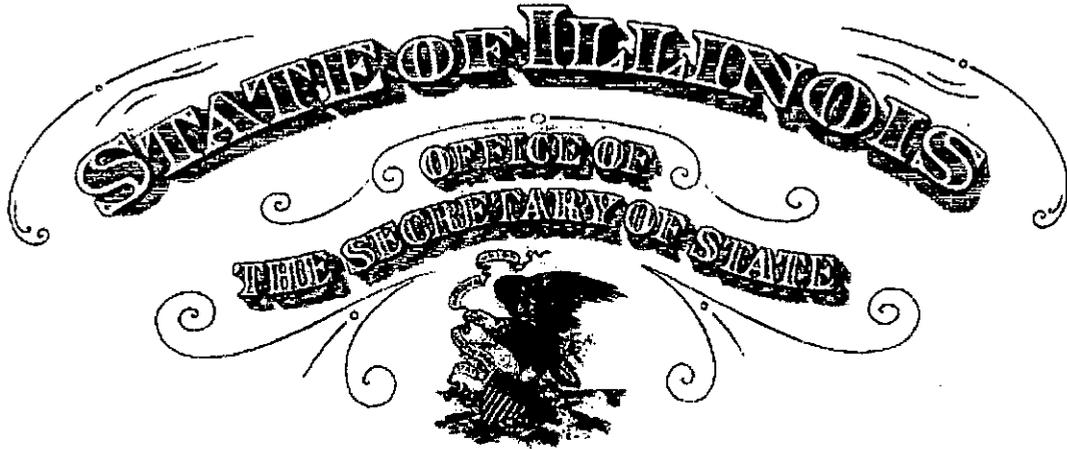


Authentication #: 1006902102
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 10TH day of MARCH A.D. 2010 .

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

SWEDISH COVENANT HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 06, 1907, 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.



Authentication #: 1004901008

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 18TH day of FEBRUARY A.D. 2010

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

COVENANT MINISTRIES OF BENEVOLENCE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 16, 1986, 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.



Authentication #: 1004702194
Authenticate at: <http://www.cyberdriveillinois.com>

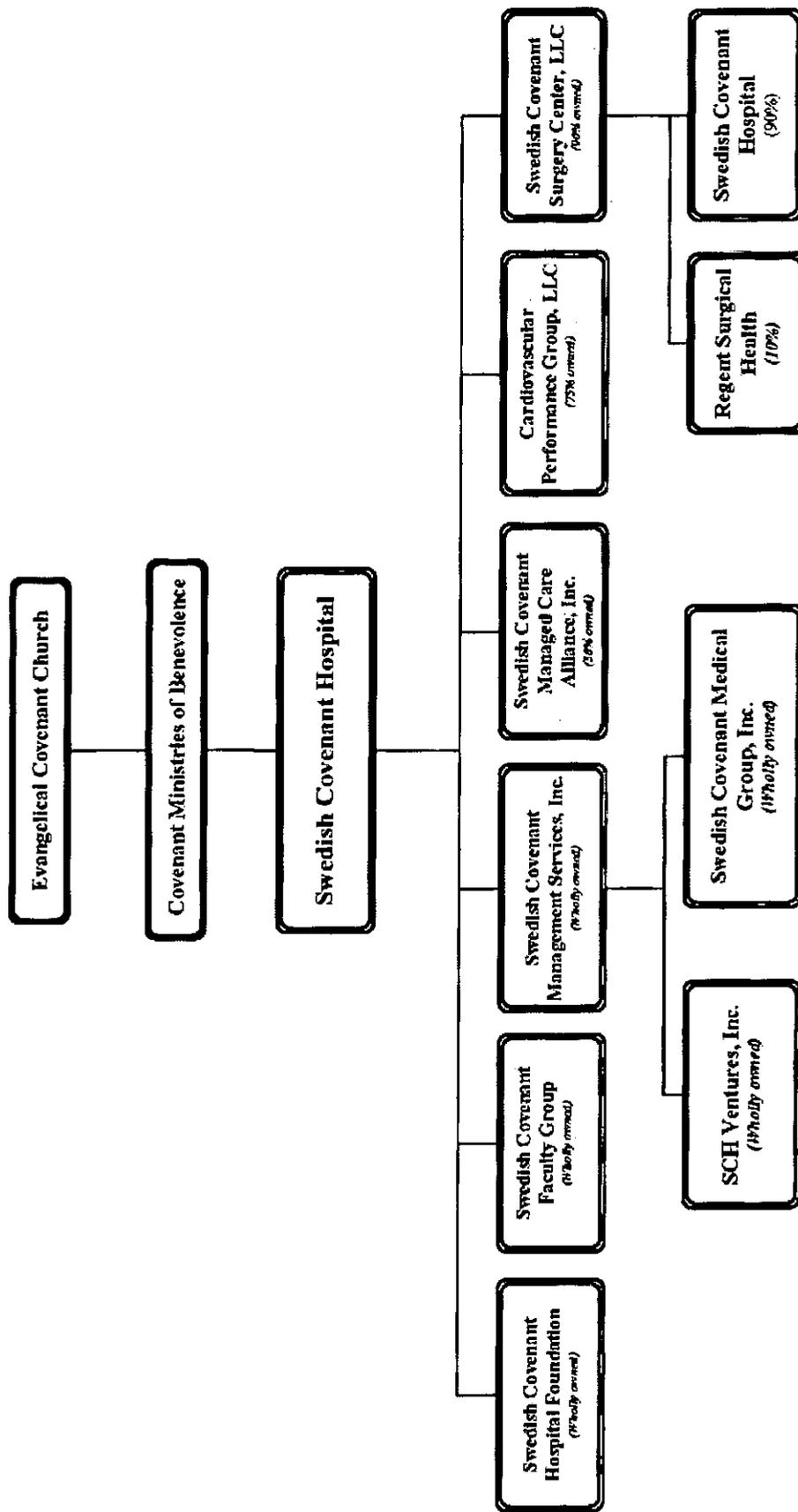
In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 16TH day of FEBRUARY A.D. 2010 .

Jesse White

SECRETARY OF STATE

Swedish Covenant Hospital

Organization Structure



**Draft – Transfer Agreement
TRANSFER AGREEMENT**

This Agreement is made between Swedish Covenant Hospital ("Hospital") and Swedish Covenant Surgery Center ("SCSC, the Surgery Center") as of January 1, 2012 ("Effective Date").

Whereas Swedish Covenant Hospital operates an acute care general hospital, including an emergency department, at 5145 North California Avenue, Chicago, Illinois, and SCSC operates a multi-specialty ambulatory surgical treatment facility located at the intersection of Foster and North California Avenues; and

Whereas, the primary purpose of this Agreement is to provide a safe, well-planned transfer of patients between SCSC and Swedish Covenant Hospital.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

1. When the physician of a patient at SCSC has determined that the patient needs emergency treatment in a hospital emergency department, the physician shall contact a physician in the Hospital's emergency department. Swedish Covenant Hospital shall accept transfer of the patient to the emergency department (or elsewhere in the Hospital as directed by emergency department staff) as promptly as possible. SCSC shall make the necessary arrangements for the patient to be transported to the Hospital.
2. The Hospital and its physicians shall assume authority and responsibility for the medical care and treatment of a patient when such patient has been received by the Hospital.
3. If a natural disaster occurs at SCSC, thereby rendering the facility unable to provide a safe and sanitary environment for the patients, SCSC may temporarily transfer patients who are not medically ready for discharge to the Hospital.
4. SCSC will send, along with appropriate authorization, the following information:
 - a. Present acute medical problems
 - b. Current medications and times of doses within the previous 24 hours
 - c. Any known allergies
 - d. Dietary information
 - e. Nursing information
 - f. Ambulation status
 - g. Medical diagnoses
 - h. Next of kin information
 - i. Legal documents pertaining to care (i.e. Living Will, Do Not Resuscitate Orders, etc.)
6. SCSC will be responsible for the appropriate disposition of the patient's personal effects (including the patient's money and valuables) and the information pertaining to their whereabouts.
7. SCSC will be responsible for safe patient transfer to the Hospital and shall utilize the most appropriate means of transport available that will enhance the timely and safe transfer of patients.

8. Nothing in this Agreement shall be construed as limiting the rights of either party to affiliate or contract with any other party on a limited or general basis while this Agreement is in effect.
9. The patient is primarily responsible for payment for care rendered by either contracting party. Each contracting party shall be responsible only for collecting its own payment for services rendered to the patient by the respective party. No clause of this Agreement shall be construed to authorize either party to look to the other for payment for services rendered to a patient transferred pursuant to this Agreement; provided, however, that should such obligation arise pursuant to other agreements, arrangements, or law, nothing in this Agreement shall be construed to modify or limit such obligation.
10. Each contracting party, at its own expense shall secure and maintain, or cause to be secured and maintained, professional liability insurance covering itself and its management, employees, and volunteers involved in the rendering of services described in this Agreement in an amount of not less than \$1,000,000 per occurrence/\$3,000,000 annual aggregate.
11. Each contracting party shall indemnify and hold harmless the other and its officers, trustees, directors, employees, students, and agents from and against any losses, damages or costs (including attorneys fees and costs) arising from any alleged negligent act or omissions of the indemnifying party in the performance of this Agreement.
12. The laws of the State of Illinois shall govern the validity and interpretation of the provisions, terms and conditions of this Agreement.

This Agreement will be in effect commencing January 1, 2012 for an initial term of one (1) year. The Agreement will be automatically renewed for successive one (1) year terms unless terminated. It may be terminated at any time by either party by giving sixty (60) days' written notice sent via certified mail. Automatic termination of this Agreement occurs if either facility fails to maintain its license and certification. This Agreement constitutes the entire transfer agreement between the parties and supersedes and replaces all other transfer agreements between these parties. This Agreement may be amended at any time by mutual written agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date and year first above written.

Swedish Covenant Hospital

By 

Anthony Guaccio
Chief Operating Officer

Swedish Covenant Surgery Center, LLC

By 

Mark Newton
Manager

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Flood Plain Requirements

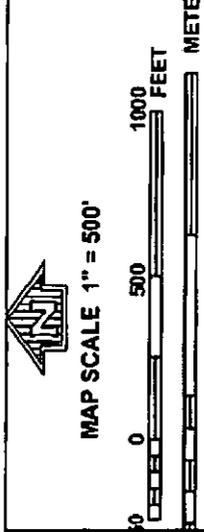
[Refer to application instructions.]

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 or www.illinoisfloodmaps.org. This map must be in a readable format. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.idph.state.il.us/about/hfpb.htm>).

Attachment 4, Exhibit 1 is a Flood Insurance Rate map showing that the proposed site at North California and Foster avenues is not in a flood plain.

Attachment 4, Exhibit 2 is a Special Flood Hazard Determination made in 2005.

The applicants attest that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.idph.state.il.us/about/hfpb.htm>).



NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0402J

FIRM
FLOOD INSURANCE RATE MAP
COOK COUNTY,
ILLINOIS
AND INCORPORATED AREAS

PANEL 402 OF 832
 (SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTINUE	NUMBER	5582
CITY	17000	402
CITY OF	17000	402
WALDGE OF	17000	402

Notes to User: The Map Number shown within the map is used when ordering the map. The County Number shown above should be used on information applications for the subject community.

MAP NUMBER
 17031C0402J
MAP REVISED
 AUGUST 19, 2008
 Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using E-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.nfip.gov





Illinois State Water Survey

Main Office • 2204 Griffith Drive • Champaign, IL 61820-7495 • Tel (217) 333-2210 • Fax (217) 333-6540
Peoria Office • P.O. Box 697 • Peoria, IL 61652-0697 • Tel (309) 671-3196 • Fax (309) 671-3106



Special Flood Hazard Area Determination pursuant to Governor's Executive Order 4 (1979)

Requester: Janet Schuerman, PRISM Healthcare Consulting
Address: 1808 Woodmere Dr.
City, state, zip: Valparaiso, IN 46383 Telephone: (219) 464-3939

Site description of determination:
Site address: Swedish Covenant Hospital, 5145 N. California Ave. (except Professional Plaza and Covenant Home),
including Emergency Dept., 2739 W. Foster Ave.
City, state, zip: Chicago, IL 60625
County: Cook Sec¹⁴: N¼ of S¼ Section: 12 T. 40 N. R. 13 E. PM: 3rd
Subject area: Portion of hospital campus within area bounded by W. Foster Ave. on the north, W. Carmen Ave. on the
south, N. Francisco Ave. on the west, and N. Washtenaw Ave. on the east.

The property described above IS NOT located in a Special Flood Hazard Area (SFHA).
Floodway mapped: N/A Floodway on property: No
Source used: FEMA Flood Insurance Rate Map (FIRM). An annotated copy is attached.
Community name: City of Chicago, IL Community number: 170074
Panel/map number: 17031C0402.F Effective Date: November 6, 2000
Flood zone: X [unshaded] Base flood elevation: N/A ft NGVD 1929

- N/A a. The community does not currently participate in the National Flood Insurance Program (NFIP); State and Federal grants as well as flood insurance may not be available.
- N/A b. Panel not printed: no Special Flood Hazard Area on the panel (panel designated all Zone C or X).
- N/A c. No map panels printed: no Special Flood Hazard Areas within the community (NSFHA).

- The primary structure on the property:
- N/A d. Is located in a Special Flood Hazard Area. Any activity on the property must meet State, Federal, and local floodplain development regulations. Federal law requires that a flood insurance policy be obtained as a condition of a federally-backed mortgage or loan that is secured by the building.
 - N/A e. Is located in shaded Zone X or B (500-yr floodplain). Conditions may apply for local permits or Federal funding.
 - X f. Is not located in a Special Flood Hazard Area. Flood insurance may be available at non-floodplain rates.
 - N/A g. A determination of the building's exact location cannot be made on the current FEMA flood hazard map.
 - N/A h. Exact structure location is not available or was not provided for this determination.

Note: This determination is based on the current Federal Emergency Management Agency (FEMA) flood hazard map for the community. This letter does not imply that the referenced property will or will not be free from flooding or damage. A property or structure not in a Special Flood Hazard Area may be damaged by a flood greater than that predicted on the FEMA map or by local drainage problems not mapped. This letter does not create liability on the part of the Illinois State Water Survey, or employee thereof for any damage that results from reliance on this determination.

Questions concerning this determination may be directed to Bill Saylor (217/333-0447) or Sally McConkey (217/333-5482) at the Illinois State Water Survey. Questions concerning requirements of Governor's Executive Order 4 (1979), or State floodplain regulations, may be directed to John Lentz (847/608-3100) at the IDNR Office of Water Resources.

William Saylor Title: ISWS Surface Water and Floodplain Information Date: 2/7/2005
William Saylor, CFM, Illinois State Water Survey

Printed on recycled paper

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

A letter from the Illinois Historic Preservation Society confirming no historic, architectural, or archaeological sites exist in the project area is included as Attachment 5, Exhibit 1.



**Illinois Historic
Preservation Agency**

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Cook County
Chicago

CON - Demolition and New Construction of Medical Office Building, Swedish
Covenant Hospital
5145 N. California Ave.
IHPA Log #006022610

March 8, 2010

Janet Scheuerman
Prism Consulting Services, Inc.
Building 4, Suite 317
799 Roosevelt Road
Glen Ellyn, IL 60137

Dear Ms. Scheuerman:

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

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

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

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker

Anne E. Haaker
Deputy State Historic
Preservation Officer

A teletypewriter for the speech/hearing impaired is available at 217-524-7128. It is not a voice or fax line.

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Project Outline

In the chart below, indicate the proposed action(s) for each clinical service area involved by writing the number of beds, stations or key rooms involved:

Clinical Service Areas	Establish	Expand	Modernize	Discontinue	No. of Beds, Stations or Key Rooms
Medical/Surgical, Obstetric, Pediatric and Intensive Care					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
Open Heart Surgery					
Cardiac Catheterization					
In-Center Hemodialysis					
Non-Hospital Based Ambulatory Surgery	X				15
General Long Term Care					
Specialized Long Term Care					
Selected Organ Transplantation					
Kidney Transplantation					
Subacute Care Hospital Model					
Post Surgical Recovery Care Center					
Children's Community-Based Health Care Center					
Community-Based Residential Rehabilitation Center					
Long Term Acute Care Hospital Bed Projects					
Clinical Service Areas Other Than Categories of Service:					
• Surgery					
• Ambulatory Care Services (organized as a service)					
• Diagnostic & Interventional Radiology/Imaging					
• Therapeutic Radiology					
• Laboratory					
• Pharmacy					
• Occupational Therapy					
• Physical Therapy					
• Major Medical Equipment					
Freestanding Emergency Center Medical Services					
Master Design and Related Projects					
Mergers, Consolidations and Acquisitions					

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

Non-Hospital Based Ambulatory Surgery Key Rooms

Type of Room	Number of Rooms
Operating Rooms	3
Stage 1 Recovery	3
Stage 2 Recovery	9
Total	15

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Project Costs and Sources of Funds - Preliminary

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-clinical components that are not related to the provision of health care, complete the second column of the table below. See 20 ILCS 3960 for definition of non-clinical. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Preplanning Costs	\$ 15,000	\$ 36,000	\$ 51,000
Site Survey and Soil Investigation	\$ 0	\$ 100,000	\$ 100,000
Site Preparation	\$ 0	\$ 683,000	\$ 683,000
Off Site Work	\$ 0	\$ 803,000	\$ 803,000
New Construction Contracts	\$ 2,415,889	\$ 33,975,275	\$ 36,391,164
Modernization Contracts	\$ 0	\$ 0	\$ 0
Contingencies	\$ 145,000	\$ 3,255,000	\$ 3,400,000
Architectural/Engineering Fees	\$ 162,000	\$ 1,533,000	\$ 1,695,000
Consulting and Other Fees	\$ 150,000	\$ 2,045,584	\$ 2,195,584
Movable or Other Equipment (not in construction contracts)	\$ 1,537,967	\$ 762,033	\$ 2,300,000
Bond Issuance Expense (project related)	\$ 0	\$ 0	\$ 0
Net Interest Expense During Construction (project related)	\$ 0	\$ 0	\$ 0
Fair Market Value of Leased Space or Equipment	\$ 0	\$ 0	\$ 0
Other Costs To Be Capitalized	\$ 0	\$ 2,190,904	\$ 2,190,904
Acquisition of Building or Other Property (excluding land)	\$ 0	\$ 0	\$ 0
TOTAL USES OF FUNDS	\$ 4,425,856	\$ 45,383,796	\$ 49,809,652
SOURCE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Cash and Securities	\$ 4,425,856	\$ 45,383,796	\$ 49,809,652
Pledges	\$ 0	\$ 0	\$ 0
Gifts and Bequests	\$ 0	\$ 0	\$ 0
Bond Issues (project related)	\$ 0	\$ 0	\$ 0
Mortgages	\$ 0	\$ 0	\$ 0
Leases (fair market value)	\$ 0	\$ 0	\$ 0
Governmental Appropriations	\$ 0	\$ 0	\$ 0
Grants	\$ 0	\$ 0	\$ 0
Other Funds and Sources	\$ 0	\$ 0	\$ 0
TOTAL SOURCES OF FUNDS	\$ 4,425,856	\$ 45,383,796	\$ 49,809,652
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Uses of Funds	Clinical	Non-Clinical	Total
Preplanning			
Pre-design Planning	\$ 15,000	\$ 36,000	\$ 51,000
Subtotal Preplanning	\$ 15,000	\$ 36,000	\$ 51,000
Site Survey and Soil Investigation			
Site Survey	\$ -	\$ 45,000	\$ 45,000
Soil Borings	\$ -	\$ 55,000	\$ 55,000
Subtotal Site Survey and Soil Investigation	\$ -	\$ 100,000	\$ 100,000
Site Preparation			
Demolition	\$ -	\$ 50,000	\$ 50,000
Excavation and Site work	\$ -	\$ 413,000	\$ 413,000
Installation of New Utilities	\$ -	\$ 70,000	\$ 70,000
Relocation of Existing Utilities	\$ -	\$ 150,000	\$ 150,000
Subtotal Site Preparation	\$ -	\$ 683,000	\$ 683,000
Off Site Work			
Bridge and Connection	\$ -	\$ 803,000	\$ 803,000
Off Site Work Subtotal	\$ -	\$ 803,000	\$ 803,000
Consulting and Other Fees			
Plan Development (zoning) costs	\$ -	\$ 120,000	\$ 120,000
CON Consultant and filing fees	\$ -	\$ 100,000	\$ 100,000
CON & LLC legal fees	\$ -	\$ 75,000	\$ 75,000
IDPH Project Review fees	\$ -	\$ 25,000	\$ 25,000
Real Estate Consultant Expenses	\$ -	\$ 870,584	\$ 870,584
Finance Consultant fees	\$ -	\$ 25,000	\$ 25,000
Additional A/E Consulting Expenses	\$ -	\$ 830,000	\$ 830,000
Regent Consulting Fees	\$ 150,000	\$ -	\$ 150,000
Subtotal Consulting and Other Fees	\$ 150,000	\$ 2,045,584	\$ 2,195,584

Uses of Funds	Clinical	Non-Clinical	Total
Movable and Other Equipment			
SCSC			
Video Towers	\$ 255,000	\$ -	\$ 255,000
C-Arm	\$ 130,000	\$ -	\$ 130,000
Orthopedic Tools and Storage	\$ 100,000	\$ -	\$ 100,000
Instrument Sets and Trays	\$ 100,000	\$ -	\$ 100,000
OR Tables	\$ 75,000	\$ -	\$ 75,000
Electrosurgical Generators	\$ 75,000	\$ -	\$ 75,000
OR Lights	\$ 75,000	\$ -	\$ 75,000
Anesthesia Machine	\$ 75,000	\$ -	\$ 75,000
Sterilizer	\$ 65,000	\$ -	\$ 65,000
Uro-scop set	\$ 55,412	\$ -	\$ 55,412
PreVac Sterilizer	\$ 55,000	\$ -	\$ 55,000
Minor Equipment	\$ 55,000	\$ -	\$ 55,000
Office Furniture	\$ 50,000	\$ -	\$ 50,000
Washer/Disinfector	\$ 50,000	\$ -	\$ 50,000
Image Pilot	\$ 50,000	\$ -	\$ 50,000
Allen Frame	\$ 35,000	\$ -	\$ 35,000
Patient Monitors	\$ 35,000	\$ -	\$ 35,000
Anesthesia Monitors	\$ 30,000	\$ -	\$ 30,000
Stretchers	\$ 25,000	\$ -	\$ 25,000
Light Source	\$ 20,000	\$ -	\$ 20,000
All Other SCSC Equipment <20K	\$ 127,555	\$ -	\$ 127,555
MOB			
Furniture, Furnishings, and Other Non-SCSC	\$ -	\$ 512,033	\$ 512,033
Telecommunications Equipment	\$ -	\$ 250,000	\$ 250,000
Subtotal Movable and Other Equipment	\$1,537,967	\$ 762,033	\$ 2,300,000
Other Costs To Be Capitalized			
Owner management costs	\$ -	\$ 250,000	\$ 250,000
Campus Zoning Improvements	\$ -	\$ 750,000	\$ 750,000
Valet Parking Costs (during construction)	\$ -	\$ 250,000	\$ 250,000
Sustainable Construction Premiums	\$ -	\$ 548,731	\$ 548,731
ComEd, AT&T, Comcast Allowances	\$ -	\$ 167,173	\$ 167,173
Connect to existing IT network	\$ -	\$ 225,000	\$ 225,000
Subtotal Other Costs to Be Capitalized	\$ -	\$ 2,190,904	\$ 2,190,904

SECTION 1. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Cost Space Requirements

Provide in the following format, the department/area GSF and cost. The sum of the department costs MUST equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet			Amount of Proposed Total Gross Square Feet That Is:		
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL – Swedish Covenant Surgery Center							
Operating rooms	\$ 3,498,858		6,821	6,821			
Stage I and State II recovery bays	\$ 926,998		2,160	2,160			
Total Clinical	\$ 4,425,856		8,981	8,981			
NON-CLINICAL – Swedish Covenant Surgery Center							
Subtotal Non-Clinical – Swedish Covenant Surgery Center	\$ 1,108,074		3,413	3,413			
Total – Swedish Covenant Surgery Center	\$ 5,533,930		12,394	12,394			
NON-CLINICAL OTHER							
Lease space for physician offices and retail space	\$ 21,401,956		64,518	64,518			
Parking	\$ 18,913,091		121,805	121,805			
Circulation	\$ 882,375		23,876	23,876			
Mechanical including penthouse	\$ 3,078,300		13,298	13,298			
Subtotal Non-Clinical Other	\$ 44,275,722		223,497	223,497			
Total Non-Clinical	\$ 45,383,796		226,910	226,910			
Total Project	\$ 49,809,652		235,890	235,890			

Numbers may not total due to rounding

**SECTION III - PROJECT PURPOSE, BACKGROUND 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 - Project Purpose, Background, 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, certification, and accreditation identification numbers, if appropriate.**

All applicable licensing, certification and accreditation numbers are included as Attachment 10, Exhibits 1 to 3. In its recent survey, Swedish Covenant Hospital received a full accreditation.

<u>Name and Location of Facility</u>	<u>Identification Numbers & Accreditation Certificates</u>
Swedish Covenant Hospital Chicago	IL Hospital License # 1954464 City of Chicago # 23245 Healthcare Facilities Accreditation Program

- 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.**

Attachment 10, Exhibit 4 includes a letter from Mark Newton, President and CEO of Swedish Covenant Hospital, certifying that no adverse actions have been taken against any members of the Hospital during the last three years.

- 3. Authorization permitting HFPB and DPH access to any documents necessary to verify the information submitted, included, but not limited to: official records of DPH or other State agencies; the licensing or certification or records of other states, when applicable; and the records of nationally recognized accreditation agencies. Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFPB.**

Attachment 10, Exhibit 4 includes a letter from Mark Newton, President and CEO of Swedish Covenant Hospital, authorizing the State Board and Agency to access information which the State Board or Agency finds pertinent.

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.**

Not Applicable

State of Illinois 1954464
Department of Public Health
LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The holder, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Hospital and Health Care Act and is hereby authorized to engage in the activity as indicated below.

DANON T. ARNOLD, M.D.
Director of the State of Illinois Department of Public Health
DIRECTOR

<small>EXPIRES</small> 12/31/10	<small>CATEGORY</small> BGBD	<small>LICENSE NO.</small> 0002717
------------------------------------	---------------------------------	---------------------------------------

FULL LICENSE
GENERAL HOSPITAL
EFFECTIVE: 01/01/10

BUSINESS ADDRESS

SWEDISH COVENANT HOSPITAL
5145 NORTH CALIFORNIA AVENUE
CHICAGO IL 60625

FORM 4000 OF THE BOARD OF HEALTH REGISTRATION DIVISION, DEPARTMENT OF PUBLIC HEALTH, STATE OF ILLINOIS - (1/07)

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 1954464
Department of Public Health
LICENSE, PERMIT, CERTIFICATION, REGISTRATION

SWEDISH COVENANT HOSPITAL

<small>EXPIRES</small> 12/31/10	<small>CATEGORY</small> BGBD	<small>LICENSE NO.</small> 0002717
------------------------------------	---------------------------------	---------------------------------------

FULL LICENSE
GENERAL HOSPITAL
EFFECTIVE: 01/01/10

11/07/09

SWEDISH COVENANT HOSPITAL
5145 NORTH CALIFORNIA AVENUE
CHICAGO IL 60625

FEE RECEIPT NO.

CITY OF CHICAGO

LICENSE CERTIFICATE

NON-TRANSFERABLE

BY THE AUTHORITY OF THE CITY OF CHICAGO, THE FOLLOWING SPECIFIED LICENSE IS HEREBY GRANTED TO

NAME: **SWEDISH COVENANT HOSPITAL**

DBA: **SWEDISH COVENANT HOSPITAL**

AT: **5145 N. CALIFORNIA AVE.
CHICAGO, IL 60625**

LICENSE NO. **23245** CODE: **1375** FEE **\$\$\$2,200.00**
LICENSE **Hospital**

1000 Beds Max.

**PRESIDENT: MARK NEWTON
SECRETARY: DONALD MEYER**

PRINTED ON : 09/08/2009

\$\$\$2,200.00

THIS LICENSE IS ISSUED AND ACCEPTED SUBJECT TO THE REPRESENTATIONS MADE ON THE APPLICATION THEREFOR, AND MAY BE SUSPENDED OR REVOKED FOR CAUSE AS PROVIDED BY LAW. LICENSEE SHALL OBSERVE AND COMPLY WITH ALL LAWS, ORDINANCES, RULES AND REGULATIONS OF THE UNITED STATES GOVERNMENT, STATE OF ILLINOIS, COUNTY OF COOK, CITY OF CHICAGO AND ALL AGENCIES THEREOF.

WITNESS THE HAND OF THE MAYOR OF SAID CITY AND THE CORPORATE SEAL THEREOF

THIS **15** DAY OF **SEPTEMBER, 2009**

EXPIRATION DATE: **September 15, 2011**

ATTEST.



Richard M. Daley
MAYOR

Miguel del Valle
CITY CLERK

DREV NO. **88865** SITE: **1**
TRANS NO



THIS LICENSE MUST BE POSTED IN A CONSPICUOUS PLACE UPON THE LICENSED PREMISES.

Healthcare Facilities Accreditation Program



grants this

CERTIFICATE OF ACCREDITATION

to

Swedish Covenant Hospital

Chicago, IL

This Facility has met the applicable HFAP accreditation requirements and is therefore fully accredited by the Healthcare Facilities Accreditation Program

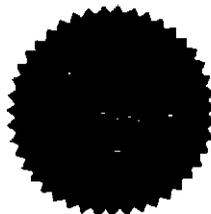
2009-2012

A handwritten signature in black ink, appearing to read "John B. Cross".

*Executive Director
American Osteopathic Association*

A handwritten signature in black ink, appearing to read "Carol D. King, DO".

*President
American Osteopathic Association*



A handwritten signature in black ink, appearing to read "Lawrence W. Hengel".

*Chairman
Bureau Healthcare Facilities Accreditation*



Swedish Covenant Hospital

The science of feeling better

OFFICE OF THE PRESIDENT

March 2, 2010

Members of the Illinois Health Facilities and Services
Review Board

cc: Mr. Mike Constantino, Supervisor of Project Review
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

In accordance with Criterion 1110.230.a, Background of the Applicant, we are submitting this letter assuring the Illinois Health Facilities and Services Review Board that:

1. Swedish Covenant Hospital does not have any adverse actions against any facility owned or operated by the applicant during the three (3) year period prior to the filing of this application, and
2. Swedish Covenant Hospital authorizes the State Board and Agency access to information in order to verify documentation or information submitted in response to the requirements of Criterion 1110.230.a or to obtain documentation or information which the State Board or Agency finds pertinent to this application.

Sincerely,

Mark Newton
President and Chief Executive Officer

**SECTION III - PROJECT PURPOSE, BACKGROUND 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 - Project Purpose, Background, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

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.**

The applicants, Swedish Covenant Surgery Center, LLC (SCSC, the Surgery Center), Swedish Covenant Hospital (SCH, the Hospital), and Covenant Ministries of Benevolence, propose to construct a new medical office building. The project will include the following: establishing a non-hospital based ambulatory surgery category of service, the Swedish Covenant Surgery Center; providing lease space for physician offices and retail as well as parking space. The development of this facility will improve health care services and the well-being of the market area population to be served by improving access to necessary medical services.

Today, SCH is privileged to serve a unique community located in Chicago's near north side. The community is ethnically diverse with residents having Hispanic (Mexican, Puerto Rican, Cuban), Asian (Korean, Vietnamese, Chinese), Arabian, East Indian, Polish, Russian, Serbian/Bosnian, Greek, German, and Italian ancestral backgrounds.

The population of SCH's community is aging. Between 2009 and 2014, the total population is expected to decrease 0.2 percent. The decrease is, however, only in the 0 to 14 and 15 to 44 age groups. The senior age groups are expected to experience strong growth, or 6.0 percent in the 45 to 64 age group and 9.5 percent in the 65 and over age group.

The community is also socioeconomically diverse with 12.6 percent of the families living below the poverty level in 2009; this is substantially higher than the national rate of 9.6 percent and the Illinois rate of 8.9 percent.

The aging of the population and the high proportion of families living below the poverty level is reflected in the large number and high proportion of Medicaid and Medicare patients served by SCH. For these reasons, the Hospital has been designated as a Federal Disproportionate Share Hospital.

The demographic composition of the Hospital's service area describes one that has many health care needs; the community looks to Swedish Covenant Hospital to meet these needs. On a regular basis, the Hospital assesses community needs and establishes development priorities that must be accomplished with the available resources. This proposed project addresses several very important and related community needs in a prudent, cost effective way.

Key to not only the community's health but also the viability and growth of Swedish Covenant Hospital is having an adequate number of physicians to serve the population. The Hospital's Medical Staff Development Plan includes goals to add a substantial number of physicians to the medical staff to meet community need and to locate many of them on the Hospital's campus.

In part, the needs identified in the physician recruitment plan will be addressed by graduates of the Hospital's residency program. SCH's residency program graduates from 15 to 20 family practitioners, general internists, and obstetricians each year. Over the next few years, the Hospital expects to retain approximately 25 to 50 percent of the graduating residents. These physicians are necessary to enhance the community's access to primary care; better access to primary care will not only meet community need, but it will also relieve the Hospital's extremely busy Emergency Department. More primary care physicians and fewer emergency visits will lower cost of care to the community.

In addition to the physicians finishing their residency programs, the proposed physician office space is also expected to house new physicians that will replace retiring physicians and others who are being recruited to establish new clinical programs and services needed by the community. The additional physicians will improve the health of the community and assist the process of diagnosing conditions and diseases early while they are easier to treat or cure.

Physician Offices

Physician recruitment has been very challenging for Swedish Covenant Hospital, in part because there is no available medical office space on the campus. For the past 5 years, the Hospital has maintained a waiting list of current medical staff members seeking medical office space on the campus.

The proposed project will address the need for office space for the new physician graduates, the replacements for retiring physicians, and those being recruited to develop new programs. The facility will house 2 and a half levels of physician office lease space; the location will be convenient for physicians due to the close proximity to the Hospital for inpatient care and to other Hospital services. As the result of office space on the campus, commute time for physicians will be minimized; time with patients will be optimized. It is expected that there will be at least 35 new physicians in the medical office building.

Surgical Capacity

The proposed space will provide community residents greater access to surgical services, in particular outpatient surgical services.

Swedish Covenant Hospital has 7 operating rooms – of these, 1 room is dedicated to cardiovascular cases and 6 are considered general rooms. Over the years, the Hospital has undertaken minor modernization projects to develop procedure rooms to offload volume from the operating rooms, to better size the operating rooms, and to improve patient flow and operational efficiency in an attempt to increase patient throughput. Today, operational techniques to expand capacity have been exhausted and the surgery suite cannot be physically expanded either horizontally or vertically.

In 2009, the Hospital reported 12,315 hours of surgery; this volume (according to State Agency standards) supports the need for 9 operating rooms when there are only 7 that meet code requirements for an operating room. This heavy utilization of limited capacity sometimes requires that cases be delayed or scheduled at another facility.

In 2009, 40 percent of all surgery hours at SCH were from cases that would have been appropriate to perform at the proposed Surgery Center, or enough to support 3 operating rooms. As part of the proposed project, the applicants are planning to develop 3 operating rooms in the Swedish Covenant Surgery Center in the new medical office building. These rooms will provide two important benefits for the surgery patients and physicians in the community. First, they will allow appropriate outpatient surgeries to migrate from the Hospital's operating rooms to SCSC. For many patients, this is a less costly and more convenient option and will allow patients to schedule their surgeries faster than they otherwise would be able to. Relocation of cases from the Hospital's OR, in turn, will relieve existing Hospital operating room congestion and allow for growing volumes of higher acuity surgical patients.

In order to service the particular needs of the community, the Surgery Center will participate in Medicare and Medicaid programs. Further it commits to serving charity care and uninsured patients.

Parking

The proposed new building will also house almost 5 levels of parking to accommodate the patients, families, physicians, and staff who will use the physician offices and the Surgery Center.

Even though SCH is fortunate enough to be located on public transportation routes, many patients, visitors, physicians, staff, and others arrive at the Hospital by automobile. Today the Hospital has 1,689 parking spaces, both surface and in a parking garage. A recent parking and traffic study conducted by Desman Associates concluded that the Hospital's available parking is limited; at peak times the available on street and off street parking spaces are nearing capacity. This parking study also suggested that here is a potential need for 164 to 232 additional parking spaces at 90 percent occupancy.

The proposed new structure will be located on a site that is currently surface parking with 59 parking spaces. At the completion of the project, the Hospital will have 201 additional parking spaces (260 new – 59 displaced = 201 total).

The parking spaces will be primarily for patients, visitors, physicians, and staff using the medical office spaces and the Surgery Center. It will also be connected to another medical office building that currently exists on the site adjacent to the new structure to allow those using the existing medical office building to also access the new parking spaces.

Summary

The proposed medical office building has been developed based on the need for additional physicians in the community and the needs of the community and for outpatients for surgery capacity, and parking to provide easier access to the available health services. The proposed non-hospital ambulatory surgery service will not only provide high quality, less costly surgery options to many outpatients, it will also relieve the currently over-utilized surgery suite at the Hospital to allow for additional, higher acuity inpatient surgery cases to be performed.

By improving access to physicians, by reducing time from diagnosis to surgery, and by providing a more cost effective surgical option in the Surgery Center, the proposed project will 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, per the applicant's definition.

Swedish Covenant Hospital defines its service area being in the northern part of the City of Chicago essentially bounded by North Avenue to the south, Interstate 294 to the west, Golf Road to the north, and Lake Michigan to the east.

The State Agency rules instruct an applicant to define a geographic service area (GSA) when establishing a non-hospital based ambulatory surgery category of service; the GSA of these centers can have a radius no less than 30 minutes and no more than 60 minutes adjusted / normal driving time from the location of the proposed site. The applicants believe a GSA with a 30-minute normal drive time radius is more than sufficient; the extent of the Surgery Center's GSA and SCH's service areas are included on the map, see Attachment 11, Exhibit 1. As displayed on the map, the GSA is much larger than the service area defined by the Hospital. In fact, 81 percent of the Hospital's outpatient surgical patients reside in the Hospital's defined service area, only 9 percent live in the area of the GSA beyond the service area, and the remaining 10 percent are from all other areas. The difference between the Hospital's definition and the State's definition suggests that there may be other centers in the GSA that are beyond the expected service area of the proposed Surgery Center. Even so, the applicants have considered all of the surgical providers within the GSA (hospital and non-hospital based) in the analysis provided in this application.

3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]

Existing problems or issues that need to be addressed by the project include:

- The need to attract and retain needed physicians to the community.
- The need to provide office space for the needed physicians.
- The need to expand surgery capacity to meet the additional needs of the Hospital's physicians and patients. The proposed outpatient capacity will allow appropriate outpatient cases to migrate from the Hospital's currently undersized and over-utilized operating suite. This relocation of cases will have two important benefits. First, it will give many patients a safe, less costly alternative to inpatient surgery. Additionally, it will relieve space in the Hospital's crowded operating rooms to accommodate higher acuity inpatient cases.

4. Cite the sources of the information provided as documentation.

Sources of data used in the preparation of this application include: Swedish Covenant Hospital data and records, IHFSRB rules and guidelines, IDPH Hospital and ASTC Profiles, IDPH rules and requirements, Desman Associates Parking Demand Analysis, Nielsen Claritas, U.S. Census Bureau, National Center for Health Statistics, MapQuest.com, Microsoft MapPoint, Ambulatory Surgery Center Association, ASC Quality Collaboration, BSA Life Structures, and Power Construction Company.

5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.

A community's health care needs are met through the combined efforts of many agencies, including hospitals and physicians. Swedish Covenant Hospital has been an essential provider of quality and compassionate care to its community since 1886. Today, the ability to continue this mission requires that the Hospital be positioned to recruit and retain more physicians, to have office space for the physicians, and have the capacity to perform at least SCH's current volume of outpatient and inpatient surgery.

The project will address these needs and thereby improve the community residents' health and well being. The project will enhance the Hospital's ongoing recruitment and retention efforts of needed physicians in the community by providing needed medical office space to house new physician office practices, and by increasing operating room capacity on the campus to provide patients within the GSA with better access to outpatient surgical services.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals.

Overriding Goal: To enhance physician recruitment efforts by improving access, maintaining quality, and assuring lower costs of care by developing a medical office building containing lease space for physicians, a non-hospital ambulatory surgery center, and necessary parking to support the patients accessing the facility.

Objective 1: To have on-campus office space available to accommodate at least 35 physicians. These physicians may include approximately 20 to 30 primary care physicians from the Hospital's residency program as well as replacements for retiring physicians and others to develop and staff new clinical programs that have been identified as needed in the community. The first office space should be available by March 31, 2012.

Objective 2: To expand surgery capacity on the Swedish Covenant campus by adding 3 operating rooms for outpatient surgery in a non-hospital ambulatory surgery center. This addition will provide many patients with a safe, less costly option to inpatient surgery and will relieve the current over-utilization of the Hospital's operating rooms so they will be able to accommodate higher acuity inpatient cases in a more timely way. It is expected that the first case will be performed by October 1, 2012; it is further expected that by December 31, 2014 the migration of cases and from the Hospital and a portion of growth in new cases will have occurred so that the non-hospital ambulatory surgery center and the Hospital operating rooms will be functioning at State Agency target utilization of 1,500 hours per room.

Objective 3: To expand parking capacity on the SCH campus by constructing the lower 5 levels of the proposed new structure as ramps and parking for use by the patients, physicians and staff using the physician offices, the non-hospital ambulatory surgery center, and the adjacent medical office building (which will be connected by a short bridge), as well as fulfilling other campus parking needs as appropriate. Parking space in the medical office building will begin to become available during early winter of 2011.

For projects involving modernization, describe the conditions being upgraded. For facility projects, include statements of age and condition and regulatory citations. For equipment being replaced, include repair and maintenance records.

The project does not involve modernization.

SECTION III – PROJECT PURPOSE—BACKGROUND AND ALTERNATIVES— INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no costs.

Criterion 1110.230 –Project Purpose, Background and Alternatives

ALTERNATIVES

Document ALL of the alternatives to the proposed project:

Examples of alternative options 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 resources that are available to serve all or a portion of the population proposed to be served by the project, and (there is no D).
- 2) **Documentation shall consist of a comparison of the project to the alternative options. The comparison shall address cost, patient access, quality, and financial benefits in both the short-term (one to three years) after project completion) and long term. This may vary by project or situation.**

As part of Swedish Covenant Hospital's (SCH, the Hospital) ongoing planning process, several community needs were identified. These needs were ranked and those with the highest priority underwent extensive analyses including a review of alternatives available to accomplish them.

The structuring and evaluation of alternatives by Swedish Covenant Hospital leadership was based in the reality of the Hospital's location and community demographics.

The first consideration in developing the alternatives was an understanding of the location of the Hospital's campus. Swedish Covenant Hospital's campus is located in a mature urban neighborhood. The immediate vicinity of SCH is highly congested with traffic since schools, churches, private homes, and River Park surround the Hospital. Drive times for this area provided on Internet sites such as Google and MapQuest are consistently understated. Physician and patient commute time to and from the Hospital is impacted throughout the day.

The second consideration is the socioeconomics of the local area population. Swedish Covenant Hospital is a Federal Disproportionate Share Hospital serving a large number of patients who are covered under Medicaid, Medicare, and those who are uninsured. The community patient payor mix represents financial challenges to physicians on Swedish Covenant Hospital's medical staff. Under these circumstances, a physician must be very productive in order to maintain a financially viable practice. On campus offices increase productivity and allow patients to access needed healthcare services in one place.

The continued growth of the SCH patient base exceeds the growth of the physician population. SCH needs to recruit additional medical talent to the community, but this is proving to be increasingly difficult because of a lack of available office space on the campus and the limited access to surgery in the Hospital's over-utilized operating rooms. The Hospital has undertaken numerous initiatives to increase patient throughput; even so, its operating suite remains congested and over-utilized.

Two ways of accomplishing increased physician productivity are first to have office space on the campus to reduce commute time and second to have available surgery capacity to expedite scheduling cases. Each of these objectives is beneficial to the community as the objectives serve to attract and retain needed physicians to serve the diverse patient population. The objectives also allow area patients faster access to surgical services and a more cost-effective surgical option.

In order to evaluate alternatives, SCH leadership determined that that the project of choice would:

- Enhance ongoing efforts to recruit physicians to improve patient access to physician services.
- Provide additional surgery capability on the Swedish Covenant Hospital campus in a cost effective way.
- Provide other services that complement the recruitment and surgery initiatives depending on how recruitment and surgery issues were resolved.

With the support of BSA LifeStructures, SCH clinical and administrative leadership focused on 5 alternatives.

Alternative 1 – Expand the Number of Swedish Covenant Hospital’s Operating Rooms

The first alternative envisioned expanding SCH’s current suite; the suite is located on the second level of the Galter Medical Pavilion (GMP). The GMP was constructed in 1997; the surgical suite was part of the original construction. In 1998, a replacement Obstetrics Department was constructed and opened on the third level of the building. Consequently, today, the Surgical Department is “sandwiched” between the Cancer Center and Diagnostic Imaging on the first floor and the Obstetrical Department on the third floor of the GMP.

Alternative 1 was rejected for the following reasons:

- It is not feasible to expand the surgical suite vertically because it is sandwiched between two floors with necessary services.
- It is not feasible to expand the surgical suite horizontally. The second floor of the GMP houses not only the surgical suite and related support services, but also 2 cardiac catheterization laboratories.

There is no cost assigned to this alternative because it is not feasible.

Alternative 2 – Demolish the Covenant Church Denomination Headquarters Building, Expand 5 Levels of Parking on the Vacated Site, and Up to 5 Levels of Physician Office Space, a Non-Hospital Based Surgery Center, or Both

The Covenant Church Denomination Headquarters is located on the Swedish Covenant Hospital campus adjacent to a parking structure. The second alternative considered included the development of a 10-level structure on the Covenant Church Denomination Headquarters site.

The following phasing would occur. The Headquarters building would be demolished; the thus-vacated site would be used to expand the existing 5-level parking structure to the west. Then physician office space or non-hospital based ambulatory surgery, or both, could be constructed on top of the expansion parking structure.

Although this alternative appeared to have potential, it was rejected for the following reasons:

- The location of the Covenant Church Denomination Headquarters Building is remote from other clinical services on the Swedish Covenant Hospital campus. It would be very difficult for physicians and patients to move back and forth between the proposed site and the Hospital outpatient diagnostic services – necessitating duplication of ancillary clinical services in the proposed structure.

- The Headquarters' site is currently planned for an expansion of the adjacent surface parking lot for the Galter LifeCenter, the first medically-based fitness center in Chicago. This facility has 8,000 plus members and is in need of additional parking space. Although Alternative 2 would increase available parking, the capacity of the proposed construction would not support the needs of the Galter LifeCenter and the proposed physician office space and non-hospital based surgery center.
- The Headquarters' site in the even longer term is master planned to accommodate a future hospital facility expansion.

The projected construction cost of this project was \$68,881,061; total project cost was \$76,595,739. This alternative was considered too costly.

Alternative 3 - Build a 2-Level Non-Hospital Based Ambulatory Surgery Center on the Southwest Corner of Carmen and California Avenues

The site considered in Alternative 3, the southwest corner of Carmen Avenue and California Avenue, is currently occupied by 3 single family homes. These properties are directly across Carmen Avenue from the SCH Parking Garage and they are owned by the Hospital.

While this was a lower cost alternative than certain of the other alternatives, it was rejected for the following reasons:

- Because of the limited footprint of the building, the resulting facility would not be able to accommodate 3 OR's and required support space on a single level. As a result, the facility would require premium construction costs; further, it would be costly to operate and operationally inefficient.
- The site at Carmen and California avenues is not large enough to accommodate physician office space needed to enhance the physician recruitment efforts and to provide area patients with necessary physician services.
- The proposed site would accommodate only very limited adjacent surface parking. The option of building a pedestrian bridge between the proposed California and Carmen site to the SCH Parking Garage was considered, but deemed to be too expensive to be feasible. Besides, the Parking Garage is already at capacity.
- The site proposed for Alternative 3 is located in a residential neighborhood; a clinical use for this site could be intrusive for area residents.

- The Alternative 3 site is currently master planned for a future relocation of the Hospital's McCormick Child Care Center.

The construction cost of this alternative is \$4,025,354; the project cost is \$5,232,960.

Alternative 4 – Construct an 8-Level Building with Physician Office Space, a Non-Hospital Based Ambulatory Surgery Center, Retail Space, an Adjacent Skilled Nursing Facility, and a Parking Garage with a Pedestrian Bridge across California Avenue.

This alternative included the construction of an 8-level building with 50,000 square feet of leasable physician office space, a 12,000 square foot non-hospital based ambulatory surgery center with 3 operating rooms, 9,000 square feet of retail space, an adjacent skilled nursing facility and a 5-level parking garage with a pedestrian bridge connector across California Avenue. While this alternative appeared to have potential because it could support 3 operating rooms and had sufficient leasable physician office space and additional parking capacity to meet community needs, it was rejected for the following reasons:

- Despite a significant amount of management time and effort, the Hospital has been unable to acquire the required land parcels from two separate private owners to move this project alternative forward.
- Plans to construct a new skilled nursing facility have been put on hold.
- The total project cost was deemed too high to be financially feasible.

The projected construction cost of this alternative was \$69,732,000, and the total project cost was estimated to be \$77,542,000.

Alternative 5 – Construct an 8-Level Medical Office Building with 5 Levels of Parking and 3 Levels of Physician Office Space and Space for a 3-Room Non-Hospital Based Ambulatory Surgery.

Another site on the Hospital campus then became the focus of the alternative evaluation because it, too, offered the potential to develop a non-hospital ambulatory surgery capability. A site on the northeast corner of North California Avenue and Foster Avenue currently houses a surface parking lot and other non-essential buildings. The property is owned by Swedish Covenant Hospital and is directly across Foster Avenue from the Hospital and the Galter Medical Pavilion.

The leadership considered the use of this site for physician office and retail lease space, a non-hospital based ambulatory surgery center – the Swedish Covenant Surgery Center (SCSC; the Surgery Center), and parking. Early evaluation determined that an 8-level building could be

constructed on the site. More specifically, of the 8 levels, the first 5 levels could house parking and the top 3 levels could include 2 and a half levels of physician office lease space with half a level dedicated to the Surgery Center.

After further reviewing the advantages and disadvantages of this alternative, the leadership determined that this was the option of choice for the following reasons:

- The location of the proposed medical office building, as part of the SCH campus, would enhance efforts to recruit needed physicians to the community.
- The new structure could include medical office space to accommodate at least 35 more physicians, or enough to meet community need and replace retiring physicians.
- The structuring of the joint venture that will own and operate the Swedish Covenant Surgery Center has the potential to include physician owners at some time in the future. This would serve as a further enticement to bring needed physicians to the community.
- Alternative 5 would provide outpatient surgery capability on the SCH campus in a cost effective way. The development of 3 new outpatient operating rooms in a non-hospital based ambulatory surgery center could accommodate increasing outpatient volume, and relieve the Hospital's overcrowded and over-utilized operating rooms, leaving a greater capacity for high acuity inpatient surgery patients.
- A non-hospital based ambulatory surgery program on the campus would give patients a less costly and more accessible alternative to inpatient surgery.
- This alternative would provide needed parking for the physician offices and the proposed Surgery Center.
- The location of the parking structure makes it possible to connect with an adjacent medical office building to accommodate physicians and patients from that building as well.
- The cost of this alternative is lower than other potentially viable alternatives that SCH leadership considered.

The alternative of choice and the subject of this application is to develop an 8-level medical office building directly across the street from Swedish Covenant Hospital and Galter Medical Pavilion. This alternative meets all of the goals that the Swedish Covenant leadership set forth for the project and best meets the needs of the community. The building would have physician offices as well as other leased retail space, a non-hospital

ambulatory surgery center with 3 operating rooms, and adequate parking to support the needs of the offices, the Surgery Center, and the needs of an adjacent SCH medical office building. The construction cost of this alternative is \$36,391,164; the project cost is \$49,809,652.

Cost Benefit Analysis of Alternatives

Alternative	Construction Cost	Project Cost	Rationale
1. Expand Number of Operating Rooms at SCH	\$0 Not Feasible	\$0 Not Feasible	Rejected <ul style="list-style-type: none"> • Surgical suite cannot be expanded vertically. • Surgical suite cannot be expanded horizontally.
2. Demolish and Build on the Covenant Church	\$68,881,061	\$76,595,739	Rejected <ul style="list-style-type: none"> • Location is remote from other clinical services on the SCH campus; ancillary services would have to be duplicated. • Site is master planned for future use, including a future hospital facility expansion.
3. Build a 2-Level Building at the Corner of Carmen and California Avenues	\$4,025,354	\$5,232,960	Rejected <ul style="list-style-type: none"> • Non-hospital based ambulatory surgery would need to be constructed on 2 levels and would be operationally inefficient and costly. • Would not accommodate adequate physician office space to enhance physician recruitment efforts. • Site too small for adequate parking. • Master planned for the Hospital's McCormick Child Care Center.
4. Construct a 8-Level Building with physician office leased space, a non-hospital based ambulatory surgery center, a skilled nursing facility, and a parking structure	\$69,732,500	\$77,542,000	Rejected <ul style="list-style-type: none"> • Needed land parcels could not be acquired. • SCH has delayed construction of a skilled nursing facility. • High project cost not feasible.
5. Construct an 8-Level Building with 5 Levels of Parking, Adequate Space for Physician Offices, and a Non-Hospital Based Ambulatory Surgery Center	\$36,391,164	\$49,809,652	Alternative of Choice <ul style="list-style-type: none"> • Location and size would enhance efforts to recruit physicians to the community. • Would accommodate offices for at least 35 physicians, consistent with community need. • Would provide space for a 3-room non-hospital based ambulatory surgery center and would relieve the very congested inpatient suite in the Hospital. • Would provide patients with a less costly and more accessible alternative to outpatient surgery in the Hospital. • As a potential future joint venture with physicians, recruitment of physicians would be further enhanced. • Would provide needed parking to allow patients access to medical services.

3) The applicant shall provide empirical evidence including quantified outcome data that verifies improved quality of care, as available.

The following is an overview of three studies that provide quantified outcome data that verifies improved quality of care and lower cost with ambulatory surgery.

The first study was published by the Ambulatory Surgery Center Association and is entitled *Ambulatory Surgery Centers: A Positive Trend in Health Care*. This document provides an overview of the transformation of a high percentage of surgery in the United States to the ambulatory recently setting. The following is excerpted from that study.

In the 1970s, almost all surgery was performed in hospitals. Hospital-based surgery was characterized by weeks or months of waiting for an appointment while patients were typically hospitalized for several days and were out of work for several weeks in recovery.

The first ambulatory surgery facility was opened in 1970 by two physicians who saw the opportunity to establish a high quality, cost effective and efficient alternative to inpatient surgical care. Because ambulatory surgery centers offer physicians the ability to work both more efficiently and cost effectively, they are uniquely positioned to play an important role in managing the increased need for lower cost surgical services in the years ahead. This need for increased surgical services is related directly to the aging of the population which is expected to increase the demand for surgical services over the next decade from 14 to 47 percent, depending on the specialty.

The safety and quality of care offered in ambulatory surgery centers is evaluated by independent observers through three processes: state licensure, Medicare certification, and voluntary accreditation.

In order to participate in the Medicare program, ambulatory surgery centers are required to comply with standards developed by the federal government for the specific purpose of ensuring the safety of patient and the quality of the facility, physicians, services and management of the ambulatory surgery center. The ambulatory surgery center must demonstrate compliance with these Medicare standards initially and on an ongoing basis. Some of these requirements include:

- Ambulatory surgery centers are required to maintain complete, comprehensive and accurate medical records.

- Medicare requires ambulatory surgery centers to ensure patients do not acquire infections during their care in these facilities by establishing a program for identifying and preventing infections, maintaining a sanitary environment, and reporting outcomes to appropriate authorities. Ambulatory surgery centers have historically had very low infection rates.
- A registered nurse trained in the use of emergency equipment and in cardiopulmonary resuscitation must be available whenever a patient is in the ambulatory surgery center and the facility must have an effective means of transferring patients to a hospital for additional care in the event an emergency occurs.
- Ambulatory surgery services must have continuous quality improvement policies. An ambulatory surgery center, with the active participation of the medical staff, is required to conduct an ongoing comprehensive assessment of the quality of the care provided.

The excellent outcomes associated with ambulatory surgery reflect the commitment that the ambulatory surgery center (ASC) industry has made to quality and safety. One of the many reasons that ambulatory surgery centers continue to be successful with patients, physicians, and insurers is their keen focus on ensuring the quality of the services provided.

Not only are ASCs focused on ensuring patients have the best surgical experience possible (patient satisfaction levels in ambulatory surgery centers exceeds 90 percent), the care they provide is more affordable. Ambulatory surgery centers offer valuable surgical services at lower cost when compared to hospital charges. In addition, patients typically pay less coinsurance for procedures performed in an ambulatory surgery center than in the hospital setting.

Without the emergence of ambulatory surgery centers as an option for care, health care expenditures would have been billions of dollars higher over the past three decades. The Medicare program alone would pay approximately \$464 million per year more if all procedures performed in an ambulatory surgery center were instead provided in a hospital. (Med PAC, Report to Congress, Medicare Payment Policy, March 2004). Private insurance companies tend to save similarly, which means employers also incur lower health care costs by utilizing ambulatory surgery center services. Employers and insurers, particularly managed care entities, are driving ambulatory surgery center growth in many areas; because they recognize that ambulatory surgery centers are able to deliver consistent, high quality outcomes at a significant savings.

Ambulatory surgery centers consistently perform as well as, if not better than hospital outpatient surgery services when quality and safety are examined. For example, rates of death were lower in freestanding ambulatory surgery centers as compared to hospital outpatient surgical services.

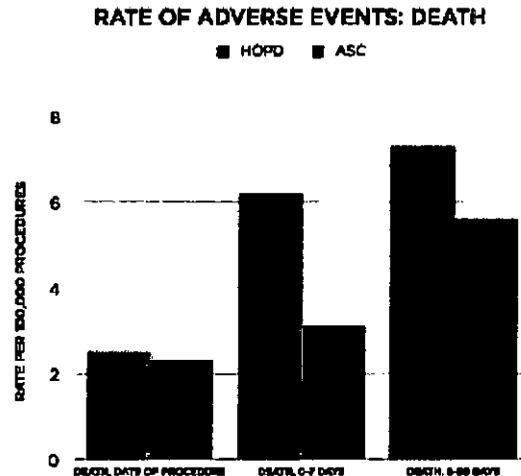


FIGURE 1A. Petersak LR, Herbert R, Anderson GE. Inpatient hospital admission and death after outpatient surgery in elderly patients: importance of patient and system characteristics and location of care. *Arch Surg.* 2004;139(11):17-22.

Even after controlling for factors associated with higher-risk patients, ambulatory surgery centers had lower adverse outcome rates for emergency department visits and inpatient admission than hospital outpatient surgical services.

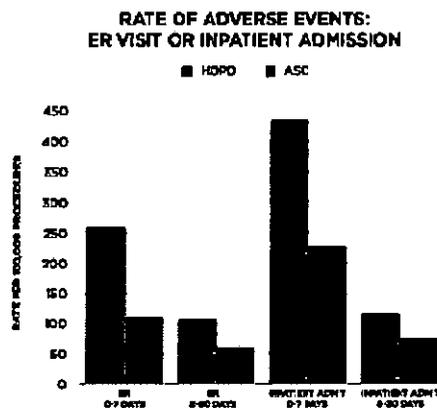


FIGURE 1B. Petersak LR, Herbert R, Anderson GE. Inpatient hospital admission and death after outpatient surgery in elderly patients: importance of patient and system characteristics and location of care. *Arch Surg.* 2004;139(11):17-22.

Source: Ambulatory Surgery Center Association. *Ambulatory Surgery Centers: A Positive Trend in Health Care* <http://www.ascassociation.org/advocacy/AmbulatorySurgeryCentersPositiveTrendHealthCare.pdf>

The proposed Swedish Covenant Surgery Center will have an Illinois license, will seek participation in Medicare and Medicaid, and will be accredited.

The second quantified outcome data was published by the ASC Quality Collaboration (the American Surgery Center Association; Ambulatory Surgery Centers of America; AmSurg; HCA

Ambulatory Surgery Division; National Surgical Care; Nueterra: Surgical Care Affiliates, Symbion; and United Surgical Partners International. The findings are based on data collected from April 1, 2009 to June 30, 2009 and clearly define ambulatory safe.

Patient Falls in ASC

Falls are an important issue for surgery patients because almost all patients receive sedatives, anesthetics and/or pain medication as a routine part of their care. The use of these medications increases the likelihood of a fall.

During the study period, the rate of patient falls in 1,213 participating ASCs with 1,454,885 admissions was 0.183 falls per 1,000 admissions.

Patient Burn

Burns are an important issue for ambulatory surgery patients because the equipment and supplies routinely used in providing ambulatory surgery services can increase the risk that a patient will experience an unintended burn.

The frequency of ASC burns per ASC admission, regardless of severity, while in the care of 1,209 participating ASCs with 1,443,819 admissions was .042 burns per 1,000 admissions.

Hospital Transfer/Admission

ASCs provide surgical services to patients who are not expected to require hospitalization. Therefore, ASCs screen patients referred to their facilities to ensure that they can be safely cared for as an ambulatory patient. Not all conditions requiring a hospital transfer or admission results from the care the patient received in the ASC, nor can all medical conditions requiring a hospital transfer or admission be anticipated in advance. Therefore, some level of hospital transfer or admission is expected.

The frequency of ASC transfers/admissions from 1,294 participating ASCs with 1,528,402 admissions was 0.997 per 1,000 admissions.

Wrong Site, Side, Patient, Procedure, Implant

Wrong site, wrong side, wrong patient, wrong procedure and wrong implant events are a concern for patients having ambulatory surgery.

The frequency of ASC admissions experiencing a wrong site, wrong patient, wrong procedure or wrong implant event while in the care of a participating 1,289 ASCs with 1,515,620 admissions was .032 wrong sites, side, patient, procedure, per implant per 1,000 ASC admissions.

Prophylactic IV Antibiotic Timing

Prevention of surgical wound infections is an important issue for ambulatory surgery patients. In cases where the physician has determined that an antibiotic should be given to help prevent a surgical wound infection, giving the antibiotic at the right time is important. Research indicates that antibiotics given too early, or after the surgery begins, are not effective.

The percentage of ASC admissions to help prevent surgical wound infection that received the antibiotic in the appropriate timeframe at 666 participating ASCs with 773,772 admissions was 96 percent.

Appropriate Surgical Hair Removal

Properly preparing the patient for surgery often requires the removal of body hair in the area where the surgery will be done. Removing body hair with electric clippers or hair removal cream reduces the likelihood of surgical wound infection. Removing body hair by shaving with a razor may increase the likelihood of a surgical wound infection.

The percentage of ASC admission that had body hair removed appropriately with electric clippers or hair removal cream in 423 participating ASCs with 432,936 admissions was 98 percent.

Source: <http://www.ascquality.org/qualityreport.html> January 14, 2010

The final study, *Surgery Pricing Secrets: the Challenges Patients Face*, was published in the Healthcare Blue Book and concluded that ambulatory surgery centers outperform hospitals in offering patients easy access to pricing information, estimating costs, offering discounts, and providing the best value for surgery. On average, hospitals were four times more costly than ambulatory surgery center for the same procedure. While prices varied significantly between facilities and between markets, ambulatory surgery centers were consistently less expensive than hospitals for out-patient surgery.

Source: <http://www.beckersasc.com/news-analysis-asc/business-financial-benchmarking/research-indicates-ascs-outperform-hospitals-in-price-transparency-discounts-best-value-for-surgery.html>

SECTION IV - Project Scope, Utilization, and Unfinished/Shell Space

Criterion 1110.234 – Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF THE PROJECT:

- 1. Document that the amount of physical space proposed for this proposed project is necessary and not excessive.**
- 2. If the gross square footage exceeds the GSF standards in Appendix B, justify the discrepancy by documenting one of the following:**
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies.**

The applicants, Swedish Covenant Surgery Center, LLC (SCSC, the Surgery Center), Swedish Covenant Hospital (SCH), and Covenant Ministries of Benevolence propose to develop a medical office building containing both clinical and non-clinical space. The non-hospital based ambulatory surgery category of service, the Surgery Center, will have both clinical and non-clinical space. Other non-clinical space includes parking and lease space for physician offices and other tenants that desire to locate in this building.

Attachment 13, Exhibit 1 is a stacking diagram of the proposed building. A site plan showing the location of the proposed new building is included as Attachment 13, Exhibit 2. The building rendering is shown in Attachment 13, Exhibit 3.

CLINICAL SPACE

The clinical space in the proposed Swedish Covenant Surgery Center will include 3 operating rooms with central sterile processing facilities and a total of 12 Stage I and Stage II recovery bays. As shown on Attachment 13, Exhibit 1, the Surgery Center will be located at the top level of the medical office building. Attachment 13, Exhibit 4 is a schematic drawing of this floor, which includes the proposed Surgery Center. The remaining space on this floor is slated to be leased space for physician offices, see non-clinical space.

All clinical areas in the project have less than or the same square footage as allowed by the State Agency guidelines.

Operating Rooms

The ambulatory surgery suite will include 3 operating rooms, scrub and sub-sterile areas, a nurse station, a control station, patient holding, central sterile, medication and nourishment, clean utility, soiled holding, an anesthesia workroom, physician dictation, medical gas storage, C-arm and equipment alcove, stretcher storage, housekeeping, biohazard storage, as well as staff lockers and lounges. The 3 operating rooms and related spaces will be housed in 6,821 GSF of space.

The current and proposed State Agency guideline for operating rooms is 2,750 GSF per room.

3 operating rooms x 2,750 GSF per room = 8,250 GSF allowable operating room space.

6,821 GSF of proposed operating room space is <
8,250 GSF allowable operating room GSF.

Stage I and Stage II Recovery

The proposed ambulatory surgery center will have 12 recovery bays – or 4 for each justified operating room. Of these, 3 will be Stage I and 9 will be Stage II recovery bays.

The support space for the Stage I and Stage II recovery bays includes patient changing rooms, patient toilet, housekeeping, an equipment alcove, and storage.

The current State Agency guideline for a recovery bay is 180 GSF per bay.

12 recovery bays x 180 GSF per bay = 2,160 GSF allowable recovery bay space.

The 2,160 GSF of recovery bay space is = 2,160 allowable recovery bay GSF.

There will be a total of 8,981 GSF of clinical space in the project.

NON-CLINICAL SPACE

There will be non-clinical space in both the Swedish Covenant Surgery Center as well as in the remainder of the building.

SCSC Non-Clinical Space

The non-clinical space in the Surgery Center will include waiting and reception; administrative offices, workrooms and other staff work areas; medical records storage; interview and consultation areas; a multipurpose room; the director of nursing office, and wheelchair storage.

There will be a total of 3,413 GSF of non-clinical space in the Surgery Center.

Building Non-Clinical Space

The medical office building excluding the Surgery Center will have 223,497 GSF of non-clinical space including lease space, circulation and other public spaces, parking, and mechanical space.

Lease Space for Physician Offices and Retail Space

Part of the street level of the medical office building will contain retail space. The sixth, seventh, and part of the eighth levels will be lease space for physician offices. Lease space for physician offices and retail will account for 64,518 GSF of the total building.

Parking

The first level of the proposed building will contain parking in addition to a ramp and retail space. Levels 2 through 5 will contain parking only. Parking will account for 121,805 GSF of the medical office building. The parking will be used by the Surgery Center patients and staff, other tenants in the lease space (especially physicians and their patients), for customers of the retail space, and as overflow for the limited campus parking. There will be a total of 260 spaces in the medical office building. Since the new structure will be located on the site of a current parking lot with 59 surface parking spaces, the net gain in parking will be 201 spaces.

Circulation and Other Public Space

Circulation and other public space, which includes a public lobby, elevators, stairwells, and public toilets, will account for 23,876 GSF in the medical office building.

Mechanical

A mechanical penthouse will be located above the eighth level of the medical office building structure. Total mechanical space including, the penthouse, electrical and telecommunications closets is 13,298 GSF.

SUMMARY

The proposed medical office building including all clinical and non-clinical space will have 235,890 BGSE.

- b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in size exceeding the standards in Appendix B.**

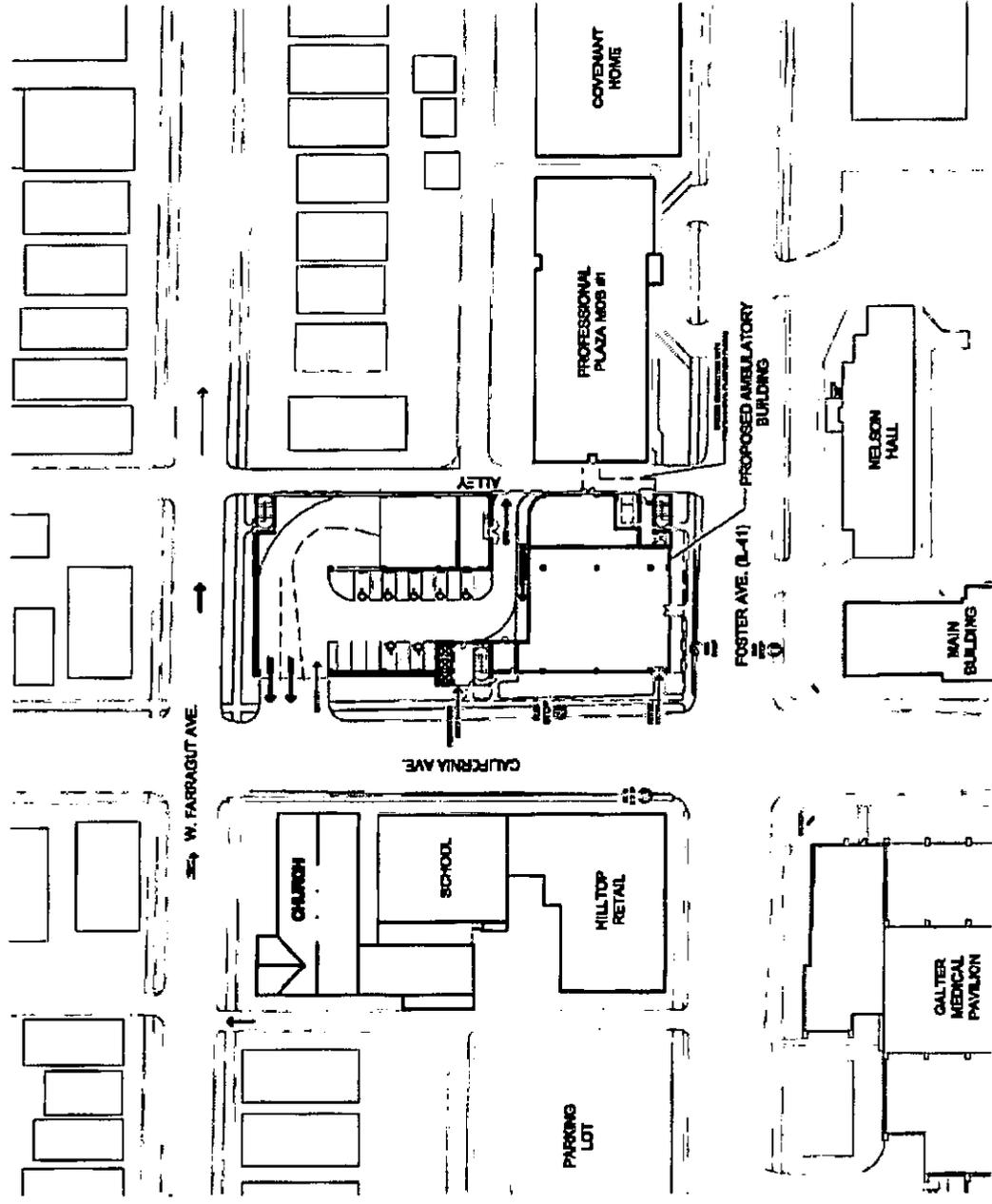
Attachment 13, Exhibits 5 and 6 are letters describing the constraints and impediments that have influenced square footage and cost.

- c. The project involves the conversion of existing bed space and results in excess square footage.**

Not applicable. The project does not involve the conversion of bed space.



San Francisco Municipal Authority Building
 Proposed Site Plan
 25 February 2010



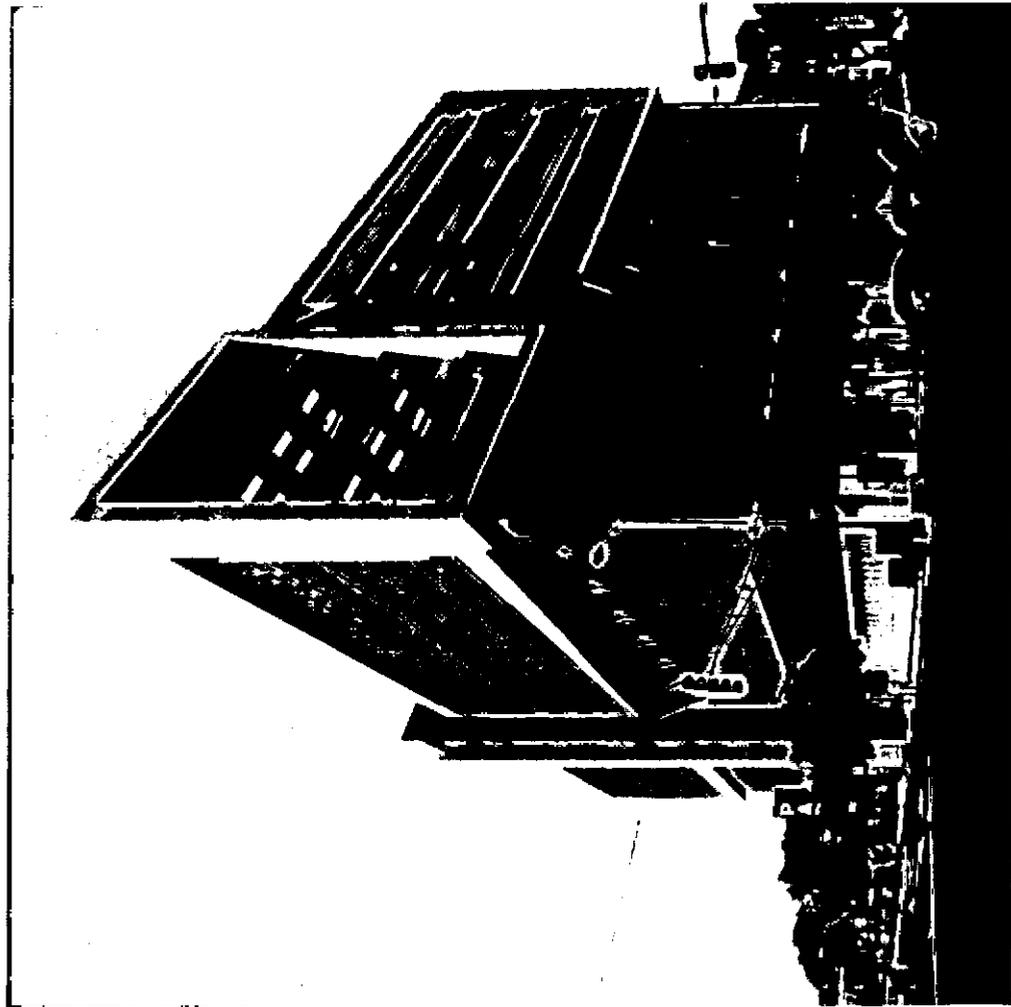
BSA
BSA Architecture

City of Berkeley, California
 Planning and Public Works
 Department
 1150 University Ave., 3rd Floor
 Berkeley, CA 94702
 Tel: 415.863.1000
 Fax: 415.863.1001

ATTACHMENT 13
 Exhibit 2



San Joaquin General Hospital Auxiliary Building
 Exterior Design Concept
 View of California Ave. and Prater Ave. Building Northwest
 21 February 2010



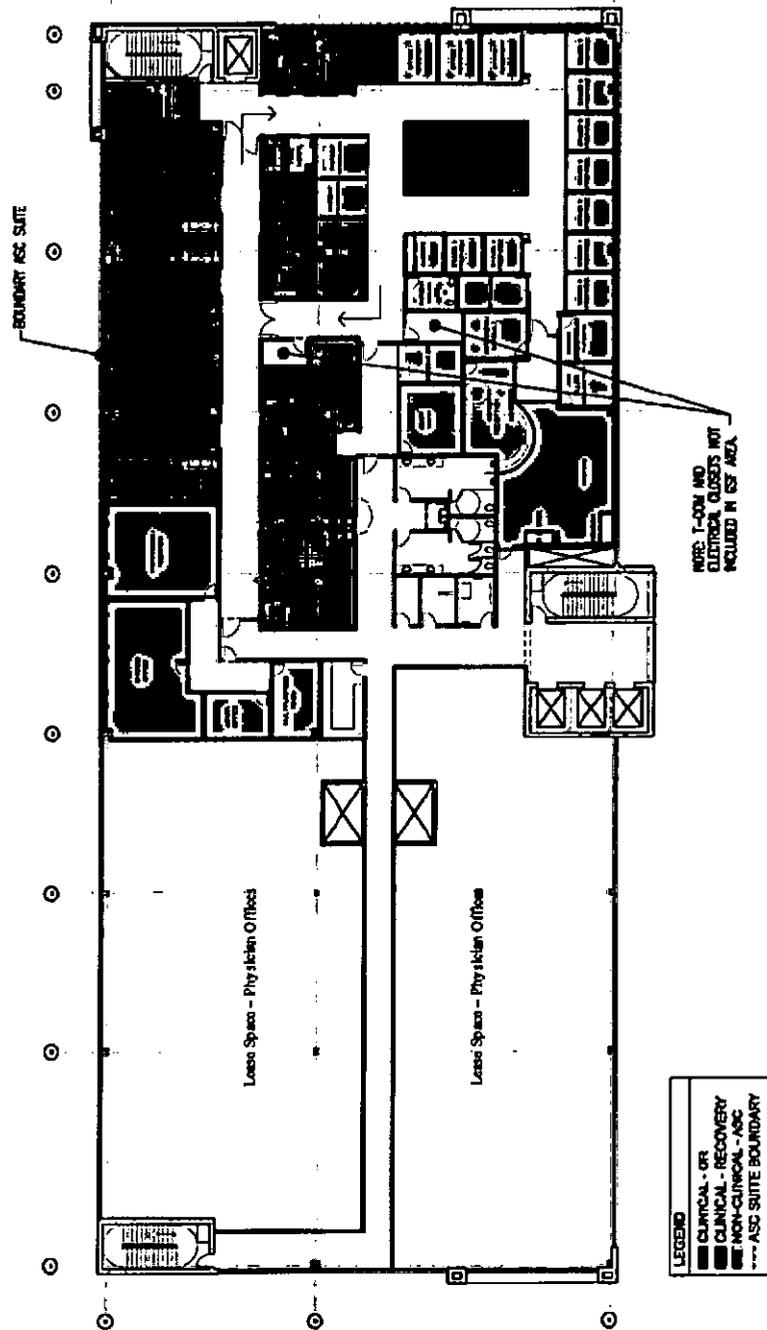
Architectural rendering of the exterior design concept for the San Joaquin General Hospital Auxiliary Building, showing the building's form and materials.

PSA
Professional Services Architects

SCH 80S ASTC 3/17/2010 3:46:10 PM



Pennington General Hospital Auxiliary Building
 Clinical & Non-Clinical Areas
 14 March 2010



DSA
Design Associates



Since 1926

POWER
CONSTRUCTION
COMPANY, LLC

2/23/2010

Swedish Covenant Hospital Parking Garage and MOB Project Impediments Letter

The following impediments to the project have resulted in premiums which have increased the overall project cost:

1. This is not a green field site. There is demolition of an existing condo building as well as demolition of an existing parking lot which must take place before construction can begin
2. This is an urban site, surrounded by heavily traveled arterial roads. Protection of pedestrians adjacent to the building and bus stops is a premium to the project.
3. In order to accommodate deliveries, the parking lane of California Ave. must be closed. The fees associated with the lane closure and loss of parking meter revenue are premiums to the project.
4. Overhead utilities currently serve adjacent structures. These will have to be relocated underground before construction can begin. This rework is a premium.
5. The soil borings have identified that there is approx. 10 feet of urban fill on the site. This will have to be partially removed and replaced with structural fill. Additionally caissons to hard pan will be required. This is a premium to the project.
6. The construction plans call for a depressed area under the garage ramp to house an emergency generator. This will require sheeting to retain the adjacent soils, which is a premium to the project.
7. Because the MOB sits atop the parking garage, the building falls under the Chicago High Rise code. This necessitates an emergency generator which is a premium.
8. Given the tight site constraints of the site, a tower crane is necessary for hoisting. This is a premium to the project.
9. Given the constraints of the site, the parking layout is not the most efficient. This results in a higher cost per car than normal.
10. Because the MOB is supported above a non-heated garage, the interstitial space between the garage and MOB must be encapsulated, heated and insulated.
11. A bridge to the Professional building is included as part of this project. The cost of the bridge is a premium.

Regards,

Wayne Ziemer
Project Executive

2260 PALMER DR
SCHAUMBURG, IL
60173-3819
847.925.1300 T
847.925.1372 F

WWW.POWERCONSTRUCTION.NET



10 March 2010

Members of the Illinois Health Facilities and Services Review Board
Illinois Health Facilities and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

**Re: Ambulatory Building, Swedish Covenant Hospital
5145 North California Avenue, Chicago, IL 60625**

Dear Members of the Board,

BSA LifeStructures is actively involved in the planning and design of the Ambulatory Building, located on the campus of Swedish Covenant Hospital in Chicago, Illinois. The master plan evaluated alternatives for locating the Ambulatory Building and the site located on the northeast corner of Foster Avenue and California Avenue was selected as the option of choice. The preferred site, like the alternative investigated has impediments that have result in a premium cost to the project. The following are those noted:

1. Urban Site
 - a. This project is bound by two city streets and an alley. Due to the boundaries of the site, premium costs due to retainage of the site perimeter of the existing streets and alley is necessary. A deep foundation system is also required due to the site location, urban fill and soil conditions considering the proximity to Lake Michigan. This building also is required to be designed to the local City of Chicago high rise building code which results in a premium compared to being constructed in other Illinois cities.
2. Hybrid Building Type
 - a. This building contains multiple uses. A parking facility on five floors, retail on the ground level, leaseable physician offices on three floors and the ambulatory surgery center. There is a premium in construction cost for this building type of multiple uses. The parking facility will be constructed of concrete (either precast or poured in place) and the three physician office floors (including the ASTC) will be of steel frame construction.
3. Existing Site Elements
 - a. In order to clear the existing site for this project, above ground and underground utilities require relocation.
 - b. Removal of and existing residential building and parking lot is also required

35 East Wacker Drive Suite 800 Chicago, IL 60601-7181
Phone 312.324.5600 / Fax 312.326.5099
bsalife.com

Members of the Illinois Health Facilities and Services Review Board
Illinois Health Facilities and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761
10 March 2010
Page 2 of 2

- c. Connection to the existing adjacent medical office building (Professional Plaza) via a bridge including modernization at the area of connection results in a premium to the project.
4. Rezoning Premium
 - a. In order to construct this project, the Hospital is required to rezone a portion of the Project site as well as update the Plan Development for their entire campus. The rezoning results in a premium to the Project due to improvements required for the overall campus.
5. Infrastructure Connectivity
 - a. It is desired to connect this new building to the Hospital's campus wide IT backbone. Due to its location, remote from the central campus, additional costs will be borne to extend and enhance the existing IT background to this building, via underground and under roadway utilities.
6. Predesign efficiencies
 - a. One area of efficiency in this project is the advanced planning of the ambulatory surgery center program. With the design of this program further developed than the remainder of the building, a reduced clinical contingency is required in comparison to the non clinical spaces within the building such as the parking facility, retail and leaseable physician office space as well as the overall shell & core design at this time.

The above are a listing of impediments resulting in a higher than normal cost for this project. The new Ambulatory Building on the campus of Swedish Covenant Hospital is designed as a healing environment to extend the services the Hospital provides for the surrounding community.

Sincerely,



Michael A. Czyrka, AIA, ACHA
Principal-in-Charge

Cc: Mr. Mike Constantino, Supervisor of Project Review
Illinois Health Facilities and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE
Criterion 1110.234 - Project Scope, Utilization, and Unfinished Shell Space

READ THE CRITERION and provide the following information
PROJECT SERVICES UTILIZATION:

This criterion is applicable only to those projects or portions of projects that involve services, functions or equipment for which HFPB has not established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110 Appendix B.

The proposed project includes the construction of a medical office building with physician lease space and also includes the establishment of a new non-hospital based ambulatory surgery category of service, the Swedish Covenant Surgery Center (the Surgery Center). The proposed Surgery Center will have two services that have utilization standards.

The Surgery Center will have 3 operating rooms. Current utilization standards in Section 1110 allow for 1 operating room for each 1,500 hours of surgery.

In Attachment 20, the applicants have documented that 3,209 hours of surgery have been pledged to the proposed new ambulatory surgery center.

The applicants expect the center to achieve 2,407 hours of surgery by the end of the first year of operation and 3,209 hours of surgery by the end of the second year of operation.

$3,209 \text{ hours in the second year} \div 1,500 \text{ hours per room} = 2.1 \text{ or } 3 \text{ allowable operating rooms}$

$3 \text{ proposed operating rooms} = 3 \text{ allowable operating rooms}$

The annual utilization of the operating rooms shall meet the utilization standards specified in Section 1110. Appendix B.

The Swedish Covenant Surgery Center will have 12 recovery bays. Current standards in Section 1110. Appendix B allow for no more than 4 recovery bays per operating rooms.

$3 \text{ operating rooms} \times 4 \text{ recovery bays per operating room} = 12 \text{ allowable recovery bays}$

$12 \text{ proposed recovery bays} = 12 \text{ allowable operating rooms}$

The number of recovery bays shall meet the standards specified in 1110. Appendix B.

SECTION IV – PROJECT SCOPE, UTILIZATION AND UNFINISHED/SHELL SPACE

UNFINISHED OR SHELL SPACE

Provide the following information:

- 1. Total gross square footage of the proposed shell space;**
- 2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function**
- 3. Evidence that the shell space is being constructed due to:**
 - a. Requirements of governmental or certification agencies; or**
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.**
- 4. Provide:**
 - a. Historical utilization for the area for the latest five-year period for which data are available.**
 - b. Based on the average percentage increase for the period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.**

Not applicable. There will be no shell space in this proposed medical office building.

SECTION IV – PROJECT SCOPE, UTILIZATION, AND UNFINISHED /SHELL SPACE

Criterion 1110.234 – Project Scope, Utilization, and Unfinished Space

ASSURANCES

Submit the following:

- 1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time of the categories of service involved.**
- 2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted, and**
- 3. The anticipated date when the shell space will be completed and placed into operation.**

Not applicable. There will be no shell space as part of the project.

SECTION VII. - CATEGORY OF SERVICE - REVIEW CRITERIA

1. This Section is applicable to all projects proposing establishment, expansion or modernization of ALL categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960], WITH THE EXCEPTION OF:
 - General Long Term Care;
 - Subacute Care Hospital Model;
 - Postsurgical Recovery Care Center Alternative Health Care Model;
 - Children’s Community-Based Health Care Center Alternative Health Care Model; and
 - Community-Based Residential Rehabilitation Center Alternative Health Care Model.

If the project involves any of the above-referenced categories of service, refer to “SECTION VIII. - Service Specific Review Criteria” for applicable review criteria, and submit all necessary documentation for each service involved...

2. READ THE APPLICABLE REVIEW CRITERIA FOR EACH OF THE CATEGORIES OF SERVICE INVOLVED. [Refer to SECTION VIII regarding the applicable criteria for EACH action proposed, for EACH category of service involved.]

3. After identifying the applicable review criteria for each category of service involved (see the charts in Section VIII), provide the following information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

A. Planning Area Need - Formula Need Calculation: Not Applicable

1. Complete the requested information for each category of service involved: Refer to 77 Ill. Adm. Code 1100 for information concerning planning areas, bed/station/key room deficits and occupancy/utilization standards.

Planning Area A-01

Category of Service	No. of Beds/Stations/Key Rooms Proposed	HFSRB Inventory Need or Excess	Part 1100 Occupancy/Utilization Standard

Using the formatting above:

2. Indicate the number of beds/stations/key rooms proposed for each category of service.

Category of Service	No. of Beds/Stations/Key Rooms Proposed	HFSRB Inventory Need or Excess	Part 1100 Occupancy/Utilization Standard
Non-Hospital Based Ambulatory Surgery			
• Operating Rooms	3	NA	• 1,500 hours of surgery per operating room
• Recovery bays	12	NA	• 4 recovery bays per operating room

3. **Document that the proposed number of beds/stations/key rooms is in conformance with the projected deficit specified in 77 Ill. Adm. Code 1100.**

Not applicable. 77 Ill. Adm. Code does not report planning area deficits for operating rooms or recovery stations.

4. **Document that the proposed number of beds/stations/key rooms will be in conformance with the applicable occupancy/utilization standard(s) specified in Ill. Adm. Code 1100.**

The applicants have provided letters from surgeons pledging 2,311 surgery cases to the Swedish Covenant Surgery Center. These cases convert to 3,209 hours of surgery or enough to justify 3 operating rooms (see Attachment 20, Exhibits 1 and 2).

According to Section 1100, Appendix B of 77 Ill Admin Code, no more than 4 recovery bays per operating room. Because the applicants have documented the need for 3 operating rooms, it has also documented the need for 12 recovery bays.

B. Planning Area Need - Service to the Planning Area Residents:

1. **If establishing or expanding beds/stations/key rooms, document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.**

The primary purpose of the project is to enhance the ability of Swedish Covenant Hospital to recruit needed physicians to the community in order to provide residents with adequate access to healthcare services.

The Hospital is located in a mature urban area; the area's traffic is very congested at all hours of the day. For physicians who want to come to the Hospital, the time lost in travel takes away from time with patients.

The Hospital is also located in a community with a high proportion of families below the poverty level. In order to have a viable practice in an area where many of the patients are uninsured or underinsured, a physician must be very productive.

In order to accommodate graduating residents and attract new physicians to SCH to address unmet need (especially primary care) and to staff new programs being developed which are needed to meet the unique requirements of the local population, SCH is employing two approaches. One is to build lease space for physician offices so that physicians can see office patients, other outpatients, and inpatients without being faced with the local traffic delays. This office space also provides area residents with

convenient access to physician services. The second is to develop the Swedish Covenant Surgery Center; a multispecialty non-hospital based ambulatory surgery center, to complement the surgical facilities that are currently available at the Hospital. The Hospital's surgery is over-utilized and cannot be expanded. The Surgery Center will allow appropriate outpatient cases to migrate to the safe, lower cost option of ambulatory surgery and will reduce the current high volume in the Hospital surgery, which will relieve operating room congestion and allow for high acuity inpatient cases. The SCSC has been structured so that some time in the future physicians could become owners in the Surgery Center, another recruitment inducement to bring needed physicians to the community.

Access to physicians will mean more prevention and earlier intervention when diseases and conditions can most easily be treated and cured. It will also mean fewer unnecessary visits to more costly services in emergency departments.

The Hospital has a very compact service area. The primary service area is only about 2.5 miles in diameter. The secondary and extended services areas are likewise compact and together the Hospital-defined service area covers a smaller geographic area than the HFSRB mandated GSA definition. Hence, the physicians and patients using the medical office building and the non-hospital ambulatory surgery center will be from the service area in which the project is located.

- 2. If expanding an existing category of service, provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, document that at least 50% of the projected patient volume will be from residents of the area.**

Not applicable. The applicants are not proposing to expand an existing category of service.

- 3. If expanding an existing category of service, submit patient origin information by zip code, based upon the patient's legal residence (other than a health care facility).**

Not applicable. The applicants are not proposing to expand an existing category of service.

SECTION VII. - CATEGORY OF SERVICE - REVIEW CRITERIA

C. Service Demand - Establishment of Category of Service

Document "Historical Referrals" and either "Projected Referrals" or "Project Service Demand - Based on Rapid Population Growth":

1. Historical Referrals

If the applicant is an existing facility, document the number of referrals for the last two years for each category of service, as formatted below:

EXAMPLE:

Year	CY or FY	Category of Service	Patient Origin by Zip Code	Name & Specialty of Referring Physician	Name & Location of Recipient Hospital
2008	CY	Medical/Surgical	62761 [Patient initials]	Dr. Hyde	Wellness Hospital

Not Applicable

2. Projected Referrals

An applicant proposing to establish a category of service or establish a new hospital shall submit physician referral letters containing ALL of the information outlined in Criterion 1110.530(b) (3)

Swedish Covenant Hospital (SCH, the Hospital) is proposing to build a medical office building that will include the Swedish Covenant Surgery Center (SCSC, the Surgery Center), a new non-hospital based ambulatory surgery center. All volume being relocated to the Surgery Center will be from the Hospital. Attachment 20, Exhibit 1 includes 14 physician referral letters containing all of the information outlined in criterion 1110.530(b)(3). The referrals are in the specialties of general surgery, orthopedic surgery, otolaryngology, pain management, and podiatry. The letters are summarized on Attachment 20, Exhibit 2 and detail 2,311 surgery referrals accounting for 3,209 hours of surgery, or enough to justify, at start up, the 3 operating rooms proposed for the Surgery Center.

The applicants expect the first case to be performed no later than October 1, 2012. Hence the first full year of utilization will be 2013 and the second full year will be 2014.

3. Project Service Demand - Based on Rapid Population Growth

If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand must be determined, as specified in the Criterion titled "Project Service Demand - Based on Rapid Population Growth".

Justification for the non-hospital based ambulatory surgery category of service is based on physician referral letters. Even so, population growth and aging, especially of the senior age cohorts (45 to 64 and 65+) are important considerations in understanding future volume at the Swedish Covenant Surgery Center and at SCH.

Effect of Population Growth and Aging

As shown in the following analysis, 985 more hours of surgery can be expected at SCH and SCSC in 2014, the second full year of operation, than are accounted for on the physician referral letters that are based only on 2009 volumes.

The physician letters provide a very conservative surgery volume because it is based on one year of surgical activity; it accounts for neither the growth and aging of the senior population in the SCSC geographic service area (GSA) nor any other factors such as the addition of new physicians or increased access through a national health plan.

The following simple analysis shows that the growth and aging of the senior population in the GSA will increase surgical volume by 8.0 percent between 2009 and 2014, the second full year of utilization. The Hospital will also experience an 8.0 percent growth over the next 5 years.

The analysis assumes that the surgical use rates from 2006 (the most recent data that are available) remain constant. The methodology applies the 2006 rates to the senior population, the 45 to 64 and 65+ age cohorts. The outcome of this methodology is that the senior population in the GSA will generate will generate 19,138 additional surgical procedures over the next 5-year period, or an 8.0 percent increase.

**Future Surgery Increase Based on Growth and Aging
of the Senior Population**

Age Cohort	2006 Surgical Use Rate*	2009 Population	2009 Surgeries	2014 Population	2014 Surgeries
45 to 65	167.84	631,266	105,952	660,281	112,332
65+	435.79	306,680	<u>133,648</u>	335,922	<u>146,406</u>
			239,600		258,738

$$258,738 - 239,600 = 19,138 \text{ or } 8.0 \text{ percent}$$

* Surgeries per 1,000 population

Source: National Center for Health Statistics

If Swedish Covenant Hospital's market share remains constant, outpatient utilization will increase by 257 hours between the time the application is approved and the SCSC reaches its second full year of operation. Similarly, inpatient volume will experience an 8.0 percent increase representing 728 additional hours.

$$3,209 \text{ hours of OP surgery to SCSC} \times 1.08 =$$

$$3,466 \text{ hours of surgery or } 2.3 \text{ allowable operating rooms}$$

$$9,102 \text{ hours of IP and OP surgery at SCH} \times 1.08 =$$

$$9,830 \text{ hours of surgery in } 2014 \text{ or } 6.6 \text{ allowable operating rooms}$$

The expected growth and aging of the seniors in the SCH service area will increase demand for surgical capacity at both the Hospital and the Surgery Center.

Andrew Agos, MD

5140 N. California
Chicago, IL 60625

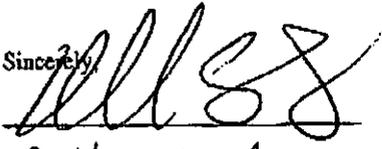
Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	46	0
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)	38	38
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other	42	42
Swedish Covenant Surgery Center (Chicago)		46
Total	126	126

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,

Andrew Agos
Name: Printed
Surgey
Specialty

Notarized signature of the physician

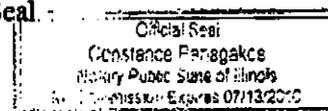
Subscribed and sworn before me

this 11th day of February

Public Notary



Seal :



James Boffa, MD

5140 N. California
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	45	0
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)	68	68
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center	47	47
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		45
Swedish Covenant Surgery Center (Chicago)		160
Total	160	160

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,



James Boffa

Name: Printed

General Surgery

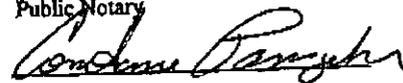
Specialty

Notarized signature of the physician

Subscribed and sworn before me

this 11th day of February

Public Notary



Seal



Thomas Chorba, MD

2740 W. Foster
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	150	30
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)	125	125
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		120
Total	275	275

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,

Thomas J. Chorba, M.D.
THOMAS J. CHORBA M.D.
Name: Printed

GENERAL SURGERY
Specialty

Notarized signature of the physician

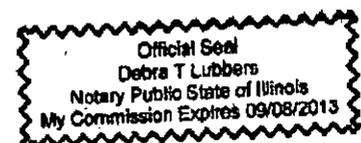
Subscribed and sworn before me

this 3rd day of February, 2010

Public Notary

Debra T. Lubbers

Seal



Members of the Illinois Health Facilities
and Services Review Board
CC: Mr. Mike Constantino, Supervisor of Project Review
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	300	
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American Hospital (Chicago)		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)	10	10
North Shore Surgical Center (Evanston)		
Northwest Community Hospital Day Surgery Center (Arlington Hts.)	10	10
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		300
Total	320	320

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,

Dr. Steve Kim
General Surgery
5140 N. California Avenue, Suite 560
Chicago, IL 60625

Notarized signature of the physician

Subscribed and sworn before me

This 12 day of MARCH, 2010

Public Notary

Laura D. Weiss

Seal



Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Jaroslav Dzwinyk, MD
2740 W. Foster Ave
Chicago, IL 60625

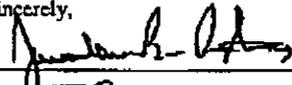
Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	160	0
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)	10	10
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)	40	40
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)	150	160
Total	210	210

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,


Jaroslav Dzwinyk, MD

Name: Printed

Swedish Covenant Surgery

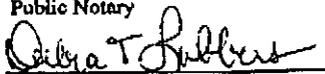
Specialty

Notarized signature of the physician

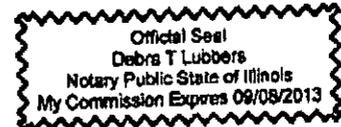
Subscribed and sworn before me

this 12th day of February, 2010

Public Notary



Seal



Address of the physician

Notarized signature of the physician

Subscribed and sworn before me

this ___ day of _____.

Public Notary

Seal

Joseph D'Silva, MD

4801 W. Peterson
Chicago, IL 60646

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	150	30
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)	200	200
St. Francis Hospital (Evanston)		
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		120
Total	350	350

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,

J D'Silva

J D'SILVA
Name: Printed

ORTHO. SURGERY
Specialty

Notarized signature of the physician

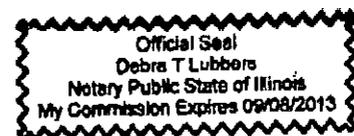
Subscribed and sworn before me

this 8th day of February, 2010

Public Notary

Debra T. Lubbers

Seal



Edward Forman, DO

2740 W. Foster
Chicago, IL 60625

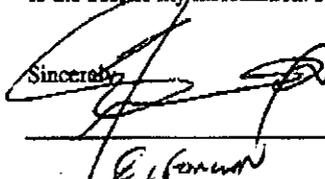
Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASC	2009 Outpatient Surgery Cases	2009 Outpatient Surgery %	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	336	75%	(116) 0% - 80%
Advocate Illinois Masonic Medical Center (Chicago)			
Lake Forest Hospital (Lake Forest)			
Norwegian American			
Our Lady of the Resurrection Medical Center (Chicago)	27	< 5%	27
St. Francis Hospital (Evanston)			
Saint Joseph Hospital (Chicago)	27	5%	27
Lakeshore Surgery Center (Chicago)	110	10%	110
North Shore Surgical Center			
Northwest Community Day Surgery Center (Arlington Heights)			
River North Same Day Surgery Center (1 East Erie, Chicago)			
Other			
Swedish Covenant Surgery Center (Chicago)			276
Total	550		550

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,


Edward Forman
Name: Printed

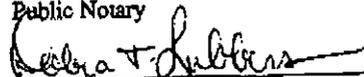
Orthopedic Surgery
Specialty

Notarized signature of the physician

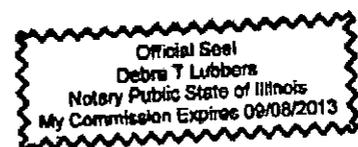
Subscribed and sworn before me

this 3rd day of February 2010

Public Notary



Seal



Steven Charous, MD

5140 N. California
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

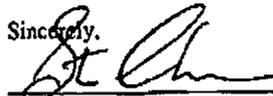
Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	100	0
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
Other	250	250
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		100
Swedish Covenant Surgery Center (Chicago)		
Total	350	350

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,


Steven Charous

Name: Printed

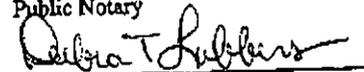
OTOLARYNGOLOGY
Specialty

Notarized signature of the physician

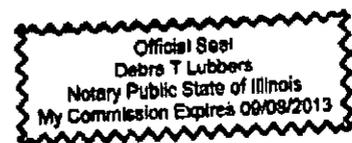
Subscribed and sworn before me

this 2th day of February 2010

Public Notary



Seal



Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Sue J. Kim, MD
5140 N. California
Chicago, IL 60625

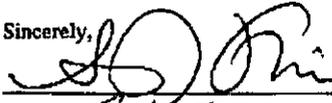
Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	100	0
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
These: Glenbrook	200	200
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		100
Total	300	300

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,


SUE J. KIM

Name: Printed

Otolaryngology
Specialty

Notarized signature of the physician

Subscribed and sworn before me

this 8th day of February, 2010

Public Notary



Seal

Address of the physician

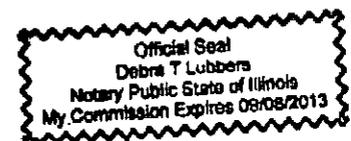
Notarized signature of the physician

Subscribed and sworn before me

this ___ day of _____.

Public Notary

Seal



David Nissan, MD

5140 N. California Ave.
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	✓ 300	0
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)	✓ 20	20
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center	4	4
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		300
Total	324	324

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,

DAVID NISSAN, MD

Name: Printed

Otolaryngology
Specialty

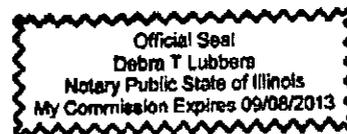
Notarized signature of the physician

Subscribed and sworn before me

this 5th day of February, 2010

Public Notary

Seal



Xiaoyuan Xie, MD

5157 N. Francisco Ave.
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	650	100
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		650
Total	650	650

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,

Xie
Xiaoyuan Xie

Name: Printed

Anesthesiologist & pain specialist
Specialty

Notarized signature of the physician

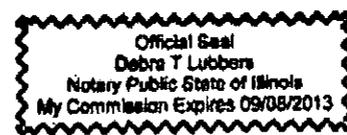
Subscribed and sworn before me

this 2nd day of February 2010

Public Notary

Debra T. Lubbers

Seal



Joseph Kim, DPM

5140 N. California
Chicago, IL 60626

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

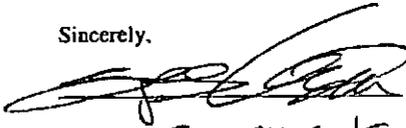
Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	90	10
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American	10	10
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		10
Total	100	90 100

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,


Joseph S. Kim DPM.
Name: Printed

Podiatry
Specialty

Notarized signature of the physician

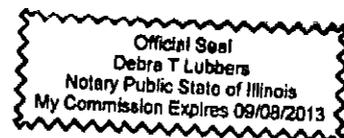
Subscribed and sworn before me

this 5th day of February 2010

Public Notary



Seal



Theodore Polizos, DPM

2740 W. Foster
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	125	35
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		90
Swedish Covenant Surgery Center (Chicago)		
Total	125	125

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,

T. Polizos

Name: Printed

Podiatric Medicine + Surgery
Specialty

Notarized signature of the physician

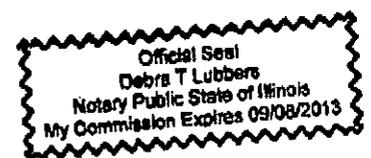
Subscribed and sworn before me

this 3rd day of February, 2010

Public Notary



Seal



Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

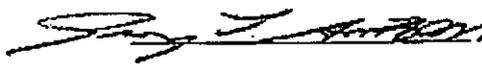
Dear Members of the Illinois Health Facilities and Services Review Board:

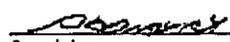
During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	30	0
Advocate Illinois Masonic Medical Center (Chicago)	1	
Lake Forest Hospital (Lake Forest)	2	2
Norwegian American	1	
Our Lady of the Resurrection Medical Center (Chicago)	1	
St. Francis Hospital (Evanston)	1	
Saint Joseph Hospital (Chicago)	1	
Lakeshore Surgery Center (Chicago)	1	
North Shore Surgical Center	1	
Northwest Community Day Surgery Center (Arlington Heights)	1	
River North Same Day Surgery Center (1 East Erie, Chicago)	1	
Other	25	25
Swedish Covenant Surgery Center (Chicago)		30
Total	107	107

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,


Name: Printed


Specialty

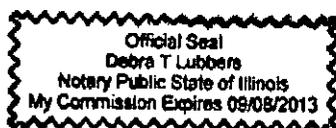
Notarized signature of the physician

Subscribed and sworn before me
this 15th day of February, 2010

Public Notary



Seal



**Proposed Volume – Swedish Covenant
Surgery Center**

	Cases from SCH	Cases to SCSC
<u>General Surgery</u>		
Argos	46	46
Boffa	45	45
Chorba	120	120
S. Kim	<u>300</u>	<u>300</u>
	511	511
 <u>Orthopedic Surgery</u>		
Dzwinuk	160	160
DiSilva	120	120
Froman	<u>270</u>	<u>270</u>
	550	550
 <u>Otolaryngology</u>		
Charous	100	100
S. Kim	100	100
Nissan	<u>300</u>	<u>300</u>
	500	500
 <u>Pain Management</u>		
Xie	550	550
 <u>Podiatry</u>		
J. Kim	80	80
Polizos	90	90
Amarantos	<u>30</u>	<u>30</u>
	200	200
 Total	 2,311	 2,311

	Cases	Hours per Case *	Total Hours
General Surgery	511	1.72	879
Orthopedic Surgery	550	1.61	886
Otolaryngology	500	1.48	740
Pain Management	550	0.77	424
Podiatry	200	1.40	<u>280</u>
			3,209

Rooms Justified

3,209 ÷ 1,500 Hours Per Room = 2.1 or 3

* Based on actual experience at Swedish Covenant Hospital

SECTION VII. - CATEGORY OF SERVICE - REVIEW CRITERIA

E. Service Accessibility - Service Restrictions

- 1. The applicant shall document that at least one of the factors listed in subsection (b)(5) of the criteria for subject service(s) exists in the planning area.**

Not applicable. Non-Hospital based ambulatory surgery projects not subject to this part.

- 2. Provide documentation, as applicable, listed in subsection (b)(5) of the criteria for the subject service(s), concerning existing restrictions to service access:**

Not applicable. Non-Hospital based ambulatory surgery projects not subject to this part.

SECTION VII. - CATEGORY OF SERVICE - REVIEW CRITERIA

F. Unnecessary Duplication/Maldistribution

1. Document that the project will not result in an unnecessary duplication, and provide the following information:

- a. A list of all zip code areas that are located, in total or in part, within 30 minutes normal travel time of the project's site;

Attachment 23, Exhibit 1 is a list of all zip codes that are located in total or in part, within 30 minutes adjusted / normal travel time of the proposed Swedish Covenant Surgical Center (SCSC, the Surgery Center). Travel times have been adjusted in accordance with the IHFSRB's rules to reflect SCSC's proposed location within Cook County.

- b. The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois); and

The following tables show the population growth and percent change in the GSA from 1990 to 2014. Although the area showed strong growth during the last decade of the 20th century, area population has gradually declined since then. The decline is attributable to decreases in younger age cohorts (0 to 14 and 15 to 44). However, the senior age cohorts (45 to 64 and 65+) have shown and are projected to show strong growth. This strong growth in the senior cohorts will substantially increase demand for surgical services. Seniors use surgery services at a higher rate per 1,000 population than the other age groups.

Table 1 – SCSC GSA Population by Age Group

<u>Ages</u>	<u>1990</u>	<u>2000</u>	<u>2009</u>	<u>2014</u>
0 - 14	509,951	543,740	519,345	516,400
15 - 44	1,212,243	1,272,049	1,154,872	1,084,559
45 -64	449,038	520,917	631,266	669,281
65+	314,514	299,676	306,680	335,955
Total	2,485,746	2,636,382	2,612,163	2,606,195

Source: Nielsen Claritas

Table 2 - Percent Change in SCSC GSA Population by Age Group

<u>Ages</u>	<u>1990 - 2000</u>	<u>2000 - 2009</u>	<u>2009 - 2014</u>
0 - 14	6.63	-4.49	-0.57
15 - 44	4.93	-9.21	-6.09
45 -64	16.01	21.18	6.02
65+	-4.72	2.34	9.55
Total	6.06	-0.92	-0.23

Source: Nielsen Claritas

- c. The names and locations of all existing or approved health care facilities located within 30 minutes normal travel time from the project site that provide the categories of bed service that are proposed by the project.**

The names and addresses of existing surgery providers within 30-minutes adjusted / normal travel time are included in Attachment 23, Exhibit 2, while maps of the area with the locations of the providers are included as Attachment 23, Exhibits 3a (hospitals) and 3b (non-hospital-based ambulatory surgeries).

- 2. Document that the project will not result in maldistribution of services. Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities, beds and services characterized by such factors as presented in subsection (c)(1) and (2) of the criteria for the subject service(s).**

As shown Attachment 20, Exhibits 1 and 2, all referrals to the Swedish Covenant Surgery Center will be from Swedish Covenant Hospital's surgical suite. No other hospital or surgery center will lose any cases as the result of the opening of the proposed new surgery center.

The primary goal of this project is to enhance physician recruitment to the community to provide necessary healthcare services. All of the elements of this proposed project are integral to the successful recruitment of additional primary care as well as medical and surgical specialties by the Hospital.

The project is designed to enhance physician recruitment and retention by focusing on factors that detract from these efforts. More specifically, a key to physician recruitment and retention in the community is providing practices with the potential to increase productivity. Physician productivity can be increased by having physician office space on the Hospital campus; offices on the campus substantially decrease the time a physician must commute between a distant office and the Hospital, thereby providing more time to be with patients.

On campus offices are also more convenient for patients in the community as they can address multiple health care visits at a single location. There is no available office space on the Hospital campus today; in fact, for the last 5 years the Hospital has had a waiting list of physicians seeking office space on the campus. Current physician productivity can be ensured by having adequate surgery capacity on the campus. Future productivity will improve as the development of SCSC will decompress capacity at the Hospital thereby allowing more cases to be performed at the same location. In the future, SCH physicians may be offered ownership in the proposed Surgery Center; this ownership option will be a further enticement to physician recruitment. Hence the project includes physician office space and a non-hospital based ambulatory surgery center.

The Hospital's 7 operating rooms are very busy as measured by hours per room. In 2009, the Hospital reported 12,315 hours of surgery; of this total, 7,301 hours of inpatient surgery and 5,014 hours of outpatient surgery or enough to justify 9 rooms based on the State Agency guideline (see Attachment 32, Exhibit 9). The current operating suite at the hospital cannot be expanded either vertically or horizontally.

$$\text{Hours of surgery} \div 1,500 \text{ hours per room} = \text{allowable rooms}$$

$$12,315 \text{ hours} \div 1,500 \text{ hours per room} = 8.2 \text{ or } 9 \text{ rooms}$$

This translates to 1,759 hours per room or 17 percent more than the State Agency guideline.

$$\text{Hours of surgery} \div \text{number of rooms} = \text{hours per room}$$

$$12,315 \text{ hours} \div 7 \text{ rooms} = 1,759 \text{ hours per room}$$

The use of other capacity in the GSA would further detract from essential physician recruitment to the community and would not improve patient access to services in the area.

The proposed project has been justified with SCH volume migrating to the proposed SCSC facility. No cases will be relocated to the SCSC from any other hospital or ambulatory surgery center.

3. Document that, within 24 months after project completion, the proposed project:

- A) Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and**

No cases are being taken from any other provider except Swedish Covenant Hospital. Even so, Swedish Covenant Hospital will not be taken below the utilization standard.

B) Will not lower, to a further extent, the utilization of other area hospitals that are currently (during the latest 12-month period) operating below the occupancy standards.

No cases are being taken from any other provider except Swedish Covenant Hospital. Even so, Swedish Covenant Hospital will not be taken below the utilization standard.

Swedish Covenant Surgery Center GSA Zip Codes by Service Area
(GSA based on MapQuest Adjusted 30-Minutes Normal Travel Time)

Zip Code	GSA Service Area	Count	Zip Code	GSA Service Area	Count
60625	PSA	1	60005	Other	1
60859	PSA	1	60007	Other	1
Subtotal PSA Zip Codes		2	60016	Other	1
60613	SSA	1	60018	Other	1
60618	SSA	1	60022	Other	1
60626	SSA	1	60025	Other	1
60630	SSA	1	60029	Other	1
60640	SSA	1	60043	Other	1
60641	SSA	1	60056	Other	1
60645	SSA	1	60062	Other	1
60646	SSA	1	60068	Other	1
60660	SSA	1	60091	Other	1
60712	SSA	1	60093	Other	1
Subtotal SSA Zip Codes		10	60131	Other	1
60053	ESA	1	60176	Other	1
60076	ESA	1	60208	Other	1
60077	ESA	1	60601	Other	1
60201	ESA	1	60602	Other	1
60202	ESA	1	60603	Other	1
60203	ESA	1	60604	Other	1
60631	ESA	1	60605	Other	1
60634	ESA	1	60606	Other	1
60639	ESA	1	60607	Other	1
60647	ESA	1	60608	Other	1
60656	ESA	1	60609	Other	1
60657	ESA	1	60610	Other	1
60706	ESA	1	60611	Other	1
60714	ESA	1	60612	Other	1
Subtotal ESA Zip Codes		14	60614	Other	1
			60616	Other	1
			60622	Other	1
			60623	Other	1
			60624	Other	1
			60632	Other	1
			60644	Other	1
			60651	Other	1
			60653	Other	1
			60654	Other	1
			60661	Other	1
			60666	Other	1
			60707	Other	1
			Subtotal Other Zip Codes		41
			Total GSA Zip Codes		67

Facilities with 30-Minutes Normal (Adjusted) Travel Time from the Proposed Swedish Covenant Surgery Center

Facility Name	Facility Address	City	Zip	Actual Time	MapQuest Travel Time		Miles
					Adjusted (1.25)	Adjusted (1.25)	
Hospitals							
Swedish Covenant Hospital	5145 North California Avenue	Chicago	60625	<1	1	0.07	1
Methodist Hospital of Chicago	5025 North Paulina Street	Chicago	60640	5	6	1.66	6
Louis A. Weiss Memorial Hospital	4646 N Marine Drive	Chicago	60640	11	14	3.21	14
Thorak Hospital and Medical Center	850 W Irving Park Road	Chicago	60613	11	14	3.63	14
St. Francis Hospital	355 Ridge Avenue	Evanston	60202	12	15	4.11	15
Advocate Illinois Masonic Medical Center	836 West Wellington Avenue	Chicago	60657	13	16	4.38	16
Saint Joseph Hospital	2900 North Lake Shore Drive	Chicago	60657	14	18	5.45	18
Children's Memorial Hospital	2300 North Childrens Plaza	Chicago	60614	15	19	4.91	19
Our Lady of Resurrection Medical Center	5645 West Addison Street	Chicago	60634	15	19	5.60	19
Resurrection Medical Center	7435 West Talcott Avenue	Chicago	60631	16	20	6.18	20
NorthShore Skokie Hospital ¹	9600 Gross Point Road	Skokie	60076	16	20	6.87	20
St. Elizabeth's Hospital	1431 North Claremont Avenue	Chicago	60622	18	23	5.29	23
Saint Mary of Nazareth Hospital	2233 West Division Street	Chicago	60622	18	23	7.70	23
Norwegian American Hospital	1044 North Francisco Avenue	Chicago	60622	19	24	6.24	24
NorthShore Evanston Hospital	2650 Ridge Avenue	Evanston	60201	19	24	7.87	24
Northwestern Memorial Hospital	240 East Ontario Street, Suite 530	Chicago	60611	20	25	9.04	25
Rush University Medical Center	1650 West Harrison Street	Chicago	60612	20	25	10.03	25
Sacred Heart Hospital	3240 West Franklin Boulevard	Chicago	60624	21	26	6.58	26
University of Illinois Medical Center	1740 West Taylor Street	Chicago	60612	21	26	10.50	26
John H. Stroger Jr. Hospital	1901 West Harrison Street	Chicago	60612	21	26	10.60	26
Advocate Bethany Hospital	3435 West Van Buren Street	Chicago	60624	22	28	12.21	28
Mount Sinai Hospital	1501 South California Avenue	Chicago	60608	24	30	11.87	30
Advocate Lutheran General Hospital	1775 Dempster Street	Park Ridge	60068	24	30	13.30	30

¹ Formerly Rush North Shore Medical Center

Continued on the following page.

Facilities with 30-Minutes Normal (Adjusted) Travel Time from the Proposed Swedish Covenant Surgery Center Continued

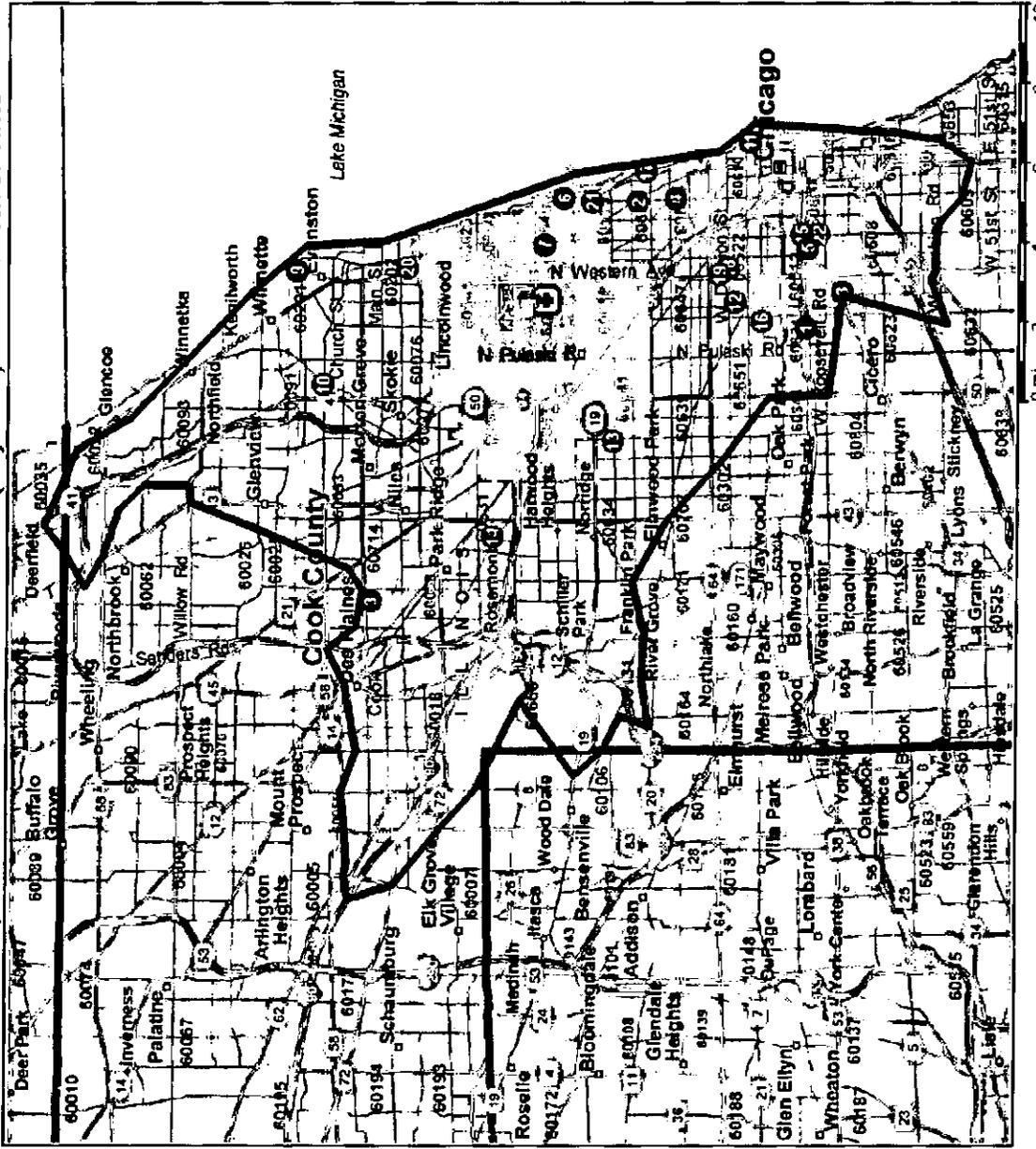
Facility Name ASTCs	Facility Address	City	Zip	MapQuest Travel Time		Miles
				Actual Time	Adjusted (1.25)	
Novamed Surgery Center of Chicago Northshore, LLC	3034 West Peterson Avenue	Chicago	60659	4	5	1.30
Peterson Medical Surgi-Center	2300 West Peterson Avenue	Chicago	60659	5	6	1.64
Albany Medical Surgical Center	5086 North Elston Avenue	Chicago	60630	8	10	2.76
North Shore Surgical Center	3725 West Touhy Avenue	Lincolnwood	60712	8	10	3.56
Lakeshore Surgery Center, LLC	7200 North Western Avenue	Chicago	60645	9	11	3.05
American Women's Medical Group d/b/a/Western-Diversey Surgical Group	2744 North Western Avenue	Chicago	60647	11	14	3.59
Six Corners Same Day Surgery, LLC	4211 N. Cicero Avenue, Suite 400	Chicago	60641	11	14	3.76
CMP Surgicenter d/b/a/ Fullerton Kimball Medical & Surgical Center	3412 West Fullerton Avenue	Chicago	60647	13	16	4.33
Rogers Park One Day Surgery Center, Inc.	7616 North Paulina Street	Chicago	60626	13	16	4.40
Hispanic American Endoscopy Center, LLC d/b/a Chicago Endoscopy Center, ASTC	3536 W. Fullerton Avenue	Chicago	60647	14	18	4.50
Fullerton Surgery Center	4849 West Fullerton Avenue	Chicago	60639	17	21	6.11
WT Surgicenter LLC d/b/a Watertower Surgicenter	845 N. Michigan Avenue, Suite 930 E	Chicago	60611	19	24	8.15
The Surgery Center at 900 North Michigan Avenue, LLC	60 East Delaware Place - 15th Floor	Chicago	60611	19	24	8.33
Grand Avenue Surgical Center ²	17 West Grand Avenue	Chicago	60610	19	24	8.94
River North Same Day Surgery Center, LLC	1 East Erie, Suite 300	Chicago	60611	19	24	8.97
Illinois Sports Medicine & Orthopedic Surgery Center, LLC	9000 Waukegan Road, Suite 120	Morton Grove	60053	20	25	8.17
25 East Same Day Surgery	25 East Washington, Suite 300	Chicago	60602	20	25	9.29
Rush Surgicenter at the Professional Bldg. LTC. Partnership	1725 West Harrison, Suite 556	Chicago	60612	20	25	10.12
Belmont/ Harlem Surgery Center, LLC ³	3101 North Harlem Avenue	Chicago	60634	22	28	8.24

² Formerly Concord Medical Center

³ Formerly Resurrection Health Care Surgery Center

Source: www.MapQuest.com, as of 12/22/09

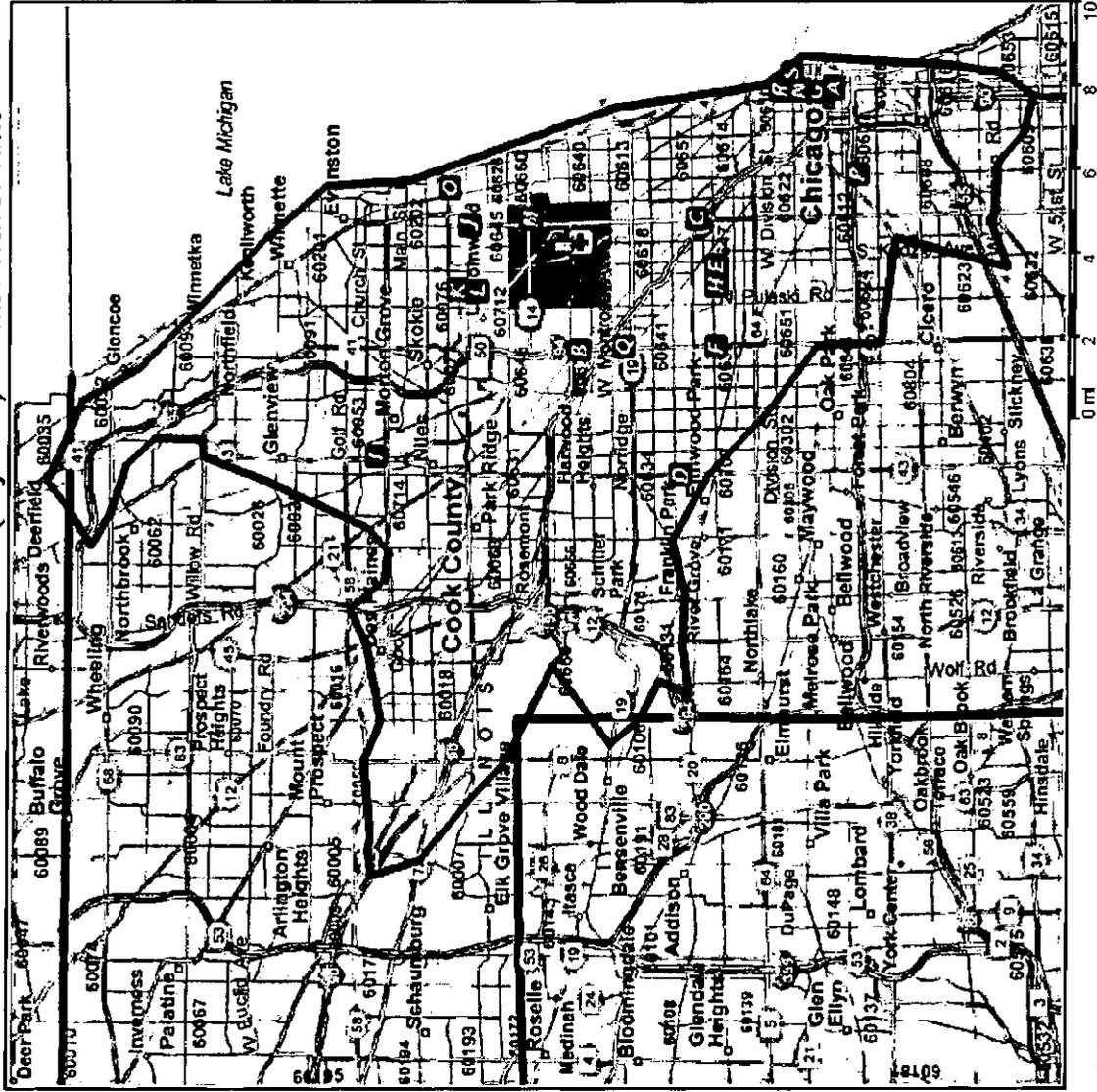
Swedish Covenant Surgery Center - Hospital Facilities within 30 Minutes (Adjusted) Normal Travel Time



- Pushpins**
- 1 Swedish Covenant Surgery Center
 - 2 Swedish Covenant Hospital
 - 3 Advocate Bethany Hospital
 - 4 Advocate Illinois Masonic Medical Center
 - 5 Advocate Lutheran General Hospital
 - 6 Children's Memorial Hospital
 - 7 John H. Stroger Jr. Hospital
 - 8 Louis A. Weiss Memorial Hospital
 - 9 Methodist Hospital of Chicago
 - 10 Mount Sinai Hospital
 - 11 NorthShore Evanston Hospital
 - 12 NorthShore Skokie Hospital
 - 13 Northwestern Memorial Hospital
 - 14 Norwegian American Hospital
 - 15 Our Lady of Resurrection Medical Center
 - 16 Resurrection Medical Center
 - 17 Rush University Medical Center
 - 18 Sacred Heart Hospital
 - 19 Saint Joseph Hospital
 - 20 Saint Mary of Nazareth Hospital
 - 21 St. Elizabeth's Hospital
 - 22 St. Francis Hospital
 - 23 Thorek Hospital and Medical Center
 - 24 University of Illinois Medical Center
- Service Area by Zip Code**
- Primary Service Area (PSA)
 - Secondary Service Area (SSA)
 - Extended Service Area (ESA)

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Swedish Covenant Surgery Center - ASTC Facilities within 30 Minutes (Adjusted) Normal Travel Time



- Plus Signs**
- A** Swedish Covenant Surgery Center
- B** Swedish Covenant Hospital
- C** 25 East Same Day Surgery
- D** Albany Medical Surgical Center
- E** American Women's Medical Group
- F** Belmont / Harlem Surgery Center, LLC
- G** CMP Surgicenter
- H** Fullerton Surgery Center
- I** Grand Avenue Surgical Center
- J** Hispanic American Endoscopy Center
- K** Illinois Sports Medicine & Orthopedic Surgery Center
- L** Lakeshore Surgery Center
- M** North Shore Surgical Center
- N** Novamed Surgery Center of Chicago Northshore
- O** Peterson Medical Surg-Center
- P** River North Same Day Surgery Center
- Q** Rogers Park One Day Surgery Center
- R** Rush Surgicenter at the Professional Building
- S** Six Corners Same Day Surgery
- T** The Surgery Center at 900 North Michigan Avenue
- U** Watertown Surgicenter
- V** Service Area by Zip Code
- W** Primary Service Area (PSA)
- X** Secondary Service Area (SSA)
- Y** Extended Service Area (ESA)

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Existing Available Operating and Procedure Room Capacity* by Swedish Covenant Service Area

Facility Name	Surgical		Operating Rooms		Procedure Rooms		Procedure Rooms		Rooms		ASTC Type and Specialty		MapQuest Travel Time	
	Hours*	Rooms	Used	Available	Hours*	Rooms	Used	Available	Type	Procedure / Limited Specialty	Miles	Actual Time	Adjusted (1.25)	
<u>Swedish Covenant Primary Service Area (PSA)</u>														
Swedish Covenant Hospital	12,492	8	8.33	-0.33	6,145	5	4.10	0.90	-	Gastro, Eye, Cysto, Gen	0.07	<1	<1	
<u>ASTCs</u>														
Peterson Medical Surgi-Center	1,214	2	0.81	1.19	494	2	0.33	1.67	Multi		1.64	5	6	
Subtotal PSA		10	9.14	0.86		7	4.43	2.57						
<u>Swedish Covenant Secondary Service Area (SSA)</u>														
<u>Hospitals</u>														
Methodist Hospital of Chicago	1,543	3	1.03	1.97	902	3	0.60	2.40	-	Gastro, Eye, Cysto	1.66	5	6	
Louis A. Weiss Memorial Hospital	7,634	10	5.09	4.91	1,656	4	1.10	2.90	-	Gastro, Eye	3.21	11	14	
Thorek Hospital and Medical Center	3,080	5	2.05	2.95	1,875	10	1.25	8.75	-	Gastro, Eye, Pain, Cysto, Gen	3.63	11	14	
<u>ASTCs</u>														
Novamed Surgery Center of Chicago Northshore, LLC	601	1	0.40	0.60	0	0	0.00	0.00	Limited	Eye	1.3	4	5	
Abany Medical Surgical Center	3,370	2	2.25	-0.25	0	0	0.00	0.00	Limited	OB/GYN	2.76	8	10	
North Shore Surgical Center	1,540	2	1.03	0.97	0	0	0.00	0.00	Multi		3.56	8	10	
Lakeshore Surgery Center, LLC	1,741	2	1.16	0.84	0	0	0.00	0.00	Multi		3.05	9	11	
Six Corners Same Day Surgery, LLC	1,243	4	0.83	3.17	6	1	0.00	1.00	Multi		3.76	11	14	
Rogers Park One Day Surgery Center, Inc.	3,019	2	2.01	-0.01	0	0	0.00	0.00	Multi		4.4	13	16	
Subtotal SSA		31	15.85	15.15		18	2.96	15.04						
<u>Swedish Covenant Extended Service Area (ESA)</u>														
<u>Hospitals</u>														
Advocate Illinois Masonic Medical Center	21,626	16	14.42	1.58	4,223	7	2.82	4.18	-	Gastro, Eye, Pain	4.38	13	16	
Saint Joseph Hospital	13,027	12	8.68	3.32	6,460	6	4.31	1.69	-	Gastro, Eye, Pain	5.45	14	18	
Our Lady of Resurrection Medical Center	4,494	9	3.00	6.00	4,444	4	2.96	1.04	-	Gastro, Pain, Cysto	5.60	15	19	
Resurrection Medical Center	17,277	12	11.52	0.48	10,746	11	7.16	3.84	-	Gastro, Eye, Pain	6.18	16	20	
NorthShore Evanston Hospital	23,073	14	15.38	-1.38	17,517	9	11.68	-2.68	-	Gastro, Pain	7.87	19	24	
St. Francis Hospital	8,376	15	5.58	9.42	2,806	6	1.87	4.13	-	Gastro, Pain, Cysto	4.11	12	15	
NorthShore Skokie Hospital ¹	11,335	12	7.56	4.44	7,596	7	5.06	1.94	-	Gastro, Eye, Pain	6.87	16	20	
<u>ASTCs</u>														
American Women's Medical Group d/b/a/ Western-Diversey Surgical Group	2,196	2	1.46	0.54	0	0	0.00	0.00	Limited	OB/GYN	3.59	11	14	
CMP Surgicenter d/b/a/ Fullerton Kimball II Medical & Surgical Center	1,878	2	1.25	0.75	0	0	0.00	0.00	Multi		4.33	13	16	
Hispanic American Endoscopy Center, LLC d/b/a Chicago Endoscopy Center, ASTC	0	0	0.00	0.00	131	1	0.09	0.91	Limited	Gastro	4.5	14	18	
Fullerton Surgery Center	1,090	3	0.73	2.27	0	0	0.00	0.00	Multi		6.11	17	21	
Illinois Sports Medicine & Orthopedic Surgery Center, LLC	1,675	4	1.12	2.88	74	1	0.05	0.95	Multi		8.17	20	25	
Subtotal ESA		101	70.70	30.30		52	36.00	16.00						

Existing Available Operating and Procedure Room Capacity* by Swedish Covenant Service Area Continued

Facility Name	Surgical		Operating		Procedure		Rooms		ASTC Type and Specialty		MapQuest Travel Time	
	Hours*	Rooms	Used	Available	Hours*	Rooms	Used	Available	Type	Specialty	Miles	Adjusted (1.25)
Outside the Defined Swedish Covenant Service Area												
Hospitals												
Children's Memorial Hospital	19,381	13	12.92	0.08	1,986	6	1.32	4.68	-	Castro, Minor	4.91	19
St. Elizabeth's Hospital**	1,673	5	1.12	3.88	214	2	0.14	1.86	-	Castro	5.29	23
Saint Mary of Nazareth Hospital**	8,402	8	5.60	2.40	6,045	3	4.03	-1.03	-	Castro	7.70	23
Norwegian American Hospital	3,363	5	2.24	2.76	0	0	0.00	0.00	-	None	6.24	24
Northwestern Memorial Hospital	93,942	52	62.63	-10.63	14,643	15	9.76	5.24	-	Castro, Minor	9.04	25
Rush University Medical Center	57,398	29	38.27	-9.27	9,699	8	6.47	1.53	-	Castro, Eye	10.03	25
Sacred Heart Hospital	1,785	4	1.19	2.81	0	0	0.00	0.00	-	None	6.58	26
University of Illinois Medical Center	39,680	20	26.45	-6.45	6,683	10	4.46	5.54	-	Castro, Eye, Pain, ENT	10.50	26
John H. Stroger Jr. Hospital	27,308	19	18.21	0.79	9,148	5	6.10	-1.10	-	Castro, Eye, Pain	10.60	26
Advocate Bethany Hospital	1,503	9	1.00	8.00	0	0	0.00	0.00	-	Castro	12.21	28
Mount Sinai Hospital	14,816	10	9.88	0.12	107	3	0.07	2.93	-	Castro, Pain	11.87	30
Advocate Lutheran General Hospital	40,359	24	26.91	-2.91	7,811	8	5.21	2.79	-	Castro	13.30	30
ASTCs												
WT Surgicenter LLC db/a Water tower Surgicenter	2,620	2	1.75	0.25	0	0	0.00	0.00	Multi	-	8.15	24
The Surgery Center at 900 North Michigan Avenue, LLC	7,507	4	5.00	-1.00	0	0	0.00	0.00	Multi	-	8.33	24
Grand Avenue Surgical Center ³	0	3	0.00	3.00	0	1	0.00	1.00	Multi	-	8.94	24
River North Same Day Surgery Center, LLC	4,318	4	2.88	1.12	0	0	0.00	0.00	Multi	-	8.97	24
25 East Same Day Surgery	2,866	4	1.91	2.09	23	1	0.02	0.98	Multi	-	9.29	25
Rush Surgicenter at the Professional Bldg. L.T.C. Partnership	5,283	4	3.52	0.48	0	0	0.00	0.00	Multi	-	10.12	25
Belmont / Harlem Surgery Center, LLC ³	987	4	0.66	3.34	0	0	0.00	0.00	Multi	-	8.24	28
Subtotal Outside the Defined Service Area	223	223	222.13	0.87	62	62	37.57	24.43	-	-	-	-
Grand Total GSA	365	365	317.81	47.19	139	139	80.96	58.04	-	-	-	-

*Hours and Capacity are based on the most recent published data; 2008 data for hospitals, 2007 data for ASTCs

**The State recognizes Saint Mary of Nazareth Hospital and St. Elizabeth's Hospital as two separate facilities although these facilities operate as Saints Mary and Elizabeth Medical Center

¹ Formerly Rush North Shore Medical Center

² Formerly Resurrection Health Care Surgery Center

³ Formerly Concord Medical Center

Source: IDPH Hospital Profiles 2007 and 2008; IDPH ASTC Profiles 2007; Ambulatory Surgical Treatment Centers Listing, updated 11/10/09; www.MapQuest.com, as of 12/22/09

SECTION VII. - CATEGORY OF SERVICE - REVIEW CRITERIA

H. Staffing Availability

1. For each category of service, document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCAHO staffing requirements can be met.
2. Provide the following documentation:
 - a. The name and qualification of the person currently filling the position, if applicable; and
 - b. Letters of interest from potential employees; and
 - c. Applications filed for each position; and
 - d. Signed contracts with the required staff; or
 - e. A narrative explanation of how the proposed staffing will be achieved.

Swedish Community Hospital has engaged Regent Surgical Management, LLC (Regent) to manage the proposed Swedish Covenant Surgery Center (the Surgery Center). Regent has started-up 7 non-hospital based ambulatory surgery centers in the United States over the last 5 years; of these 3 are in Illinois. Regent has always been able to staff these facilities with qualified health professionals and has never opened a facility without a full complement of staff for the anticipated volume. Given Regent's track record, it is expected that all necessary staffing will be in place when the Surgery Center opens.

The Association of Operating Room Nurses and Association for Post Anesthesia Nurses guidelines for patient care staffing will be followed for ensuring optimal patient care.

Regent will adhere to the following process to recruit and train staff for the Swedish Covenant Surgery Center.

1. Position descriptions from Regent's approved database will be adapted. A competitive wage will be established by utilizing national, state, and local data.
2. Position descriptions, especially for nurses and other clinical staff, will first be posted at Swedish Covenant Hospital.
3. Descriptions for remaining positions will be sent to other Regent Surgical Health facilities and placed in relevant local newspapers, in professional ambulatory surgery journals, and on professional web sites that post openings for the nurses, other surgical staff, and support staff.
4. Candidates will be screened according to the position descriptions.

5. Candidates whose applications meet the requirements will be interviewed by the Administrator of the Swedish Covenant Surgery Center.
6. Offers will be made to the most qualified candidates who also meet the values criteria of the facility.
7. Orientation will be an in depth formal orientation that will encompass detailed information related to the facility and patient care. All training will be documented for each individual in personnel records.
 - Facility Orientation – Communication systems; Human Resource policy; Patient Rights/Responsibilities; HIPAA; Computer Software Systems
 - Position Orientation – Position specific competencies; Equipment training; Roles/responsibilities; Job Description
 - Safety – OSHA; Infection Control; Fire; Emergency Preparedness; Security; Equipment Management; Utilities

SECTION VII. - CATEGORY OF SERVICE - REVIEW CRITERIA

K. Assurances

Submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after project completion, the applicant will achieve and maintain the occupancy/utilization standards specified in 77 Ill. Adm Code 1100 for each category of service involved in the proposal.

APPEND DOCUMENTATION AS ATTACHMENT-26, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Attachment 26, Exhibit 1 includes a letter from Mark Newton, Manager of Swedish Covenant Surgery Center, LLC (the Surgery Center), attesting that the Surgery Center will achieve and maintain target utilization by the second full year of operation.

March 17, 2010

Members of the Illinois Health Facilities and Services Review Board
CC: Mr. Mike Constantino, Supervisor of Project Review
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

Based on currently available information, Swedish Covenant Surgery Center, LLC (Surgical Center) attests to the Surgical Center's understanding that, by the second year of operation after the first surgery case is performed (October 1, 2012), the applicant will achieve and maintain the occupancy standard of 1,500 hours per room specified in 77 Ill. Adm Code 1100 for non-hospital based ambulatory surgery.

Sincerely,



Mark Newton
Manager
Swedish Covenant Surgery Center, LLC

SECTION VIII. - SERVICE SPECIFIC REVIEW CRITERIA

This Section is applicable to all projects proposing establishment, expansion or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria and provide the required information. AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

H. Non-Hospital Based Ambulatory Surgery

This section is applicable to all projects proposing to establish or modernize a non-hospital based ambulatory surgical treatment center or to the addition of surgical specialties.

1. Criterion 1110.1540(a), Scope of Services Provided

Read the criterion and complete the following:

a. Indicate which of the following types of surgery are proposed:

<input type="checkbox"/> Cardiovascular	<input checked="" type="checkbox"/> Obstetrics/Gynecology	<input checked="" type="checkbox"/> Plastic
<input checked="" type="checkbox"/> Dermatology	<input checked="" type="checkbox"/> Ophthalmology	<input checked="" type="checkbox"/> Podiatry
<input type="checkbox"/> Gastroenterology	<input checked="" type="checkbox"/> Oral/Maxillofacial	<input checked="" type="checkbox"/> Thoracic
<input checked="" type="checkbox"/> General/Other	<input checked="" type="checkbox"/> Orthopaedic	<input checked="" type="checkbox"/> Urology
<input checked="" type="checkbox"/> Neurology	<input checked="" type="checkbox"/> Otolaryngology	

b. Indicate if the project will result in a limited or a multi-specialty ASTC.

2. Criterion 1110.1540(b), Target Population

Read the criterion and provide the following:

a. On a map (8 1/2" x 11"), outline the intended geographic services area (GSA).

Attachment 32, Exhibit 1 is a map of the intended geographic service area; this service area is 30 minutes adjusted / normal travel time from the site of the proposed Swedish Covenant Surgery Center (SCSC, the Surgery Center) based on adjusted MapQuest travel times. The map also includes the service area of Swedish Covenant Hospital (SCH, the Hospital) as defined by actual patient origin. The Hospital's defined service area is more compact than the State prescribed service area. A list of all zip codes in the GSA has been included in Attachment 32, Exhibit 2.

b. Indicate the population within the GSA and how this number was obtained.

Population

The following data was obtained from Nielsen Claritas and the US Census Bureau.

Table 1 contains the total population by age group for all of the zip codes in the SCSC GSA for the years 1990, 2000, 2009, and 2014.

Table 1 – SCSC GSA Population by Age Group

<u>Ages</u>	<u>1990</u>	<u>2000</u>	<u>2009</u>	<u>2014</u>
0 - 14	509,951	543,740	519,345	516,400
15 - 44	1,212,243	1,272,049	1,154,872	1,084,559
45 -64	449,038	520,917	631,266	669,281
65+	314,514	299,676	306,680	335,955
Total	2,485,746	2,636,382	2,612,163	2,606,195

Source: Nielsen Claritas

Table 2 summarizes the population change by age group between the reported years. Overall, the total population in the area has remained stable. However, population change by age group has varied considerably. For example, both the 0 to 14 and the 15 to 44 populations have declined while the more senior age groups have increased substantially. For example, between 2009 and 2014 (the second full year of operation of the proposed Swedish Covenant Surgery Center), the 45 to 64 age group is expected to increase 6.02 percent and the 65+ age group is expected to increase 9.55 percent. These age groups consume more surgeries per 1,000 population than the younger age cohorts.

Table 2 - Percent Change in SCSC GSA Population by Age Group

<u>Ages</u>	<u>1990 – 2000</u>	<u>2000 - 2009</u>	<u>2009 - 2014</u>
0 - 14	6.63	-4.49	-0.57
15 - 44	4.93	-9.21	-6.09
45 -64	16.01	21.18	6.02
65+	-4.72	2.34	9.55
Total	6.06	-0.92	-0.23

Source: Nielsen Claritas

Socioeconomics of the GSA

Census Race Categories

Table 3 is a current (2009) profile of the population by U.S. Census racial categories. This table defines the diverse racial composition of the GSA.

Table 3 – SCSC GSA Total Population by Census Race Categories - 2009

<u>Race</u>	<u>Non-Hispanic</u>	<u>Hispanic</u>	<u>Total 2009</u>	<u>Percent</u>
White	1,150,168	325,982	1,476,150	56.5
Black	433,875	9,437	443,312	17.0
Amer. Ind./AK Native	4,174	6,209	10,383	0.4
Asian	206,686	1,760	208,446	8.0
Native HI/Pacific Is.	1,282	760	2,042	0.1
Some Other Race	3,988	379,508	383,496	14.7
Two or more Races	50,666	37,668	88,334	3.4
Total	1,850,839	761,324	2,612,163	100.0
Percent Hispanic				29.1

Source: Nielsen Claritas

On Table 4, the household income of the total Chicago MSA is compared to the Hospital's GSA. The household income of the Hospital's GSA is only 85.6 percent of the MSA.

Table 4 – Median Household Income in the SCSC GSA vs. Chicago 9 County Metro Area

	<u>1990</u>	<u>2000</u>	<u>2009</u>	<u>2014</u>
SCSC GSA	\$30,643	\$44,489	\$52,462	\$56,396
Chicago MSA	\$36,304	\$52,207	\$61,042	\$65,859
Percent GSA vs. Percent MSA	84.4	85.2	85.9	85.6

Source: Nielsen Claritas

Table 5 compares the number and percentage of families below the poverty level in the GSA, in Illinois and in the United States. The number of families below the poverty level in the GSA is higher than in either Illinois or the United States.

Table 5 – Poverty Level in the SCSC GSA vs. the State of Illinois and the United States

<u>SCSC GSA</u>	<u>2000</u>	<u>2009</u>	<u>2014</u>
Number of Families Below Poverty Level	73,339	73,330	72,802
Total Number of Families	590,517	581,173	577,802
Percent of Families Below Poverty Level	12.4	12.6	12.6
<u>Illinois</u>	<u>2000</u>	<u>2006-2008</u>	
Number of Families Below Poverty Level	244,303	n/a	
Total Number of Families	3,132,090	n/a	
Percent of Families Below Poverty Level	7.8	8.9	
<u>United States</u>			
Percent of Families Below Poverty Level	9.2	9.6	

Sources: Nielsen Claritas and US Census Bureau

- c. Provide the travel time in all directions from the proposed location to the GSA borders and indicate how this travel time was determined.

The boundaries of the GSA were determined by using a MapQuest based adjusted / normal 30-minute travel time from the proposed location of the Surgery Center.

3. Criterion 1110.1540(c), Projected Patient Volume

Read the criterion and provide signed letters from physicians that contain the following:

- a. The number of referrals anticipated annually for each specialty.

Copies of letters from 14 physicians pledging 2,311 surgical cases are enclosed as Attachment 32, Exhibit 3. A summary of the cases and hours by specialty are enclosed as Attachment 32, Exhibit 4. All pledged cases are going to move from the Swedish Covenant Hospital operating rooms to the ambulatory surgery rooms in the proposed SCSC.

The 14 physicians are from 5 specialties. The projected volume of surgical cases is summarized below.

<u>Specialty</u>	<u>Cases</u>
General Surgery	511
Orthopedic Surgery	550
Otolaryngology	500
Pain Management	550
Podiatry	<u>200</u>
Total	2,311

- b. For the past 12 months, the name and address of health care facilities to which patients were referred, including the number of patients referred for each surgical specialty by facility.**

All cases are coming from Swedish Covenant Hospital. The Hospital is located at 5145 North California Avenue, Chicago, IL, 60426. The Hospital is located directly across Foster Avenue from the proposed Surgery Center. A summary of those cases by specialty is included above.

- c. A statement that the projected patient volume will come from within the proposed GSA**

All of the projected patient volume will come from Swedish Covenant Hospital. The outpatient surgery patient origin clearly defines that SCH outpatient surgery volume is from the GSA (see Attachment 32, Exhibit 8 for detail).

- d. A statement that the information in the referral letter is true and correct to the best of his or her belief.**

Each of the letters contains a statement that the information in the referral letters is true and correct to best of the physician's belief.

4. Criterion 1110.1540(d), Treatment Room Need Assessment

Read the criterion and provide:

- a. The number of procedure rooms proposed.**

The SCSC is proposing to develop 3 operating rooms.

The applicants expect that the first case will be performed at the SCSC by October 1, 2012. They further expect that the proposed new non-hospital based ambulatory surgery will achieve 3,209 hours in 2014, the second full year of operation. This number of hours by itself will justify 3 operating rooms in the proposed SCSC.

Proposed hours of surgery ÷ 1,500 hours per room = number of allowable rooms

3,209 proposed hours ÷ 1,500 hours per room = 2.1 or 3 rooms

After the proposed hours of surgery migrate from the SCH operating rooms to SCSC, the Hospital will retain enough volume to support its current complement of 7 operating rooms.

$$\begin{aligned}
 &\text{Total SCH OP surgery hours} - \text{OP surgery hours to SCSC} = \\
 &\quad \text{OP surgery hours remaining at SCH} \\
 &5,014 \text{ total OP surgery hours} - 3,209 \text{ hours moved to the SCSC} = \\
 &\quad 1,805 \text{ OP hours remaining in the Hospital} \\
 &\text{Total SCH IP surgery hours} + \text{remaining outpatient hours} = \text{total hours} \\
 &\quad 7,301 \text{ IP surgery hours} + 1,805 \text{ remaining OP hours} = \\
 &\quad 9,106 \text{ total OR hours at SCH} \\
 &\text{Total hours} \div 1,500 \text{ hours per room} = \text{number of remaining rooms} \\
 &9,106 \text{ total hours} \div 1,500 \text{ hours per room} = 6.1 \text{ or } 7 \text{ rooms.}
 \end{aligned}$$

b. The estimated time per procedure including clean-up and set-up time and the methodology used in arriving at this figure.

The estimated time per procedure is based on actual experience for outpatient cases in each of the specialties that have pledged cases to the SCSC. The times include procedure time as well as clean up and set up times.

These times are as follows:

Specialty	Time – Hours per Case
General Surgery	1.72
Orthopedic Surgery	1.61
Otolaryngology	1.48
Pain Management	0.77
Podiatry	1.40

5. Criterion 1110.1540(e), Impact on Other Facilities

Read the criterion and provide:

a. copy of the letter sent to area surgical facilities regarding the proposed project's impact on their workload. NOTE: This letter must contain: a description of the project including its size, cost, and projected workload; the location of the proposed project; and a request that the facility administrator indicate what the impact of the proposed project will be on the existing facility.

On February 17, 2010 letters were sent from Swedish Covenant Hospital to the other 41 hospitals and non-hospital ambulatory surgery centers located in the State prescribed GSA for the proposed Swedish Covenant Surgery Center. The letters met the State Agency's requirements. Copies of those letters are attached as Attachment 32, Exhibit 5.

b. A list of the facilities contacted. NOTE: Facilities must be contacted by registered mail.

Documentation that the letters were received by registered mail is included behind each letter. See Attachment 32, Exhibit 6 for a list of facilities that SCH notified of the intent to establish a non-hospital based ambulatory surgery.

As of March 15, 2010, SCH received two responses to the impact letter. The first letter was received from Northwestern Memorial Hospital (NMH); the letter is dated March 2, 2010. Northwestern indicates that there would be "minimal, if any impact on surgery volumes at Northwestern Memorial Hospital" and supports the project. The second letter, dated March 8, 2010, was from Fullerton-Kimball Medical & Surgical Center indicating that, "CMP Surgicenter dba Fullerton Kimball Medical & Surgical Center currently provides services to patients within a 5-mile radius where your proposed surgical center would be. The services to be provided, as listed in your letter, would account for a significant impact in outpatient surgery at our facility." The Fullerton-Kimball Medical & Surgical Center did not quantify the impact in surgical specialties or actual expected volume. These letters are included as Attachment 32, Exhibit 7.

6. Criterion 1110.1540(f), Establishment of New Facilities

Read the criterion and provide:

a. A list of services that the proposed facility will provide that are not currently available in the GSA; or

The applicant is replying to 6.c. because the project is a joint venture.

- b. Documentation that the existing facilities in the GSA have restrictive admission policies; or

The applicant is replying to 6.c. because the project is a joint venture.

- c. For co-operative ventures,

The proposed project, the Swedish Covenant Surgery Center, is a joint venture between Swedish Covenant Hospital (90 percent ownership) and Regent Surgical Health (10 percent ownership). Therefore, this project qualifies as a co-operative joint venture.

6. c. Patient origin data that documents the existing hospital is providing outpatient surgery services to the target population of the GSA, and

Swedish Covenant Hospital's CY 2009 complete outpatient surgical patient origin is presented in Attachment 32, Exhibit 8. Based on this data, 90.14 percent of the Hospital's outpatient surgery patients reside in the 67 zip codes located in the geographic service area (GSA) of the proposed Swedish Covenant Surgery Center. Of these, 80.81 percent of SCH's outpatient surgical cases came from the 26 zip codes of the Hospital's defined primary, secondary, and extended services areas; these zip codes are a subset of the entire GSA. This data confirms that SCH historically has provided outpatient surgery services to the residents of the GSA.

Swedish Covenant Hospital Outpatient Surgery Patient Origin – CY2009

Service Area (by Zip Code)	CY 2009 Outpatient Surgical Cases	Percent Distribution	Cumulative Percent
Geographic Service Area (GSA)			
Primary Service Area	2,044	23.41	23.41
Secondary Service Area	3,619	41.43	64.84
Extended Service Area	1,406	16.09	80.93
Other GSA Zip Codes	803	9.23	90.15
Subtotal GSA	7,872	90.15	90.15
All Other	860	9.85	100.00
Total	8,732	100.00	100.00

Source: Hospital records

6. c. b. The hospital's surgical utilization data for the latest 12 months, and

SCH's surgical data by surgical specialty for CY 2009 is included as Attachment 32, Exhibit 9. A summary of this data is provided below:

Swedish Covenant Surgical and Procedure Room Utilization – CY2009

Surgical Volume	Cases	Hours
Inpatient	3,046	7,301
Outpatient	3,415	5,014
Total	6,461	12,315

Source: Hospital records

6. c. c. Certification that the existing hospital will not increase its operating room capacity until such a time as the proposed project's operating rooms are operating at or above the target utilization rate for a period of twelve full months; and

See Attachment 32, Exhibit 10 for certification that Swedish Covenant Hospital does not intend to increase operating room capacity until the proposed Swedish Covenant ASTC has reach target utilization for 12 months.

6. c. d. Certification that the proposed charges for comparable procedures at the ASTC will be lower than those of the existing hospital.

Certification that charges will be lower at the proposed Swedish Covenant Surgery Center than at Swedish Covenant Hospital, for comparable procedures, has been included as Attachment 32, Exhibit 10.

7. Criterion 1110.1540(g), Charge Commitment

Read the criterion and provide:

a. A complete list of the procedures to be performed at the proposed facility with the proposed charge shown for each procedure.

Attachment 32, Exhibit 11 is a list of the five most common procedures performed in each of the specialties that will be represented at the proposed Swedish Covenant Surgery Center, LLC and the related charge.

b. A letter from the owner and operator of the proposed facility committing to maintain the above charges for the first two years of operation.

Attachment 32, Exhibit 12 is a letter of commitment from the owner and operator of the proposed facility committing to maintain the charges listed in Attachment 32, Exhibit 11.

8. Criterion 1110.1540(h), Change in Scope of Service

Read the criterion and, if applicable, document that existing programs do not currently provide the service proposed or are not accessible to the general population of the geographic area in which the facility is located.

Not applicable. Swedish Covenant Surgery Center is requesting to establish a multispecialty surgery center.

Swedish Covenant Surgery Center GSA Zip Codes by Service Area
(GSA based on MapQuest Adjusted 30-Minutes Normal Travel Time)

Zip Code	GSA Service Area	Count	Zip Code	GSA Service Area	Count
60625	PSA	1	60005	Other	1
60659	PSA	1	60007	Other	1
Subtotal PSA Zip Codes		2	60016	Other	1
60613	SSA	1	60018	Other	1
60618	SSA	1	60022	Other	1
60626	SSA	1	60025	Other	1
60630	SSA	1	60029	Other	1
60640	SSA	1	60043	Other	1
60641	SSA	1	60056	Other	1
60645	SSA	1	60062	Other	1
60646	SSA	1	60068	Other	1
60660	SSA	1	60091	Other	1
60712	SSA	1	60093	Other	1
Subtotal SSA Zip Codes		10	60131	Other	1
60053	ESA	1	60176	Other	1
60076	ESA	1	60208	Other	1
60077	ESA	1	60601	Other	1
60201	ESA	1	60602	Other	1
60202	ESA	1	60603	Other	1
60203	ESA	1	60604	Other	1
60631	ESA	1	60605	Other	1
60634	ESA	1	60606	Other	1
60639	ESA	1	60607	Other	1
60647	ESA	1	60608	Other	1
60656	ESA	1	60609	Other	1
60657	ESA	1	60610	Other	1
60706	ESA	1	60611	Other	1
60714	ESA	1	60612	Other	1
Subtotal ESA Zip Codes		14	60614	Other	1
			60616	Other	1
			60622	Other	1
			60623	Other	1
			60624	Other	1
			60632	Other	1
			60644	Other	1
			60651	Other	1
			60653	Other	1
			60654	Other	1
			60661	Other	1
			60666	Other	1
			60707	Other	1
			Subtotal Other Zip Codes		41
			Total GSA Zip Codes		67

Andrew Agos, MD

5740 N. California
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	46	0
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)	38	38
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other	42	42
Swedish Covenant Surgery Center (Chicago)		46
Total	126	126

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,



Andrew Agos

Name: Printed

Surgey
Specialty

Notarized signature of the physician

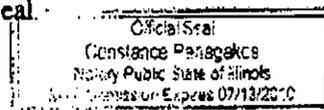
Subscribed and sworn before me

this 11th day of February

Public Notary



Seal



James Boffa, MD

5140 N. California
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

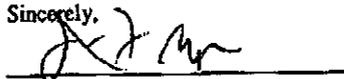
Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	45	0
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)	68	68
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center	47	47
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		45
Total	160	160

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,



James Boffa

Name: Printed

General Surgery

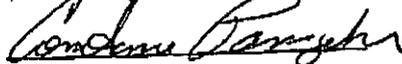
Specialty

Notarized signature of the physician

Subscribed and sworn before me

this 11th day of February

Public Notary



Seal



Thomas Chorba, MD

2740 W. Foster
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	150	30
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)	125	125
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		120
Total	275	275

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,

Thomas J. Chorba, M.D.
THOMAS J. CHORBA M.D.

Name: Printed

GENERAL SURGERY
Specialty

Notarized signature of the physician

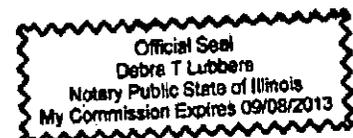
Subscribed and sworn before me

this 3rd day of February, 2010

Public Notary

Debra T. Lubbers

Seal



Members of the Illinois Health Facilities
and Services Review Board
CC: Mr. Mike Constantino, Supervisor of Project Review
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	300	
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American Hospital (Chicago)		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)	10	10
North Shore Surgical Center (Evanston)		
Northwest Community Hospital Day Surgery Center (Arlington Hts.)	10	10
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		300
Total	320	320

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,

Dr. Steve Kim
General Surgery
5140 N. California Avenue, Suite 560
Chicago, IL 60625

Notarized signature of the physician

Subscribed and sworn before me

This 12 day of MARCH, 2010

Public Notary

Laura D. Weiss

Seal



Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Jaroslaw Dzwinyk, MD
2740 W. Foster Ave
Chicago, IL 60625

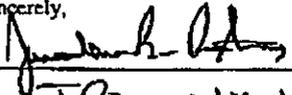
Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	160	0
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)	10	10
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)	40	40
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)	160	160
Total	210	210

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,



J. Dzwinyk, MD

Name: Printed

Swedish Covenant Surgery

Specialty

Notarized signature of the physician

Subscribed and sworn before me

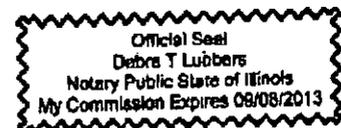
this 12th day of February, 2010

Public Notary



Debra T. Lubbers

Seal



Address of the physician

Notarized signature of the physician

Subscribed and sworn before me
this ___ day of _____.

Public Notary

Seal

Joseph D'Silva, MD

4801 W. Peterson
Chicago, IL 60646

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

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Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)	200	200
St. Francis Hospital (Evanston)		
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		120
Total	350	350

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,

J D'Silva

J D'SILVA
Name: Printed

ORTHO. SURGERY
Specialty

Notarized signature of the physician

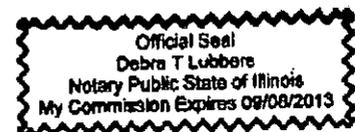
Subscribed and sworn before me

this 8th day of February, 2010

Public Notary

Debra T. Lubbers

Seal



Edward Forman, DO

2740 W. Foster
Chicago, IL 60625

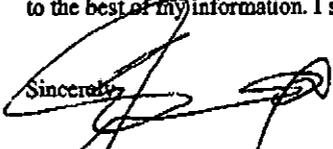
Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	2010 Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	386	30%	(116) 0% - 80%
Advocate Illinois Masonic Medical Center (Chicago)			
Lake Forest Hospital (Lake Forest)			
Norwegian American			
Our Lady of the Resurrection Medical Center (Chicago)	27	< 5%	27
St. Francis Hospital (Evanston)			
Saint Joseph Hospital (Chicago)	27	5%	27
Lakeshore Surgery Center (Chicago)	110	20%	110
North Shore Surgical Center			
Northwest Community Day Surgery Center (Arlington Heights)			
River North Same Day Surgery Center (1 East Erie, Chicago)			
Other			
Swedish Covenant Surgery Center (Chicago)			270
Total		550	550

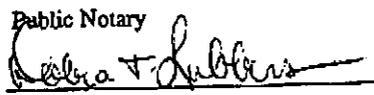
These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

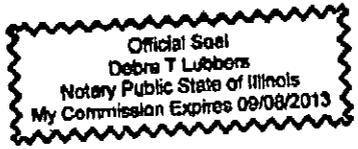
Sincerely,


E. Forman
Name Printed

Orthopedic Surgery
Specialty

Notarized signature of the physician
Subscribed and sworn before me
this 3rd day of February 2010

Public Notary


Seal


Steven Charous, MD

5140 N. California
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	100	0
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
Other	250	250
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		100
Total	350	350

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,


Steven Charous

Name: Printed

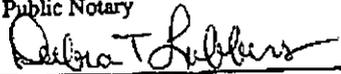
OTOLOGY AND OTOLOGY
Specialty

Notarized signature of the physician

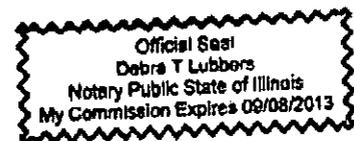
Subscribed and sworn before me

this 9th day of February 2010

Public Notary



Seal



Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Sue J. Kim, MD
5140 N. California
Chicago, IL 60625

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	100	0
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
These: Glenbrook	200	200
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		100
Total	300	300

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,


SUE J. KIM

Name: Printed

Otolaryngology
Specialty

Notarized signature of the physician

Subscribed and sworn before me

this 8th day of February, 2010

Public Notary



Seal

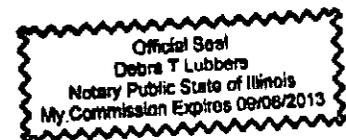
Address of the physician

Notarized signature of the physician

Subscribed and sworn before me
this ___ day of _____.

Public Notary

Seal



David Nissan, MD

5140 N. California Ave.
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	✓ 300	0
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)	✓ 20	20
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center	4	4
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		300
Total	324	324

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,

DAVID NISSAN, MD

Name: Printed

Otolaryngology

Specialty

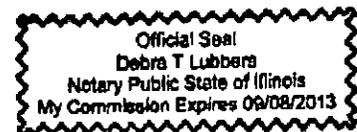
Notarized signature of the physician

Subscribed and sworn before me

this 5th day of February, 2010

Public Notary

Seal



Xiaoyuan Xie, MD

5157 N. Francisco Ave.
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

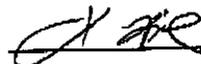
Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	650	100
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		550
Swedish Covenant Surgery Center (Chicago)	650	650
Total		

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,


Xiaoyuan Xie

Name: Printed

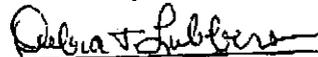
Anesthesiologist & pain specialist
Specialty

Notarized signature of the physician

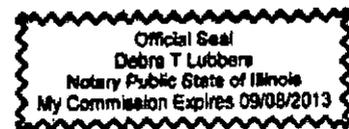
Subscribed and sworn before me

this 5th day of February 2010

Public Notary:



Seal



Joseph Kim, DPM

5140 N. California
Chicago, IL 60626

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

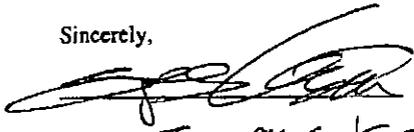
Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	90	10
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American	10	10
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		
Swedish Covenant Surgery Center (Chicago)		10
Total	100	90 + 10 = 100

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,


Name: Printed Joseph S. Kim DPM.
Specialty Podiatry

Notarized signature of the physician

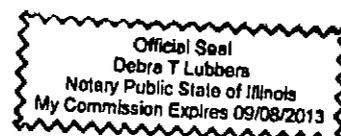
Subscribed and sworn before me

this 5th day of February 2010

Public Notary



Seal



Theodore Polizos, DPM

2740 W. Foster
Chicago, IL 60625

Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	125	35
Advocate Illinois Masonic Medical Center (Chicago)		
Lake Forest Hospital (Lake Forest)		
Norwegian American		
Our Lady of the Resurrection Medical Center (Chicago)		
St. Francis Hospital (Evanston)		
Saint Joseph Hospital (Chicago)		
Lakeshore Surgery Center (Chicago)		
North Shore Surgical Center		
Northwest Community Day Surgery Center (Arlington Heights)		
River North Same Day Surgery Center (1 East Erie, Chicago)		
Other		90
Swedish Covenant Surgery Center (Chicago)	125	125
Total		

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,



Name: Printed

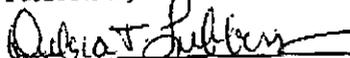
Podiatric Medicine + Surgery
Specialty

Notarized signature of the physician

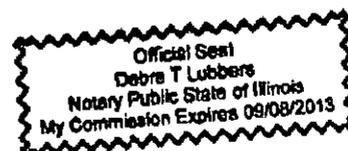
Subscribed and sworn before me

this 3rd day of February, 2010

Public Notary



Seal



Members of the Illinois Health Facilities
and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

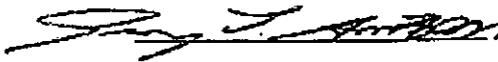
Dear Members of the Illinois Health Facilities and Services Review Board:

During 2009, I performed outpatient surgical cases to the following hospitals and ambulatory surgery centers. All of the cases related to my specialty. With the opening of the proposed Swedish Covenant Surgery Center, LLC in Chicago, I expect to refer my cases as noted below.

Hospital or ASTC	2009 Outpatient Surgery Cases	Cases the First Year After the Proposed ASC Opens
Swedish Covenant Hospital (Chicago)	30	0
Advocate Illinois Masonic Medical Center (Chicago)	-	
Lake Forest Hospital (Lake Forest)	2	2
Norwegian American	-	
Our Lady of the Resurrection Medical Center (Chicago)	-	
St. Francis Hospital (Evanston)	-	
Saint Joseph Hospital (Chicago)	-	
Lakeshore Surgery Center (Chicago)	-	
North Shore Surgical Center	-	
Northwest Community Day Surgery Center (Arlington Heights)	-	
River North Same Day Surgery Center (1 East Erie, Chicago)	-	
Other	25	25
Swedish Covenant Surgery Center (Chicago)		30
Total	107	107

These referrals have not been used for any other CON applications. The information in this letter is true and correct to the best of my information. I support the proposed opening of the Swedish Covenant Surgery Center.

Sincerely,


Dr. J. Anderson
Name: Printed

Orthopedic
Specialty

Notarized signature of the physician

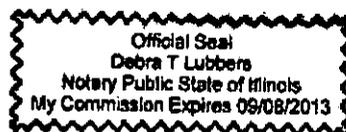
Subscribed and sworn before me

this 15th day of February, 2010

Public Notary



Seal



Proposed Volume – Swedish Covenant
Surgery Center

	Cases from SCH	Cases to SCSC
<u>General Surgery</u>		
Argos	46	46
Boffa	45	45
Chorba	120	120
S. Kim	<u>300</u>	<u>300</u>
	511	511
 <u>Orthopedic Surgery</u>		
Dzwinuk	160	160
DiSilva	120	120
Froman	<u>270</u>	<u>270</u>
	550	550
 <u>Otolaryngology</u>		
Charous	100	100
S. Kim	100	100
Nissan	<u>300</u>	<u>300</u>
	500	500
 <u>Pain Management</u>		
Xie	550	550
 <u>Podiatry</u>		
J. Kim	80	80
Polizos	90	90
Amarantos	<u>30</u>	<u>30</u>
	200	200
 Total	 2,311	 2,311

	Cases	Hours per Case *	Total Hours
General Surgery	511	1.72	879
Orthopedic Surgery	550	1.61	886
Otolaryngology	500	1.48	740
Pain Management	550	0.77	424
Podiatry	200	1.40	<u>280</u>
			3,209

Rooms Justified

$$3,209 \div 1,500 \text{ Hours Per Room} = 2.1 \text{ or } 3$$

* Based on actual experience at Swedish Covenant Hospital

Impact Letters Sent - Hospitals



Swedish Covenant Hospital
The science of feeling better

OFFICE OF THE PRESIDENT

February 17, 2010

Stephen Dahl
President & CEO
Methodist Hospital of Chicago
5025 N. Paulina Street
Chicago, IL 60640

Dear Mr. Dahl:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

The proposed Center will have 3 operating rooms, 12 recovery stations, and central sterile supply, as well as related non-clinical space. This capacity was determined by the number of cases pledged by SCH surgeons. These physicians' letters support at least 3,200 hours of surgery and turnaround time for the Center. The new operating rooms will help relieve congestion in the Hospital's current operating rooms by relocating appropriate cases to the outpatient setting, thereby freeing up time for more complex inpatient cases in the Hospital's surgical suite.

The new medical office facility will have approximately 228,000 BGSF. The Center will have approximately 12,391 DGSF. The total project cost is currently estimated to be \$50.3 million. Of this total project cost, 9.6 percent is attributable to the Center.

The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:59 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793273695405 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:55 AM
Sign for by: Signature Release on file
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Deliver Weekday

Tracking number: 793273695405

Shipper Information	Recipient Information
Martha Rodriguez	Stephen Dahl, President/CEO
Swedish Covenant Hospital	Methodist Hospital of Chicago
2751 W. Minona Street	5025 N. Paulina Street
Chicago	Chicago
IL	IL
US	US
60625	60640

Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 8:58 AM CST on 02/18/2010.

[Learn more](#) about new ways to track with FedEx.

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above, or visit us at fedex.com.

This tracking update has been sent to you by FedEx on the behalf of the Requestor noted above. FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update. For tracking results and fedex.com's terms of use, go to fedex.com.

Thank you for your business.

2/22/2010



Swedish Covenant Hospital
The science of feeling better

OFFICE OF THE PRESIDENT

February 17, 2010

Frank L. Molinaro
Chief Executive Officer
Louis A. Weiss Memorial Hospital
4646 N. Marine Drive
Chicago, IL 60640

Dear Mr. Molinaro:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

The proposed Center will have 3 operating rooms, 12 recovery stations, and central sterile supply, as well as related non-clinical space. This capacity was determined by the number of cases pledged by SCH surgeons. These physicians' letters support at least 3,200 hours of surgery and turnaround time for the Center. The new operating rooms will help relieve congestion in the Hospital's current operating rooms by relocating appropriate cases to the outpatient setting, thereby freeing up time for more complex inpatient cases in the Hospital's surgical suite.

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The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:31 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798394806607 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:26 AM
Sign for by: M.DIAZ
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Deliver Weekday

Tracking number: [798394806607](#)

Shipper Information	Recipient Information
Martha Rodriguez	Frank L. Molinaro, CEO
Swedish Covenant Hospital	Louis A. Weiss Memorial Hospital
2751 W. Winona Street	4646 N MARINE DR
Chicago	CHICAGO
IL	IL
US	US
60625	60640

Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 9:31 AM CST on 02/18/2010.

Learn [more](#) about new ways to track with FedEx.

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above, or visit us at [fedex.com](#).

This tracking update has been sent to you by FedEx on the behalf of the requestor noted above. FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update. For tracking results and [fedex.com](#)'s terms of use, go to [fedex.com](#).

Thank you for your business.

2/22/2010



Swedish Covenant Hospital

The science of feeling better

OFFICE OF THE PRESIDENT

February 17, 2010

Frank A. Solare
President & CEO
Thorek Hospital & Medical Center
850 W. Irving Park Road
Chicago, IL 60613

Dear Mr. Solare:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

The proposed Center will have 3 operating rooms, 12 recovery stations, and central sterile supply, as well as related non-clinical space. This capacity was determined by the number of cases pledged by SCH surgeons. These physicians' letters support at least 3,200 hours of surgery and turnaround time for the Center. The new operating rooms will help relieve congestion in the Hospital's current operating rooms by relocating appropriate cases to the outpatient setting, thereby freeing up time for more complex inpatient cases in the Hospital's surgical suite.

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The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

6145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:54 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798394842557 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schoop.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/O) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:49 AM
Sign for by: R.MONREAL
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Deliver Weekday

Tracking number: 798394842557

Shipper Information	Recipient Information
Martha Rodriguez	Frank Solare, President.CFO
Swedish Covenant Hospital	Thorak Hospital & Medical Center
2751 W. Minons Street	850 W IRVING PARK RD
Chicago	CHICAGO
IL	IL
US	US
60625	60613

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Swedish Covenant Hospital

The science of feeling better

OFFICE OF THE PRESIDENT

February 17, 2010

Jeff Murphy
President & CEO
St. Francis Hospital
355 Ridge Avenue
Evanston, IL 60202

Dear Mr. Murphy:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

The proposed Center will have 3 operating rooms, 12 recovery stations, and central sterile supply, as well as related non-clinical space. This capacity was determined by the number of cases pledged by SCH surgeons. These physicians' letters support at least 3,200 hours of surgery and turnaround time for the Center. The new operating rooms will help relieve congestion in the Hospital's current operating rooms by relocating appropriate cases to the outpatient setting, thereby freeing up time for more complex inpatient cases in the Hospital's surgical suite.

The new medical office facility will have approximately 228,000 BGSF. The Center will have approximately 12,391 DGSF. The total project cost is currently estimated to be \$50.3 million. Of this total project cost, 9.6 percent is attributable to the Center.

The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:47 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793273758311 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodriguez@choep.org

Our records indicate that the following shipment has been delivered:

Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:39 AM
Sign for by: P.WASHINGTON
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Deliver Weekday

Tracking number: 793273758311

Shipper Information	Recipient Information
Martha Rodriguez	Jeff Murphy, President/CEO
Swedish Covenant Hospital	St. Francis Hospital
2751 W. Winona Street	355 Ridge Avenue
Chicago	Evanston
IL	IL
US	US
60625	60202

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Swedish Covenant Hospital
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OFFICE OF THE PRESIDENT

February 17, 2010

Susan Nordstrom-Lopez
President & CEO
Advocate Illinois Masonic Medical Center
836 W. Wellington Avenue
Chicago, IL 60657

Dear Ms. Nordstrom-Lopez:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.607.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:27 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793273806740 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:19 AM
Sign for by: A. ZAVALA
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 793273806740

Shipper Information	Recipient Information
Martha Rodriguez	Susan Nordstrom-Lopez,
Swedish Covenant Hospital	President/CE
2751 W. Winona Street	Illinois Masonic Medical Center
Chicago	816 W. Wellington Avenue
IL	Chicago
US	IL
60625	US
	60657

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2/22/2010



Swedish Covenant Hospital
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OFFICE OF THE PRESIDENT

February 17, 2010

Robertn Luskin-Hawk, MD
Chief Executive Officer
Saint Joseph Hospital
2900 N. Lake Shore Drive
Chicago, IL 60657

Dear Dr. Luskin-Hawk:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

The proposed Center will have 3 operating rooms, 12 recovery stations, and central sterile supply, as well as related non-clinical space. This capacity was determined by the number of cases pledged by SCH surgeons. These physicians' letters support at least 3,200 hours of surgery and turnaround time for the Center. The new operating rooms will help relieve congestion in the Hospital's current operating rooms by relocating appropriate cases to the outpatient setting, thereby freeing up time for more complex inpatient cases in the Hospital's surgical suite.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 10:23 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798364945629 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 10:16 AM
Sign for by: A.CANTER
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798364945629

Shipper Information	Recipient Information
Martha Rodriguez	Roberta Luskin-Hawk, M.D., CEO
Swedish Covenant Hospital	St. Joseph Hospital
2751 W. Winona Street	2900 N LAKE SHORE DR
Chicago	CHICAGO
IL	IL
US	US
60625	60657

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Swedish Covenant Hospital
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OFFICE OF THE PRESIDENT

February 17, 2010

Patrick Magoon
President & CEO
Children's Memorial Hospital
2300 N. Children's Plaza
Chicago, IL 60614

Dear Mr. Magoon:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

The proposed Center will have 3 operating rooms, 12 recovery stations, and central sterile supply, as well as related non-clinical space. This capacity was determined by the number of cases pledged by SCH surgeons. These physicians' letters support at least 3,200 hours of surgery and turnaround time for the Center. The new operating rooms will help relieve congestion in the Hospital's current operating rooms by relocating appropriate cases to the outpatient setting, thereby freeing up time for more complex inpatient cases in the Hospital's surgical suite.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.607.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:48 AM
To: Rodríguez, Martha
Subject: FedEx Shipment 798394982387 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:42 AM
Sign for by: K.JORDAN
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798394982387

Shipper Information	Recipient Information
Martha Rodriguez	Patrick Magoon, President/CEO
Swedish Covenant Hospital	Children's Memorial Hospital
2751 W. Winona Street	3300 N CHILDRENS PLZ
Chicago	CHICAGO
IL	IL
US	US
60625	60614

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Ivette Estrada
Executive V.P. & CEO
Our Lady of Resurrection Medical Center
5645 W. Addison Street
Chicago, IL 60634

Dear Ms. Estrada:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:07 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 799394983858 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigue@chosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:02 AM
Sign for by: D.BARRERA
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 799394983858

Shipper Information	Recipient Information
Martha Rodriguez	Ivette Estrada, Exec VP/CEO
Swedish Covenant Hospital	Our Lady of Resurrection
2751 N. Winona Street	Medical Ct
Chicago	5645 West Addison Street
IL	Chicago
US	IL
60625	US
	60634

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Swedish Covenant Hospital
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OFFICE OF THE PRESIDENT

February 17, 2010

Sister Donna Marie C.R.
Executive V.P. & CEO
Resurrection Medical Center
7435 W. Talcott Avenue
Chicago, IL 60631

Dear Sister Donna Marie:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:57 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395009964 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:48 AM
Sign for by: A. PAYNE
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798395009964

Shipper Information	Recipient Information
Martha Rodriguez	Sister Donna Marie C.R., Exec
Swedish Covenant Hospital	VP/CR
2751 W. Winona Street	Resurrection Medical Center
Chicago	7435 West Talcott Avenue
IL	Chicago
US	IL
60625	US
	60631

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2/22/2010



Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Kristen Murtos
President & CEO
NorthShore Skokie Hospital
9600 Gross Point Road
Skokie, IL 60076

Dear Ms. Murtos:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:48 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395027974 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:42 AM
Sign for by: D.SEGURA
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798395027974

Shipper Information	Recipient Information
Martha Rodriguez	Jeffrey Hillebrand,
Swedish Covenant Hospital	President/CEO
2751 W. Minona Street	North Shore Skokie Hospital
Chicago	9600 Gross Point Road
IL	Skokie
US	IL
60625	US
	60076

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Margaret McDermott
Chief Executive Officer
St. Elizabeth's Hospital
1431 N. Claremont Avenue
Chicago, IL 60622

Dear Ms. McDermott:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.678.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:56 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793273943130 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@sachosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 551
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:51 AM
Sign for by: C.TRUONG
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 793273943130

Shipper Information	Recipient Information
Martha Rodriguez	Margaret McDermott, CEO
Swedish Covenant Hospital	St. Elizabeth's Hospital
2751 W. Winona Street	1431 N CLAREMONT AVE
Chicago	CHICAGO
IL	IL
US	US
60625	60622

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Swedish Covenant Hospital
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OFFICE OF THE PRESIDENT

February 17, 2010

Margaret McDermott
Chief Executive Officer
Saint Mary of Nazareth Hospital
2233 W. Division Street
Chicago, IL 60622

Dear Ms. McDermott:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

The proposed Center will have 3 operating rooms, 12 recovery stations, and central sterile supply, as well as related non-clinical space. This capacity was determined by the number of cases pledged by SCH surgeons. These physicians' letters support at least 3,200 hours of surgery and turnaround time for the Center. The new operating rooms will help relieve congestion in the Hospital's current operating rooms by relocating appropriate cases to the outpatient setting, thereby freeing up time for more complex inpatient cases in the Hospital's surgical suite.

The new medical office facility will have approximately 228,000 BGSF. The Center will have approximately 12,391 DGSF. The total project cost is currently estimated to be \$50.3 million. Of this total project cost, 9.6 percent is attributable to the Center.

The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:01 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 703273960041 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schoop.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 6:52 AM
Sign for by: C.TRUONG
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 793273960041

Shipper Information	Recipient Information
Martha Rodriguez	Margaret McDermott, CEO
Swedish Covenant Hospital	St. Mary of Nazareth Hospital
2751 W. Winona Street	2231 W. Division Street
Chicago	CHICAGO
IL	IL
US	US
60625	60622

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Myrna Pedersen
Interim Administrator
Norwegian American Hospital
1044 N. Francisco Avenue
Chicago, IL 60622

Dear Ms. Pedersen:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

The proposed Center will have 3 operating rooms, 12 recovery stations, and central sterile supply, as well as related non-clinical space. This capacity was determined by the number of cases pledged by SCH surgeons. These physicians' letters support at least 3,200 hours of surgery and turnaround time for the Center. The new operating rooms will help relieve congestion in the Hospital's current operating rooms by relocating appropriate cases to the outpatient setting, thereby freeing up time for more complex inpatient cases in the Hospital's surgical suite.

The new medical office facility will have approximately 228,000 BGSP. The Center will have approximately 12,391 DGSP. The total project cost is currently estimated to be \$50.3 million. Of this total project cost, 9.6 percent is attributable to the Center.

The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 10:13 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793273976739 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodriguez@chosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:58 AM
Sign for by: C.RODRIGUEZ
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 793273976739

Shipper Information	Recipient Information
Martha Rodriguez	Michael J. O'Grady Jr.,
Swedish Covenant Hospital	President
2751 W. Winona Street	Norwegian American Hospital
Chicago	1044 N. Francisco Avenue
IL	Chicago
US	IL
60625	US
	60622

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

J. P. Gallagher
President & CEO
NorthShore Evanston Hospital
2650 Ridge Avenue
Evanston, IL 60201

Dear Mr. Gallagher:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773 907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 10:36 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395091711 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 10:07 AM
Sign for by: J.VARI6SE
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798395091711

Shipper Information	Recipient Information
Martha Rodriguez	J.P. Gallagher, President/CEO
Swedish Covenant Hospital	North Shore Evanston Hospital
2751 W. Winona Street	2680 Ridge Avenue
Chicago	Evanston
IL	IL
00	US
60625	60201

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OFFICE OF THE PRESIDENT

February 17, 2010

Dean M. Harrison
President & CEO
Northwestern Memorial Hospital
240 E. Ontario Street, Suite 530
Chicago, IL 60611

Dear Mr. Harrison:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:17 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395106843 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:11 AM
Sign for by: I.HAIRSTON
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798395106843

Shipper Information	Recipient Information
Martha Rodriguez	Dean M. Harrison, President/CEO
Swedish Covenant Hospital	Northwestern Memorial Hospital
2751 W. Winona Street	240 E. Ontario St., Suite 510
Chicago	Chicago
IL	IL
US	US
60625	60611

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Larry J. Goodman, MD
President & CEO
Rush University Medical Center
1650 W. Harrison Street
Chicago, IL 60612

Dear Dr. Goodman:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 10:25 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395120765 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schoop.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 10:19 AM
Sign for by: D.GRITISCH
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798395120755

Shipper Information	Recipient Information
Martha Rodriguez	Larry J. Goodman, M.D.,
Swedish Covenant Hospital	President
2751 W. Winona Street	Rush University Medical Center
Chicago	1650 N HARRISON ST
IL	CHICAGO
US	IL
60625	US
	60612

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OFFICE OF THE PRESIDENT

February 17, 2010

Edward J. Novak
President & CEO
Sacred Heart Hospital
3240 W. Franklin Blvd.
Chicago, IL 60624

Dear Mr. Novak:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

The proposed Center will have 3 operating rooms, 12 recovery stations, and central sterile supply, as well as related non-clinical space. This capacity was determined by the number of cases pledged by SCH surgeons. These physicians' letters support at least 3,200 hours of surgery and turnaround time for the Center. The new operating rooms will help relieve congestion in the Hospital's current operating rooms by relocating appropriate cases to the outpatient setting, thereby freeing up time for more complex inpatient cases in the Hospital's surgical suite.

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The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:44 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395254013 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodriguezschosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:41 AM
Sign for by: L.BARRRTO
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798395254013

Shipper Information	Recipient Information
Martha Rodriguez	Edward J. Novak, President/CEO
Swedish Covenant Hospital	Sacred Heart Hospital
2751 N. Winona Street	3240 W FRANKLIN BLVD
Chicago	CHICAGO
IL	IL
US	US
60625	60624

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OFFICE OF THE PRESIDENT

February 17, 2010

John J. DeNardo
Executive Director
University of Illinois Medical Center
1740 W. Taylor Street
Chicago, IL 60612

Dear Mr. DeNardo:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:34 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395149824 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adx 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:16 AM
Sign for by: A. SURVILLIAN
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798395149824

Shipper Information
Martha Rodriguez
Swedish Covenant Hospital
2751 W. Minona Street
Chicago
IL
US
60625

Recipient Information
John J. DeMardo, Exec Director
University of Illinois Medical
Cent
1740 W. Taylor Street
Chicago
IL
US
60612

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Swedish Covenant Hospital
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OFFICE OF THE PRESIDENT

February 17, 2010

Johnny C. Brown
Chief Operating Officer
John H. Stroger Jr. Hospital
1901 W. Harrison Street
Chicago, IL 60612

Dear Mr. Brown:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:52 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793274065468 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schonp.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:47 AM
Sign for by: M.ROBINSON
Delivered to: Mailroom
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 793274065468

Shipper Information	Recipient Information
Martha Rodriguez	Johnny C. Brown, Chief
Swedish Covenant Hospital	Operating Of
2751 W. Winona Street	John H. Stroger Jr. Hospital
Chicago	1901 W. Harrison Street
IL	Chicago
US	IL
60625	US
	60612

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Swedish Covenant Hospital
The science of feeling better

OFFICE OF THE PRESIDENT

February 17, 2010

Lena Dobbs-Johnson
President & CEO
Advocate Bethany Hospital
3435 W. Van Buren Street
Chicago, IL 60624

Dear Ms. Dobbs-Johnson:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

The proposed Center will have 3 operating rooms, 12 recovery stations, and central sterile supply, as well as related non-clinical space. This capacity was determined by the number of cases pledged by SCH surgeons. These physicians' letters support at least 3,200 hours of surgery and turnaround time for the Center. The new operating rooms will help relieve congestion in the Hospital's current operating rooms by relocating appropriate cases to the outpatient setting, thereby freeing up time for more complex inpatient cases in the Hospital's surgical suite.

The new medical office facility will have approximately 228,000 BGSF. The Center will have approximately 12,391 DGSF. The total project cost is currently estimated to be \$50.3 million. Of this total project cost, 9.6 percent is attributable to the Center.

The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:30 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395179562 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigue@chosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:26 AM
Sign for by: H.BURNSON
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798395179562

Shipper Information	Recipient Information
Martha Rodriguez	Lena Dobbs-Johnson, President
Swedish Covenant Hospital	Advocate Bethany Hospital
2751 W. Winona Street	3435 W. Van Buren Street
Chicago	Chicago
IL	IL
US	US
60625	60624

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OFFICE OF THE PRESIDENT

February 17, 2010

Alan H. Channing
President & CEO
Mount Sinai Hospital
1501 S. California Avenue
Chicago, IL 60608

Dear Mr. Channing:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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The new medical office facility will have approximately 228,000 BGSP. The Center will have approximately 12,391 DGSF. The total project cost is currently estimated to be \$50.3 million. Of this total project cost, 9.6 percent is attributable to the Center.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:21 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 786395197572 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:15 AM
Sign for by: V.GARCIA
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 786395197572

Shipper Information	Recipient Information
Martha Rodriguez	Alan H. Channing, President/CEO
Swedish Covenant Hospital	Mount Sinai Hospital
2761 W. Minona Street	1501 S. California Avenue
Chicago	Chicago
IL	IL
US	US
60625	60604

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Swedish Covenant Hospital
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OFFICE OF THE PRESIDENT

February 17, 2010

Anthony Armada
President
Advocate Lutheran General Hospital
1775 Dempster Street
Park Ridge, IL 60068

Dear Mr. Armada:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:38 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395213539 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodriguesschosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:33 AM
Sign for by: N.NICK H
Delivered to: Shipping/Receiving
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798395213539

Shipper Information	Recipient Information
Martha Rodriguez	Anthony Armada, President
Swedish Covenant Hospital	Advocate Lutheran General Hospital
2751 W. Minona Street	1775 DEMPSTER ST
Chicago	PARK RIDGE
IL	IL
US	US
60625	60068

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Impact Letters Sent – Ambulatory Surgery Centers



Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Troy Lithch, RN,BSHA
Administrator
Novamed Surgery Center of Chicago Northshore LLC
3034 W. Peterson Avenue
Chicago, IL 60659

Dear Mr. Lithch:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:53 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395289625 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:47 AM
Sign for by: L. CABRERILLO
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798395289625

Shipper Information	Recipient Information
Martha Rodriguez	Troy Litke, RN, BSN,
Swedish Covenant Hospital	Administrato
2751 W. Minona Street	Novamed Surgery Center
Chicago	3034 W PETERSON AVE
IL	CHICAGO
US	IL
60625	US
	60659

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Tess Sagaidoro
Administrator
Peterson Medical Surgi-Center
2300 W. Peterson Avenue
Chicago, IL 60659

Dear Ms. Sagaidoro:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:36 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793274207070 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:31 AM
Sign for by: C.HORNE
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 793274207070

Shipper Information	Recipient Information
Martha Rodriguez	Tess Sagalero, Administrator
Swedish Covenant Hospital	Peterson Medical Surgi-Center
2751 N. Winona Street	2300 W PETERSON AVE
Chicago	CHICAGO
IL	IL
US	US
60625	60659

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OFFICE OF THE PRESIDENT

February 17, 2010

Diana Maracich
Administrator
Albany Medical Surgical Center
5086 N. Elston Avenue
Chicago, IL 60630

Dear Ms. Maracich:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

6145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:53 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798396326163 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:49 AM
Sign for by: M.ESCOTO
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798396326163

Shipper Information	Recipient Information
Martha Rodriguez	Diana Mrazcich, Administrator
Swedish Covenant Hospital	Albany Medical Surgical Center
2751 W. Minona Street	5086 N. Elston Avenue
Chicago	Chicago
IL	IL
US	US
60625	60630

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Kim Zidonis
Administrator
North Shore Surgical Center
3725 W. Touhy Avenue
Lincolnwood, IL 60712

Dear Ms. Zidonis:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:55 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395341943 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@scchoop.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:49 AM
Sign for by: C.SUDOR
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798395341943

Shipper Information	Recipient Information
Martha Rodriguez	Kim Zidonis, Administrator
Swedish Covenant Hospital	North Shore Surgical Center
2751 W. Minona Street	3726 W. Touhy Avenue
Chicago	Lincolnwood
IL	IL
US	US
60625	60712

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Yvette Barnabas
Administrator
Lakeshore Surgery Center, LLC
7200 N. Western Avenue
Chicago, IL 60645

Dear Ms. Barnabas:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:28 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793274257407 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:22 AM
Sign for by: N.MUNDE
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 793274257407

Shipper Information	Recipient Information
Martha Rodriguez	Yvette Barnabas, Administrator
Swedish Covenant Hospital	Lakeshore Surgery Center, LLC
2751 N. Minona Street	7200 N. Western Avenue
Chicago	Chicago
IL	IL
US	US
60625	60645

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Swedish Covenant Hospital

The science of feeling better

OFFICE OF THE PRESIDENT

February 17, 2010

Jan Barton, MD
Administrator
American Women's Medical Group d/b/a Western-Diversey Surgical Group
2744 N. Western Avenue
Chicago, IL 60647

Dear Dr. Barton:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

The proposed Center will have 3 operating rooms, 12 recovery stations, and central sterile supply, as well as related non-clinical space. This capacity was determined by the number of cases pledged by SCH surgeons. These physicians' letters support at least 3,200 hours of surgery and turnaround time for the Center. The new operating rooms will help relieve congestion in the Hospital's current operating rooms by relocating appropriate cases to the outpatient setting, thereby freeing up time for more complex inpatient cases in the Hospital's surgical suite.

The new medical office facility will have approximately 228,000 BGSF. The Center will have approximately 12,391 DGSF. The total project cost is currently estimated to be \$50.3 million. Of this total project cost, 9.6 percent is attributable to the Center.

The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:49 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793274277261 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@choop.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (E/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:44 AM
Sign for by: E.M
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 793274277261

Shipper Information	Recipient Information
Martha Rodriguez	Jan Bertion, M.D.,
Swedish Covenant Hospital	Administrator
2751 W. Winona Street	American Women's Medical Group
Chicago	2764 N. Western Ave.
IL	Chicago
US	IL
60625	US
	60647

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Ken Riesterer
Administrator
Six Corners Same Day Surgery, LLC
4211 N. Cicero Avenue, Suite 400
Chicago, IL 60641

Dear Mr. Riesterer:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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The new medical office facility will have approximately 228,000 BGSP. The Center will have approximately 12,391 DGSP. The total project cost is currently estimated to be \$50.3 million. Of this total project cost, 9.6 percent is attributable to the Center.

The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:38 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793274292537 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodriguez@chosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:32 AM
Sign for by: K, KEN
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 793274292537

Shipper Information
Martha Rodriguez
Swedish Covenant Hospital
2751 W. Winona Street
Chicago
IL
US
60625

Recipient Information
Ken Rieosterer, Administrator
Six Corners Same Day Surgery,
LLC
4211 W. Cicero Ave., Suite 400
Chicago
IL
US
60641

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Swedish Covenant Hospital

The science of feeling better

OFFICE OF THE PRESIDENT

February 17, 2010

Janet Flojo
Administrator
CMP Surgicenter d/b/a Fullerton Kimball Medical & Surgical Center
3412 W. Fullerton Avenue
Chicago, IL 60647

Dear Ms. Flojo:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:41 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 790395408741 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@cochoop.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:35 AM
Sign for by: J.VACA
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 790395408741

Shipper Information	Recipient Information
Martha Rodriguez	Janet Flojo, Administrator
Swedish Covenant Hospital	CMP Surgicenter
2761 W. Winona Street	3412 W FULLERTON AVE
Chicago	CHICAGO
IL	IL
US	US
60625	60647

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Swedish Covenant Hospital

The science of feeling better

OFFICE OF THE PRESIDENT

February 17, 2010

Michael Castro
Administrator
Rogers Park One Day Surgery Center, Inc.
7616 N. Paulina Street
Chicago, IL 60626

Dear Mr. Castro:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:26 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395422778 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: ADA 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:22 AM
Sign for by: R.McMILLAN
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver weekday

Tracking number: 798395422778

Shipper Information	Recipient Information
Martha Rodriguez	Michael Castro, Administrator
Swedish Covenant Hospital	Rogers Park One Day Surgery Center
2751 W. Minona Street	7616 N PAULINA ST
Chicago	CHICAGO
IL	IL
US	US
60625	60626

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Ramon A. Garcia, MD
Administrator
Hispanic American Endoscopy Center LLC d/b/a Chicago Endoscopy Center ASTC
3536 W. Fullerton Avenue
Chicago, IL 60647

Dear Dr. Garcia:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:41 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 783274340110 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodriguez@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (D/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:37 AM
Sign for by: F.ELMORISMAN
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 783274340110

Shipper Information	Recipient Information
Martha Rodriguez	Ramon A. Garcia, M.D.,
Swedish Covenant Hospital	Administrators
2751 N. Wiltona Street	Hispanic American Endoscopy
Chicago	Center
IL	1536 N. Fullerton Avenue
US	Chicago
60625	IL
	US
	60647

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2/22/2010

03/11/2010 2:10PM (GMT-06:00)



Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Salam Okash
Administrator
Fullerton Surgery Center
4849 W. Fullerton Avenue
Chicago, IL 60639

Dear Mr. Okash:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:03 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793274351920 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:58 AM
Sign for by: .LEFTY
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 793274351920

Shipper Information	Recipient Information
Martha Rodriguez	Salan Okash, Administrator
Swedish Covenant Hospital	Fullerton Surgery Center
2751 W. Winona Street	4849 W. Fullerton Avenue
Chicago	Chicago
IL	IL
US	US
60625	60639

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Swedish Covenant Hospital
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OFFICE OF THE PRESIDENT

February 17, 2010

Paul Madison, MD
Administrator
WT Surgicenter LLC d/b/a Watertown Surgicenter
845 N. Michigan Avenue, Suite 930E
Chicago, IL 60611

Dear Dr. Madison:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@FEDEX.COM
Sent: Thursday, February 18, 2010 8:52 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793274365525 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schoop.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 8:47 AM
Sign for by: M.SUAREZ
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 793274365525

Shipper Information	Recipient Information
Martha Rodriguez	Paul Madison, M.D.,
Swedish Covenant Hospital	Administrator
2751 W. Minona Street	Wt Surgicenter LLC
Chicago	845 N. Michigan Ave., Suite 930
IL	E
US	Chicago
60625	IL
	US
	60611

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Guita Griffiths
Administrator
The Surgery Center at 900 N. Michigan Avenue LLC
60 E. Delaware Place, 15th Floor
Chicago, IL 60611

Dear Ms. Griffiths:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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The new medical office facility will have approximately 228,000 BGSF. The Center will have approximately 12,391 DGSF. The total project cost is currently estimated to be \$50.3 million. Of this total project cost, 9.6 percent is attributable to the Center.

The Illinois Health Facilities and Services Review Board rules require that we send a letter to area surgical facilities regarding the proposed project's impact on their workload. Please indicate the impact that this project will have on your facility. Please send your response to:

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Franke] at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 9:28 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793274384954 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodriguezchoep.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (#/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:19 AM
Sign for by: C.ORTIZ
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver weekday

Tracking number: 793274384954

Shipper Information
Martha Rodriguez
Swedish Covenant Hospital
2751 N. Winona Street
Chicago
IL
US
60625

Recipient Information
Gita Griffiths, Administrator
The Surgery Center at 900 N.
Michigan
60 E. Delaware Place, 16th
Floor
Chicago
IL
US
60611

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2/22/2010



Swedish Covenant Hospital
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OFFICE OF THE PRESIDENT

February 17, 2010

Joe N. Jafari
Administrator/COO
Grand Avenue Surgical Center
17 W. Grand Avenue
Chicago, IL 60610

Dear Mr. Jafari:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

The proposed Center will have 3 operating rooms, 12 recovery stations, and central sterile supply, as well as related non-clinical space. This capacity was determined by the number of cases pledged by SCH surgeons. These physicians' letters support at least 3,200 hours of surgery and turnaround time for the Center. The new operating rooms will help relieve congestion in the Hospital's current operating rooms by relocating appropriate cases to the outpatient setting, thereby freeing up time for more complex inpatient cases in the Hospital's surgical suite.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:11 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395494160 Delivered

This tracking update has been requested by:

Company Name:	Swedish Covenant Hospital
Name:	Martha Rodriguez
E-mail:	mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference:	Adx 951
Ship (P/U) date:	Feb 17, 2010
Delivery date:	Feb 18, 2010 9:05 AM
Sign for by:	M. ORZCO
Delivered to:	Receptionist/Front Desk
Service type:	FedEx Priority Overnight
Packaging type:	FedEx Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special Handling/Services:	Adult Signature Required Deliver Weekday

Tracking number: **798395494160**

Shipper Information	Recipient Information
Martha Rodriguez	Joe N. Jafari,
Swedish Covenant Hospital	Administrator/COO
2751 W. Minona Street	Grand Avenue Surgical Center
Chicago	17 W. Grand Avenue
IL	Chicago
US	IL
60625	US
	60610

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Judith Courtney
Administrator
River North Same Day Surgery Center LLC
1 East Erie, Suite 300
Chicago, IL 60611

Dear Ms. Courtney:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North Californin Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 8:20 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395506546 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 9:18 AM
Sign for by: D.KELLY
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: [798395506546](#)

Shipper Information	Recipient Information
Martha Rodriguez	Judith Courtney, Administrator
Swedish Covenant Hospital	River North Same Day Surgery Center
2751 W. Minona Street	1 East Erie, Suite 300
Chicago	Chicago
IL	IL
US	US
60625	60611

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Lawrence J. Parrish
Administrator
Illinois Sports Medicine & Orthopedic Surgery Center LLC
9000 Waukegan Road, Suite 120
Morton Grove, IL 60053

Dear Mr. Parrish:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 10:10 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395524810 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodriguez@schoop.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (F/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 10:06 AM
Sign for by: J. GONZALES
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver: Weekday

Tracking number: 798395524810

Shipper Information	Recipient Information
Martha Rodriguez	Lawrence J. Parrish,
Swedish Covenant Hospital	Administrator
2751 W. Winona Street	Illinois Sports Med & Ortho
Chicago	Surgery
IL	9000 Maukogan Road, Suite 120
US	Morton Grove
60626	IL
	US
	60053

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Swedish Covenant Hospital

The science of feeling better

OFFICE OF THE PRESIDENT

February 17, 2010

Patricia M. Wamsley
Administrator
25 East Same Day Surgery
25 E. Washington, Suite 300
Chicago, IL 60602

Dear Ms. Wamsley:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

The proposed multi-specialty ambulatory surgery center will be a joint venture between Swedish Covenant Hospital and Regent Surgical Health. The geographic service area for the new Center coincides with the Hospital's outpatient surgery service area.

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenantLorg

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 10:32 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 798395537030 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
R-mail: mrodriguez@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
Ship (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 10:25 AM
Sign for by: M.DIAZ
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 798395537030

Shipper Information	Recipient Information
Martha Rodriguez	Patricia M. Wamsley,
Swedish Covenant Hospital	Administrator
2751 W. Winona Street	22 East Same Day Surgery
Chicago	25 E. Washington, Suite 100
IL	Chicago
US	IL
60625	US
	60602

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Swedish Covenant Hospital
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OFFICE OF THE PRESIDENT

February 17, 2010

Barbara L. Ramsey
Administrator
Rush Surgicenter at the Professional Building LTC Partnership
1725 W. Harrison, Suite 556
Chicago, IL 60612

Dear Ms. Ramsey:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

5145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.807.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 18, 2010 10:18 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793274455230 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adn 951
SHIP (P/U) date: Feb 17, 2010
Delivery date: Feb 18, 2010 10:13 AM
Sign for by: T. COLYER
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Adult Signature Required
Deliver Weekday

Tracking number: 793274455230

Shipper Information	Recipient Information
Martha Rodriguez	Barbara L. Ranney,
Swedish Covenant Hospital	Administrator
2751 W. Winona Street	Rush Surgicenter at the Prof
Chicago	Rldg
IL	1725 W. Harrison, Suite 556
US	Chicago
60625	IL
	US
	60612

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Swedish Covenant Hospital

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OFFICE OF THE PRESIDENT

February 17, 2010

Faith McHale
Administrator
Belmont/Harlem Surgery Center LLC
3101 N. Harlem Avenue
Chicago, IL 60634

Dear Ms. McHale:

Swedish Covenant Hospital (SCH) is planning to construct a medical office building at the northeast corner of North California Avenue and Foster Avenue. The office building will contain parking, lease space for physician offices and retail space, and a non-hospital based surgery center (the Center).

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Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, Illinois 60625

If you have any questions regarding this project, please do not hesitate to call David Frankel at 773-878-8200, ext. 5198.

Sincerely,

Mark Newton
President/CEO

6145 N. California Ave. | Chicago, IL 60625 | T: 773.878.8200 | TTY: 773.907.3044

SwedishCovenant.org

Rodriguez, Martha

From: TrackingUpdates@fedex.com
Sent: Thursday, February 25, 2010 8:10 AM
To: Rodriguez, Martha
Subject: FedEx Shipment 793297241250 Delivered

This tracking update has been requested by:

Company Name: Swedish Covenant Hospital
Name: Martha Rodriguez
E-mail: mrodrigu@schosp.org

Our records indicate that the following shipment has been delivered:

Reference: Adm 951
Ship (P/U) date: Feb 24, 2010
Delivery date: Feb 25, 2010 9:05 AM
Sign for by: E. FOX
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Envelope
Number of pieces: 1
Weight: 0.50 lb.
Special handling/Services: Deliver Weekday

Tracking number: 793297241250

Shipper Information	Recipient Information
Martha Rodriguez	Paith McFalls, Administrator
Swedish Covenant Hospital	BolmontHarlem Surgery Center,
2751 W. Minona Street	LCC
Chicago	3101 N HARLEM AVE
IL	CHICAGO
US	IL
60625	US
	60634

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2/25/2010

Facilities with 30-Minutes Normal (Adjusted) Travel Time from the Proposed Swedish Covenant Surgery Center

Facility Name	Facility Address	City	Zip	MapQuest Travel Time		Miles
				Actual Time	Adjusted (1.25)	
Hospitals						
Swedish Covenant Hospital	5145 North California Avenue	Chicago	60625	<1	1	0.07
Methodist Hospital of Chicago	5025 North Paulina Street	Chicago	60640	5	6	1.66
Louis A. Weiss Memorial Hospital	4646 N Marine Drive	Chicago	60640	11	14	3.21
Thorak Hospital and Medical Center	850 W Irving Park Road	Chicago	60613	11	14	3.63
St. Francis Hospital	355 Ridge Avenue	Evanston	60202	12	15	4.11
Advocate Illinois Masonic Medical Center	836 West Wellington Avenue	Chicago	60657	13	16	4.38
Saint Joseph Hospital	2900 North Lake Shore Drive	Chicago	60657	14	18	5.45
Children's Memorial Hospital	2300 North Childrens Plaza	Chicago	60614	15	19	4.91
Our Lady of Resurrection Medical Center	5645 West Addison Street	Chicago	60634	15	19	5.60
Resurrection Medical Center	7435 West Talcott Avenue	Chicago	60631	16	20	6.18
NorthShore Skokie Hospital ¹	9600 Gross Point Road	Skokie	60076	16	20	6.87
St. Elizabeth's Hospital	1431 North Claremont Avenue	Chicago	60622	18	23	5.29
Saint Mary of Nazareth Hospital	2233 West Division Street	Chicago	60622	18	23	7.70
Norwegian American Hospital	1044 North Francisco Avenue	Chicago	60622	19	24	6.24
NorthShore Evanston Hospital	2650 Ridgt. Avenue	Evanston	60201	19	24	7.87
Northwestern Memorial Hospital	240 East Ontario Street, Suite 530	Chicago	60611	20	25	9.04
Rush University Medical Center	1650 West Harrison Street	Chicago	60612	20	25	10.03
Sacred Heart Hospital	3240 West Franklin Boulevard	Chicago	60624	21	26	6.58
University of Illinois Medical Center	1740 West Taylor Street	Chicago	60612	21	26	10.50
John H. Stroger Jr. Hospital	1901 West Harrison Street	Chicago	60612	21	26	10.60
Advocate Bethany Hospital	3435 West Van Buren Street	Chicago	60624	22	28	12.21
Mount Sinai Hospital	1501 South California Avenue	Chicago	60608	24	30	11.87
Advocate Lutheran General Hospital	1775 Dempster Street	Park Ridge	60068	24	30	13.30

¹ Formerly Rush North Shore Medical Center

Continued on the following page.

Facilities with 30-Minutes Normal (Adjusted) Travel Time from the Proposed Swedish Covenant Surgery Center Continued

Facility Name	Facility Address	City	Zip	MapQuest Travel Time		Miles
				Actual Time	Adjusted (1.25)	
ASTCs						
Novamed Surgery Center of Chicago Northshore, LLC	3034 West Peterson Avenue	Chicago	60659	4	5	1.30
Peterson Medical Surgi-Center	2300 West Peterson Avenue	Chicago	60659	5	6	1.64
Albany Medical Surgical Center	5086 North Elston Avenue	Chicago	60630	8	10	2.76
North Shore Surgical Center	3725 West Touhy Avenue	Lincolnwood	60712	8	10	3.56
Lakeshore Surgery Center, LLC	7200 North Western Avenue	Chicago	60645	9	11	3.05
American Women's Medical Group d/b/a/ Western-Diversey Surgical Group	2744 North Western Avenue	Chicago	60647	11	14	3.59
Six Corners Same Day Surgery, LLC	4211 N. Cicero Avenue, Suite 400	Chicago	60641	11	14	3.76
CMP Surgicenter d/b/a/ Fullerton Kimball Medical & Surgical Center	3412 West Fullerton Avenue	Chicago	60647	13	16	4.33
Rogers Park One Day Surgery Center, Inc.	7616 North Paulina Street	Chicago	60626	13	16	4.40
Hispanic American Endoscopy Center, LLC d/b/a Chicago Endoscopy Center, ASTC	3536 W. Fullerton Avenue	Chicago	60647	14	18	4.50
Fullerton Surgery Center	4849 Wcst Fullcrton Avenue	Chicago	60639	17	21	6.11
WT Surgicenter LLC d/b/a Watertower Surgicenter	845 N. Michigan Avenue, Suite 930 E	Chicago	60611	19	24	8.15
The Surgery Center at 900 North Michigan Avenue, LLC	60 East Delaware Place - 15th Floor	Chicago	60611	19	24	8.33
Grand Avenue Surgical Center ²	17 West Grand Avenue	Chicago	60610	19	24	8.94
River North Same Day Surgery Center, LLC	1 East Erie, Suite 300	Chicago	60611	19	24	8.97
Illinois Sports Medicine & Orthopedic Surgery Center, LLC	9000 Waukegan Road, Suite 120	Morton Grove	60053	20	25	8.17
25 East Same Day Surgery	25 East Washington, Suite 300	Chicago	60602	20	25	9.29
Rush Surgicenter at the Professional Bldg. LTC. Partnership	1725 West Harrison, Suite 556	Chicago	60612	20	25	10.12
Belmont / Harlem Surgery Center, LLC ³	3101 North Harlem Avenue	Chicago	60634	22	28	8.24

² Formerly Concord Medical Center
³ Formerly Resurrection Health Care Surgery Center
 Source: www.MapQuest.com, as of 12/22/09

MAR -4 2010

M Northwestern Memorial[®]
HealthCare

Dean M. Harrison
President and Chief Executive Officer

March 2, 2010

Mr. Mark Newton
President and CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, IL 60625

Dear Mr. Newton

I have received your February 17 letter regarding Swedish Covenant Hospital's plan to construct a medical office building with a surgery center at North Carolina Avenue at Foster Avenue. Your letter indicates that the three operating rooms in the center will provide needed capacity to relieve congestion in the hospital's current operating rooms.

Your program will likely have minimal, if any, impact on surgery volumes at Northwestern Memorial Hospital. We support your Certificate of Need permit application to the Illinois Health Facilities and Services Review Board.

Sincerely,



251 East Huron Street, Suite 3-708, Chicago, Illinois 60611-2908 312.926.3007 www.nmhc.org

MAR 10 2010

Fullerton - Kimball Medical & Surgical Center

March 8, 2010

Mr. Mark Newton
President & CEO
Swedish Covenant Hospital
5145 North California Avenue
Chicago, IL 60625

Dear Mr. Newton,

I am writing in response to your letter regarding Swedish Covenant Hospital (SCH) application to establish a multi-specialty ambulatory surgery center at 5145 North California Avenue in Chicago.

CMP Surgicenter dba Fullerton Kimball Medical & Surgical Center currently provides services to patients within a 5 mile radius where your proposed surgical center will be. The services to be provided, as listed in your letter, would account for a significant impact in outpatient surgery services in our facility.

Therefore, we believe the establishment of this ASTC will have a great impact on our outpatient business, as well as duplicate services that are already available to this community.

Sincerely,


Jane Floj
Administrator

3412 W. Fullerton Avenue • Chicago, IL 60647 • (773) 235-8000 Tol. • (773) 235-7018 Fax • (877) 235-8080 Toll Free • www.fullertonkimball.com

Swedish Covenant Hospital - Outpatient Surgery Patient Origin by Service Area and Zip Code

Service Area	Zip Code	2009		
		Outpatient Surgery Cases	Percent Distribution	Cumulative Percent
Within the Swedish Covenant ASTC Geographic Service Area (GSA)				
Primary Service Area (PSA)	60625	1,343	15.37	15.37
	60659	701	8.03	23.41
	Subtotal PSA	2,044	23.41	23.41
Secondary Service Area (SSA)	60630	703	8.05	31.46
	60618	634	7.26	38.72
	60640	478	5.47	44.19
	60645	372	4.26	48.45
	60641	371	4.25	52.71
	60646	336	3.85	56.56
	60660	298	3.41	59.97
	60626	185	2.11	62.08
	60613	125	1.42	63.51
60712	117	1.33	64.84	
Subtotal SSA		3,619	41.43	64.84
Extended Service Area (ESA)	60634	224	2.56	67.40
	60077	150	1.71	69.11
	60647	144	1.64	70.76
	60076	143	1.63	72.39
	60639	133	1.52	73.91
	60714	126	1.44	75.34
	60053	102	1.17	76.51
	60656	88	1.01	77.52
	60657	81	0.93	78.46
	60631	71	0.82	79.27
	60706	63	0.72	80.00
	60202	41	0.47	80.47
	60201	35	0.40	80.87
	60203	5	0.06	80.93
Subtotal ESA		1,406	16.09	80.93
Other within the GSA	60016	75	0.86	81.79
	60025	66	0.76	82.55
	60062	60	0.69	83.24
	60614	59	0.68	83.91
	60707	52	0.60	84.51
	60056	46	0.53	85.04
	60622	46	0.53	85.57
	60091	36	0.41	85.98
	60068	35	0.40	86.38
	60651	33	0.38	86.76
	60610	30	0.34	87.11
	60018	29	0.33	87.44
	60005	20	0.23	87.67
	60176	19	0.22	88.10
	60612	19	0.22	88.31
	60131	18	0.21	87.88
60605	18	0.21	88.52	

Continued on the following Page

Swedish Covenant Hospital - Outpatient Surgery Patient Origin by Service Area and Zip Code (Continued)

Service Area	Zip Code	2009		
		Outpatient Surgery Cases	Percent Distribution	Cumulative Percent
Other within the GSA	60632	17	0.20	88.72
Continued	60644	15	0.17	88.89
	60007	13	0.15	89.04
	60624	12	0.14	89.18
	60611	12	0.14	89.31
	60608	11	0.13	89.44
	60093	9	0.10	89.54
	60601	8	0.09	89.64
	60616	8	0.09	89.73
	60623	8	0.09	89.82
	60607	7	0.08	89.90
	60609	5	0.06	89.96
	60653	5	0.06	90.01
	60654	2	0.02	90.04
	60604	3	0.03	90.07
	60606	2	0.02	90.10
	60022	1	0.01	90.11
	60661	1	0.01	90.12
	60602	1	0.01	90.13
	60029	1	0.01	90.14
	60666	1	0.01	90.15
	Subtotal Other	803	9.23	90.15
	Total GSA	7,872	90.15	90.15
Outside the Swedish Covenant ASTC Geographic Service Area				
	Other - Illinois	805	9.22	99.37
	Other - Out of State	55	0.63	100.00
	Subtotal Other	860	9.85	100.00
	Grand Total	8,732	100.00	100.00

Source: Hospital Data

Surgery and Operating Room Utilization, 2009

Surgical Specialty	Operating Rooms			Surgical Cases			Surgical Hours			
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
Cardiovascular	0	0	1	1	317	34	351	1,655	93	1,748
Dermatology	0	0	0	0	0	0	0	0	0	0
General	0	0	6	6	934	705	1,639	2,029	1,208	3,237
Gastroenterology	0	0	0	0	0	0	0	0	0	0
Neurology	0	0	0	0	176	679	855	475	557	1,032
OB/Gynecology	0	0	0	0	291	433	724	644	515	1,159
Oral/Maxillofacial	0	0	0	0	0	0	0	0	0	0
Ophthalmology	0	0	0	0	0	0	0	0	0	0
Orthopedic	0	0	0	0	455	654	1,109	1,094	1,052	2,146
Otolaryngology	0	0	0	0	105	249	354	163	368	531
Plastic Surgery	0	0	0	0	13	180	193	41	512	553
Podiatry	0	0	0	0	61	145	206	85	203	288
Thoracic	0	0	0	0	649	196	845	990	298	1,288
Urology	0	0	0	0	45	140	185	125	208	333
Total	0	0	7	7	3,046	3,415	6,461	7,301	5,014	12,315

Dedicated and Non-Dedicated Procedure Room Utilization, 2009

Procedure Type	Procedure Rooms			Surgical Cases			Surgical Hours			
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
Dedicated GI Procedures	0	0	2	2	1,889	3,879	5,768	1,389	2,861	4,250
Dedicated Ophthalmology Procedures	0	0	1	1	3	740	743	489	125	614
Dedicated Laser Eye Procedures	0	0	1	1	0	172	172	0	59	59
Dedicated Cystoscopy Procedures	0	0	1	1	189	277	466	240	341	581
Multipurpose General Surgery Procedures	0	0	1	1	0	249	249	0	187	187
Total Procedure Rooms	0	0	6	6	2,081	5,317	7,398	2,118	3,573	5,691
Grand Total Operating & Procedure Rooms			13	13	5,127	8,732	13,859	9,419	8,587	18,006

March 11, 2010

Members of the Illinois Health Facilities and Services Review Board
CC: Mr. Mike Constantino, Supervisor of Project Review
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Services Review Board;

The purpose of this letter is to certify that:

1. Swedish Covenant Hospital will not increase operating room capacity until such time as the proposed ambulatory surgery treatment center's operating rooms are operating at or above the target utilization rate for a period of twelve full months; and,
2. Swedish Covenant Hospital certifies that the proposed charges for comparable procedures at the ASTC will be lower than those of the existing hospital.

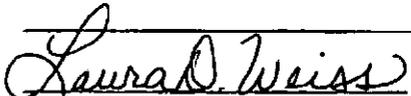
Sincerely,



Mark Newton
President and CEO
Swedish Covenant Hospital

Notarization:

Subscribed and sworn to before me
this 11TH day of MARCH, 2010



Signature of Notary

Seal



SWEDISH COVENANT SURGERY CENTER
Charge Commitment Section - For CON Application

Orthopedic Surgery Procedures

<u>CPT Code</u>	<u>Procedure Description</u>	<u>Charge</u>
26145	TENDON EXCISION, PALM/FINGER	\$ 9,989.57
29827	ARTHROSCOP ROTATOR CUFF REPR	\$ 15,163.54
29879	KNEE ARTHROSCOPY/SURGERY	\$ 13,899.92
29880	KNEE ARTHROSCOPY/SURGERY	\$ 13,899.92
64721	CARPAL TUNNEL SURGERY	\$ 6,215.91

Podiatry Procedures

<u>CPT Code</u>	<u>Procedure Description</u>	<u>Charge</u>
28043	EXCISION OF FOOT LESION	\$ 6,703.10
28124	PARTIAL REMOVAL OF TOE	\$ 10,054.65
28285	REPAIR OF HAMMERTOES	\$ 11,730.42
28292	CORRECTION OF BUNION	\$ 13,406.20
28299	CORRECTION OF BUNION	\$ 13,406.20

Pain Procedures

<u>CPT Code</u>	<u>Procedure Description</u>	<u>Charge</u>
62311	INJECT SPINE L/S (CD)	\$ 1,467.65
64475	INJ PARA VERTEBRAL L/S	\$ 1,467.65
64483	INJ FORAMEN EPIDURAL L/S	\$ 1,467.65
64622	DESTR PARA VERTEBRAL NERVE L/S	\$ 1,165.48
64626	DESTR PARA VERTEBRAL NERVE C/T	\$ 1,381.32

General Procedures

<u>CPT Code</u>	<u>Procedure Description</u>	<u>Charge</u>
11406	EXC TR-EXT B9+MARG > 4.0 CM	\$ 6,836.40
19120	REMOVAL OF BREAST LESION	\$ 10,370.24
45378	DIAGNOSTIC COLONOSCOPY	\$ 3,575.52
45384	LESION REMOVE COLONOSCOPY	\$ 3,575.52
49585	RPR UMBIL HERN, REDUC > 5 YR	\$ 15,727.97

Otolaryngology Procedures

<u>CPT Code</u>	<u>Procedure Description</u>	<u>Charge</u>
30520	REPAIR OF NASAL SEPTUM	\$ 10,271.54
31535	LARYNGOSCOPY W/BIOPSY	\$ 7,418.33
31541	LARYNSCOP W/TUMR EXC + SCOPE	\$ 9,130.26
42820	REMOVE TONSILS AND ADENOIDS	\$ 3,696.22
42826	REMOVAL OF TONSILS	\$ 3,975.17

March 11, 2010

Members of the Illinois Health Facilities and Services Review Board
CC: Mr. Mike Constantino, Supervisor of Project Review
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Dear Members of the Illinois Health Facilities and Review Board;

Per Criterion 1110.1540(g) (b), the proposed new Swedish Covenant Surgery Center, LLC does not intend to increase their charges for a period of two years upon opening the facility.

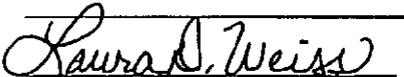
Sincerely,



Mark Newton
Manager
Swedish Covenant Surgery Center, LLC

Notarization:

Subscribed and sworn to before me
this 11th day of MARCH, 2010



Signature of Notary

Seal



SECTION IX - Financial Feasibility

This section is applicable to all projects subject to Part 1120.

REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)

Does the applicant (or the entity that is responsible for financing the project or is responsible for assuring the applicant's debt obligations in case of default) have a bond rating of "A" or better?

Yes No Swedish Covenant Hospital has an A bond rating and the project does not include debt.

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXVI. If no is indicated, submit the most recent three years' audited financial statements including the following:

1. Balance sheet
2. Income statement
3. Change in fund balance
4. Change in financial position

A. Criterion 1120.210(a), Financial Viability – Not Applicable

1. Viability Ratios

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each. Insert the worksheets after this page.

2. Variance

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)
(continued)

B. Criterion 1120.210(b), Availability of Funds Not Applicable

If proof of an "A" or better bond rating has not been provided, read the criterion and document that sufficient resources are available to fund the project and related costs including operating start-up costs and operating deficits. Indicate the dollar amount to be provided from the following sources:

_____ **Cash & Securities**

Provide statements as to the amount of cash/securities available for the project. Identify any security, its value and availability of such funds. Interest to be earned or depreciation account funds to be earned on any asset from the date of application submission through project completion are also considered cash.

_____ **Pledges**

For anticipated pledges, provide a letter or report as to the dollar amount feasible showing the discounted value and any conditions or action the applicant would have to take to accomplish goal. The time period, historical fund raising experience and major contributors also must be specified.

_____ **Gifts and Bequests**

Provide verification of the dollar amount and identify any conditions of the source and timing of its use.

_____ **Debt Financing (indicate type(s) _____)**

For general obligation bonds, provide amount, terms and conditions, including any anticipated discounting or shrinkage) and proof of passage of the required referendum or evidence of governmental authority to issue such bonds;

For revenue bonds, provide amount, terms and conditions and proof of securing the specified amount;

For mortgages, provide a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated;

For leases, provide a copy of the lease including all terms and conditions of the lease including any purchase options.

_____ **Governmental Appropriations**

Provide a copy of the appropriation act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, provide a resolution or other action of the governmental unit attesting to such future funding.

_____ **Grants**

Provide a letter from the granting agency as to the availability of funds in terms of the amount, conditions, and time of receipt.

_____ **Other Funds and Sources**

Provide verification of the amount, terms and conditions, and type of any other funds that will be used for the project.

_____ **TOTAL FUNDS AVAILABLE**

C. Criterion 1120.210(c), Operating Start-up Costs Not Applicable

If proof of an "A" or better bond rating has not been provided, indicate if the project is classified as a Category B project that involves establishing a new facility or a new category of service? Yes No . If yes is indicated, read the criterion and provide in the space below the amount of operating start-up costs (the same as reported in Section I of this application) and provide a description of the items or components that comprise the costs. Indicate the source and amount of the financial resources available to fund the operating start-up costs (including any initial operating deficit) and reference the documentation that verifies sufficient resources are available.

APPEND DOCUMENTATION AS ATTACHMENT 75, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Healthcare
New Issue**

Swedish Covenant Hospital

Illinois Finance Authority

Ratings

New Issue	
\$101,655,000 Illinois Finance Authority Revenue Refunding Bonds, Series 2010	A-
Outstanding Debt	
\$60,000,000 Illinois Finance Authority Revenue Refunding Bonds, Series 2008A ¹	A-
\$42,500,000 Illinois Finance Authority Revenue Refunding Bonds, Series 2008B ¹	A-
\$2,956,000 Illinois Finance Authority Revenue Refunding Bonds, Series 2005	A-
\$45,650,000 Illinois Health Facilities Authority Revenue Refunding Bonds, Series 2003	A-

¹Unenhanced rating. ²Supported by a letter of credit from LaSalle Bank, N.A. (now part of Bank of America, N.A.) and rated 'A+/F1+' based on the credit quality of the bank. ³Supported by a letter of credit from Allied Irish Bank, p.l.c. and rated 'A-/F1+' based on the credit quality of the bank.

Rating Outlook

Stable

Analysts

Emily E. Wadhvani
+1 312 368-3347
emily.wadhvani@fitchratings.com

Anthony A. Houston
+1 312 368-3180
anthony.houston@fitchratings.com

New Issue Details

Sale Information: Bonds to price the week of Jan. 18 via negotiation.
Security: Revenue pledge, debt service reserve fund, and a mortgage on certain properties of the obligated group.
Purpose: Refund the outstanding series 2008B and 2008A-B variable-rate bonds, fund the debt service reserve, and pay associated costs of issuance.
Final Maturity: 2038.

Rating Rationale

- Swedish Covenant Hospital (Swedish Covenant, or the hospital) has solid balance sheet measures with sound liquidity against expenses and reduced capital structure risk with the series 2010 issuance.
- Pro forma coverage of MADS is adequate for the 'A' rating category.
- Swedish Covenant's safety net hospital designation generates supplemental revenue from the state of Illinois.
- Strong management practices focus on investments in health information technology, revenue cycle management, productivity, matching operating costs to patient volume, and community involvement.
- Swedish Covenant has a heavy concentration in government payors.
- The Stable Rating Outlook reflects Fitch Ratings' belief that continued positive operating performance and cash flows will lead to a strengthening of the balance sheet.

Key Rating Drivers

- Swedish Covenant operates in a highly competitive marketplace, with strong community hospitals and academic medical centers within the service area.
- Stabilization of overall operating performance balances some volatility in Swedish Covenant's non-operating income.
- Healthcare reform and an expectation of a lower reimbursement environment at both a national and state level could affect the credit.

Credit Summary

Upon the closing of the series 2010 bonds, Swedish Covenant will effectively convert a 98% variable-rate debt structure to a 63% fixed to 37% variable mix. Fitch views Swedish Covenant's plan of finance favorably, as it significantly reduces overall capital risk by increasing the amount of fixed-rate, fully committed debt and reducing the amount of bank-supported, conditionally committed capital.

The 'A-' rating is further supported by Swedish Covenant's solid balance sheet metrics, improved operating performance, and stable market presence within a competitive service area. Swedish Covenant continues to be the market share leader, with a stable 40.9% share in fiscal 2009, compared to the 8.2% share of its closest competitor, which has led to consistent volumes and a stable revenue stream. After a slight loss from operations in 2008, Swedish Covenant generated improved operating performance in 2009 due in part to the receipt of payments from the Illinois provider tax program, attention to expense management, and revenue cycle improvements, as demonstrated by a very low 16.6 days in accounts receivable in fiscal 2009. Swedish Covenant generated an operating margin of 5.8% in fiscal 2009, up from negative 0.1% in fiscal 2008. Fitch believes that the volatility in recorded operating performance from fiscal years 2008-2009 is due in part to how provider tax revenues were recognized and not indicative of any inconsistency in core operations.

Related Research

Applicable Criteria

- *Nonprofit Hospital and Health Systems Rating Criteria, Dec. 29, 2009*

Other Research

- *Fitch Rates Swedish Covenant Hospital (IL) Series 2010 \$101.9MM Debt Issuance 'A-'; Outlook Stable, Dec. 23, 2009*

New Issue Details

The unenhanced fixed-rate series 2010 bonds are being issued to refund the series 2008B, 2003A, and 2003B bonds. Total debt outstanding after this financing will be approximately \$161.9 million, consisting of the \$101.9 million series 2010 bonds and \$60 million in series 2008A bonds. The current debt mix is 98% variable rate. At the closing of the series 2010 bonds, Swedish will have a 63% fixed- and 37% variable-rate debt mix.

The series 2010 bonds will be secured by a revenue pledge and mortgage of the obligated group. The obligated group consists of Swedish Covenant, which represents 96.8% of net patient revenues as reported in the consolidated audited financial statements for the fiscal year ended Sept. 30, 2009. Entry into and exit from the obligated group must meet additional debt, permitted encumbrance, disposition of property, and asset transfer covenants as outlined in the table below. A fully funded debt service reserve fund will be created and funded from bond proceeds, and a mortgage lien was added to the legal structure for this issuance. MADS is estimated at approximately \$11.1 million. The bonds are expected to price the week of Jan. 18 via negotiation.

Rating History

Rating	Action	Outlook/Watch	Date
A-	Affirmed	Stable	12/23/09
A-	Assigned	Stable	4/1/08

Legal Review

The security and covenant package of the series 2010 bonds provides limited bondholder security. The series 2010 bonds are issued pursuant to the provisions of the master trust indenture dated May 15, 1993, as amended and restated, including the supplemental master indenture No. 1 dated Jan. 15, 2010.

The major legal covenants are shown in the following table.

Series 2010 Major Legal Covenants

Additional Debt	<ul style="list-style-type: none"> One of the following: <ul style="list-style-type: none"> • indebtedness ratio of less than 0.66:1. • Historical pro forma DSC not less than 1.25:1. • Historical MADS coverage not less than 1.10:1. • Projected DSC for next two fiscal years not less than 1.20:1 from consultant or 1.30:1 from OG agent. On parity with outstanding bonds.
Liquidity	None.
Permitted Encumbrances	Not more than 15% of the property value of the OG.
Disposition of Property	Historical MADS coverage not less than 1.10:1 or reduced by more than 35%.
Asset Transfers Outside OG	No more than 5% of net assets on an annual basis.
Debt Service Reserve	Equal to the least of: <ul style="list-style-type: none"> • Maximum amount of principle and interest payable. • 10% of bond proceeds. • 125% of average annual debt service of series 2010 bonds plus the lesser of the aforementioned for any other bonds outstanding.
Disclosure	Audited financial statements not later than 150 days after the fiscal year end and quarterly statements within 60 days after the end of each quarter.

OG - Obligated group.

Organization Overview

Located approximately 10 miles north of the Chicago city center, Swedish Covenant is licensed for 323 beds, of which 296 were in service as of November 2009. Founded in 1886 by the Evangelical Covenant Church, the current hospital is located on the original site. The sole corporate member of Swedish Covenant is the Covenant Ministries of Benevolence (CMB), which is a subordinate member of the Evangelical Covenant Church. CMB provides consultative services and manages the investment portfolio and

pension plan for Swedish Covenant; it is paid an annual management fee for those services. CMB also controls additional affiliate organizations, including LifeCenter in the Green, Emanuel Medical Center, and Covenant Retirement Services (revenue bonds rated 'BBB+' with a Negative Rating Outlook by Fitch).

Swedish Covenant is the sole corporate member of three subordinate corporations. Swedish Covenant Faculty Group provides medical education services to the hospital in conjunction with the residency program. Swedish Covenant Management Services develops office and clinic space in support of satellite physician practices and is a taxable entity. The Swedish Covenant Foundation serves as the fundraising entity in support of the hospital. Swedish Covenant is the sole member of the obligated group.

Management and Governance

Fitch toured the facility in 2008 during the original rating process and subsequently met again with senior management via conference during the current rating review process. Fitch views the management team collectively as a positive credit feature. The management team is seasoned, with a keen understanding of the complex Chicago healthcare market. Fitch believes management uses sound practices, including employee engagement, a high level of involvement in local and national advocacy, strong revenue cycle management, ongoing investments in health information technology, and the successful management of operating expenses on par with changes in operating volumes.

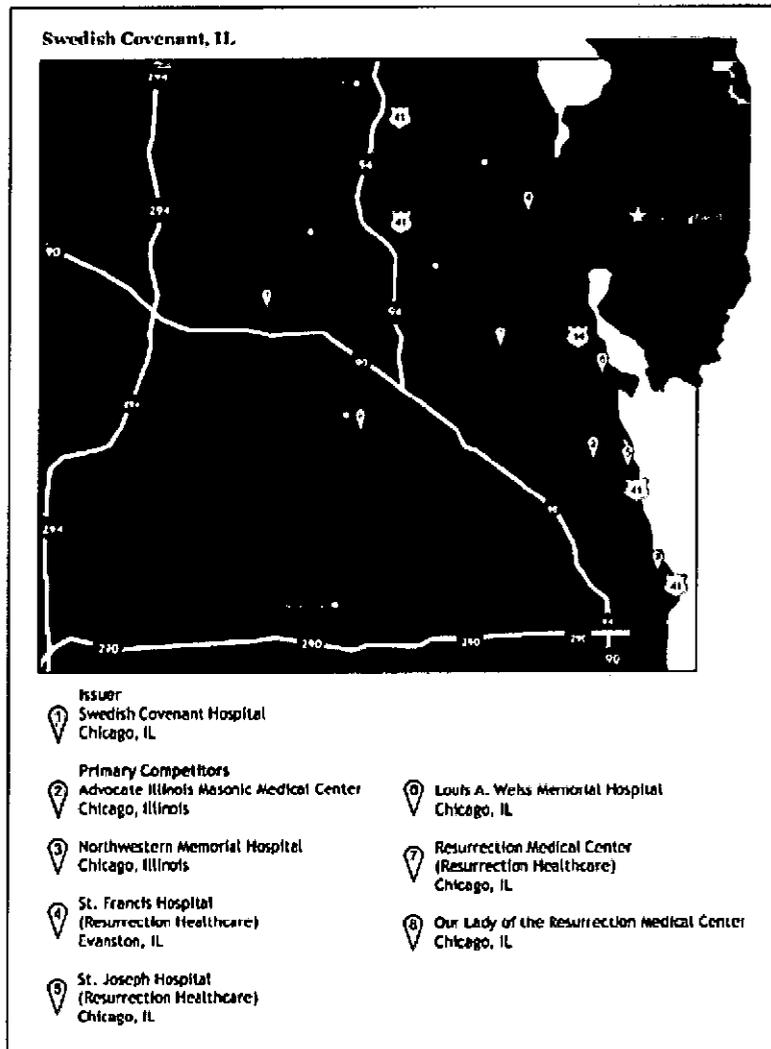
The board of directors consists of 20 members, plus five ex officio members with voting rights. The board is self-perpetuating, and directors can serve up to two four-year terms. Current composition includes 14 members from the local community and four physicians, and the board meets five times annually. Standing committees include finance, human resources, marketing and strategic planning, joint conference, ministry and spiritual care, quality care, executive, and governance. The audit committee is a subcommittee of the finance committee.

Medical and Nursing Staff

As of November 2009, the medical staff of the hospital consisted of 542 active physicians. The active medical staff has an average age of 52.2 years, and 90% are board certified in their areas of specialization. The top 25 admitters produced a relatively low 42.7% of total acute care admissions in fiscal 2009, which Fitch views as a credit positive. Swedish Covenant has made a concerted effort to provide a pluralistic environment to meet physician needs and with success demonstrated by successful recruiting efforts. Since 2004, Swedish Covenant has added 138 members to the medical staff on a gross basis, and those physicians now represent 16.1% of the net patient revenue in 2009. In November 2009, the hospital employed 46 physicians, with the remaining majority of the medical staff in private practice. Swedish Covenant also affiliates with Midwestern University through several residency programs, accommodating approximately 50 residents and 60 students per month.

Swedish Covenant has a history of an engaged and satisfied work force, which is demonstrated by an 8.4% overall turnover rate and a low 3.3% overall vacancy rate in 2009. As 62% of the staff lives within a nine-mile radius of the hospital, Swedish Covenant has a very engaged work force and generated strong community support. Of note, hospital employees and medical staff speak over 40 different languages to accommodate the diversity of their patients. Overall, Fitch views the clinical and support staff as a credit positive.

Service Area and Competition



Swedish Covenant is located approximately 10 miles north of Chicago's city center, in the northern half of Cook County. Swedish Covenant has identified an approximately three-mile radius from the hospital, encompassing 12 zip codes as the primary and secondary service area, stretching to a five-mile radius as an extended service area. Together, the primary and secondary service areas account for 77% of total hospital admissions and had

a total population of approximately 650,000 in 2009. Market demographics are diverse, and Fitch views the economic indicators neutrally. Median household income was \$52,517 in 2009, slightly below the Cook County average of \$53,709.

Fitch views the acute care market as highly competitive, with other large providers offering comparable services nearby. Swedish Covenant had a 40.9% share in its primary service area in 2009, followed by Advocate Illinois Masonic Medical Center with 8.2% (part of Advocate Health Care Network, whose revenue bonds are rated 'A-' by Fitch), Northwestern Memorial Hospital with 7.0%, St. Joseph Hospital with 4.7%, and St. Francis Hospital of Evanston with 4.1% (St. Joseph and St. Francis are part of Resurrection Health System, whose revenue bonds are rated 'BBB+' by Fitch). All others had less than a 4% share. Within the secondary service area, Swedish Covenant had a 13.2% share in 2009, followed by the next competing provider at 10.3%. With a number of acute care providers within the service area, the competitive marketplace poses some threat to Swedish Covenant's clinical volumes and revenue stream. However, Swedish has demonstrated consistent leading market share through a long-standing relationship with the community it serves, which mitigates some of that threat.

Operations and Utilization

Swedish Covenant is planning for an ongoing capital budget of approximately \$233 million from fiscal years 2010-2020, with projects oriented toward strategic growth and information technology. Of note, Swedish Covenant has achieved a high ranking according to the Healthcare Information and Management Systems Society (HIMSS), which has scored Swedish Covenant as having achieved HIMSS Stage 6, which is one step below full EMR capability. Swedish Covenant anticipates full EMR implementation by June 2011. Fitch views this investment favorably and believes Swedish Covenant should garner improved operating efficiencies through more aligned care management processes and better patient outcomes that, in the long run, should correlate with enhanced overall financial performance.

Utilization Data
(Fiscal Years Ended Sept. 30)

	2005	2006	2007	2008	2009
Licensed beds	334	334	334	334	323
Operated beds	294	279	279	279	296
Acute Discharges/Admissions Excluding Newborn Births	13,669	13,232	13,767	13,855	14,326
Acute Patient Days Excluding Newborn Days	67,764	63,335	63,463	63,371	62,973
Average Length of Stay (Days)	5.0	4.8	4.6	4.6	4.4
Average Daily Census	186	174	174	174	173
Occupancy (%)	63	62	62	62	58
Normal Newborn Births	2,338	2,155	2,424	2,532	2,488
Outpatient Surgeries	8,884	8,881	8,791	8,915	8,641
Inpatient Surgeries	5,032	4,630	4,802	5,907	5,127
Net Emergency Room Visits*	41,465	41,615	42,665	46,145	47,948
Full-Time Equivalents	1,765	1,729	1,735	1,772	1,704
Medicare Case Mix Index	1.42	1.50	1.54	1.54	1.50

*Excluding emergency room admissions.

Clinical volumes have demonstrated modest growth in the prior few years. Total inpatient admissions increased between fiscal years 2007 and 2009. Total acute care admissions increased by 4.1%, with overall length of stay declining from 4.6 days in fiscal 2007 to 4.4 days in fiscal 2009. Ancillary services have also grown, with inpatient and outpatient laboratory services increasing by 15.5% and 8.8%, respectively, between fiscal years 2007 and 2009. Inpatient surgeries increased by 6.8% between fiscal years

2007 and 2009. Similarly, outpatient radiology procedures and emergency room visits increased by 5.2% and 12.4%, respectively, since fiscal 2007.

The hospital's payor mix remained consistent for fiscal years 2007-2009 with approximately 48% of the gross revenues derived from Medicare, 26% from managed care, Blue Cross, and commercial insurance, 19.0% from Medicaid, and 6.0% from self-pay. Fitch believes such a high concentration in government payors presents some operating risk to the revenue base.

Payor Mix

(% of Gross Revenues, Fiscal Years Ended Sept. 30)

	2005	2006	2007	2008	2009
Medicare	48.9	49.2	48.0	46.9	47.3
Medicaid	17.7	17.8	17.2	18.6	19.8
Blue Cross	1.4	1.1	1.2	1.0	0.8
Managed Care	26.6	26.4	27.6	27.3	26.3
Self-Pay	5.4	5.5	5.6	6.2	5.8
Total	100.0	100.0	100.0	100.0	100.0

Note: Numbers may not add to 100% due to rounding.

Some of this risk is offset by Swedish Covenant's status as a safety net hospital by the state of Illinois. Hospital leadership has demonstrated a strong advocacy platform, which has resulted in continued supplemental revenue support from the state; Swedish Covenant recognized additional revenues to the hospital (\$12.9 million net in fiscal 2009). In addition, Fitch believes that management's focus on revenue cycle improvement has resulted in favorable collections and is demonstrated by a very low days in accounts receivable measure of 16.6 days in fiscal 2009.

Treasury Review

Disclosure

Disclosure to Fitch has been timely and thorough. Swedish Covenant covenants to disclose annual financial information within 150 days of each fiscal year end and quarterly information within 60 days of each quarter end to the nationally recognized municipal securities information repositories.

Investments

Swedish Covenant's investment portfolio is managed by CMB, with periodic review and oversight. Policy currently permits investments in various types of high-quality, investment-grade fixed-income securities and limited investments in other classes, such as alternative investments. As of November 2009, CMB's investment fund included 48% fixed income, 27% aggressive growth equities, 13% low volatility equities, and 12% hedge and alternative funds, for a total \$114.9 million.

Pension

Swedish Covenant employees are eligible to participate in a CMB-sponsored pension plan. Swedish Covenant's contributions to the pension plan were \$2.6 million in fiscal 2009 and \$2.3 million in fiscal 2008.

Debt

Currently, Swedish Covenant has \$151.1 million of debt outstanding, of which \$148.2 million (98%) is variable-rate demand bonds (VRDBs) and \$2.96 million is fixed rate with a 2010 term. The 2008A (\$60 million) and 2003A-B (\$45.7 million) VRDBs are supported by a bank liquidity facility from Bank of America, N.A. (Issuer default ratings

(IDRs) of 'A+/F1+' by Fitch), expiring in April 2013 and November 2010, respectively. The 2008B VRDBs (\$42.5 million) are supported by a bank liquidity facility from Allied Irish Bank, p.l.c. (IDRs of 'A-/F1+' by Fitch), expiring in June 2011.

Upon closing the series 2010 bond issuance and assuming successful defeasance of the series 2008B and 2003A-B bonds, Swedish Covenant's capital structure will consist of 63% traditional fixed-rate bonds and 37% VRDBs supported by bank liquidity facilities. Fitch views Swedish Covenant's plan of finance favorably, as it reduces capital structure risk by substantially increasing the amount of fixed-rate, fully committed debt and reducing the amount of bank-supported, conditionally committed capital. Pro forma MADS is \$11.1 million, as calculated by the underwriter.

Swaps

Swedish Covenant has one floating- to fixed-rate swap to synthetically fix the series 2008A bonds, on which Swedish Covenant pays a fixed 2.87% and receives 67% of one-month LIBOR from Merrill Lynch. This swap will continue to qualify as a hedge instrument against the 2008A variable-rate bonds, after the 2010 bond issuance. A floating- to fixed-rate swap is also used to synthetically fix \$20 million of the series 2003 bonds, on which Swedish Covenant pays a fixed 3.112% and receives 67% of one-month LIBOR from Merrill Lynch. Swedish Covenant may terminate the swap associated with the 2003 bonds should market conditions be favorable but will not finance that termination through the series 2010 issuance. Swedish Covenant has a \$7.5 million collateral posting threshold and had no collateral posted as of Jan. 4, 2010.

Finances

Fitch's analysis and the various financial ratios referenced in this report are calculated using the consolidated financial statements of Swedish Covenant, which includes certain non-obligated entities. In addition, Fitch does not include unrealized gains and losses on investment from non-operating income, which deviates from audited results.

Swedish Covenant's financial profile is reflective of consistent and solid liquidity measures against healthy operating profitability and cash flow generation. As of the fiscal year ended Sept. 30, 2009, Swedish Covenant had \$129.6 million in unrestricted cash, equating to 216.4 days cash on hand (DCOH). This was a significant improvement over fiscal 2008 levels of \$112.9 million and 188.4 DCOH, respectively, and was due to healthy cash flow from operations (\$34.9 million in fiscal 2009) and the improved performance of Swedish Covenant's long-term investments.

For the fiscal year ended Sept. 30, 2009, Swedish Covenant generated operating and operating EBITDA margins of 5.8% and 13.6%, respectively, reflecting healthy volumes and significant attention to expense management. Despite a non-operating loss of \$7.8 million in fiscal 2009, Swedish Covenant was able to generate an EBITDA margin of 10.9%. In addition, the Illinois provider tax program had a net impact of \$12.9 million and \$1.8 million in fiscal years 2009 and 2008, respectively, reflecting some lag between the recognition of the provider tax expense in fiscal 2008 and the revenue in fiscal 2009.

Many of Swedish Covenant's capital-related ratios demonstrate some leverage. Historical coverage of pro forma MADS by operating EBITDA in fiscal years 2009, 2008, and 2007 was 3.2x, 2.0x, and 2.4x, respectively. Pro forma MADS as a percentage of revenues was somewhat high at 4.2% in fiscal 2009, compared with the 'A' rating category median of 3.1%.

Financial Summary

(\$000, Audited Fiscal Years Ended Sept. 30)

	2005	2006	2007	2008	2009	Two Mos. Ended 11/30/09*
Balance Sheet Data						
Unrestricted Cash	95,320	104,141	122,299	112,949	129,943	125,445
Restricted Cash	0	15,746	16,531	14,716	15,267	16,063
Trustee-held Cash	21,463	15,204	9,601	8,357	1,733	688
Net Patient Accounts Receivable	17,022	19,664	11,911	11,500	11,176	12,784
Gross Property, Plant, and Equipment (PP&E)	283,672	296,132	316,265	328,913	350,810	353,209
Accumulated Depreciation	139,336	150,820	162,322	176,280	188,966	191,704
Net PP&E	144,336	145,312	154,000	157,633	161,844	161,605
Total Assets	293,763	317,853	353,821	329,151	332,273	321,484
Current Liabilities	35,063	34,871	32,227	107,173	94,074	88,772
Due to Third-Party Payors	0	0	5,911	4,044	9,244	8,176
Long-Term Debt	150,821	145,326	124,304	81,989	93,310	93,310
Demand Debt	N.A.	N.A.	N.A.	94,150	94,150	94,150
Variable-Rate Debt	141,730	130,830	136,230	148,130	148,130	148,130
Swapped Variable-Rate Debt	N.A.	N.A.	N.A.	99,000	99,000	99,000
Unrestricted Net Assets	91,901	106,190	144,779	110,934	109,176	113,472
Income and Cash Flow Data						
Net Patient Revenue	204,886	198,434	232,856	231,573	246,417	28,647
Other Revenue	12,138	12,766	13,316	13,966	15,188	2,542
Total Revenue	217,024	211,200	245,972	245,539	261,605	41,189
Annualized Total Revenue	217,024	211,200	245,972	245,539	261,605	247,134
Salaries, Wages, Fers, and Benefits	122,765	119,700	125,323	132,574	130,233	21,509
Depreciation and Amortization	11,143	11,934	12,210	14,759	15,617	2,754
Interest Expense	6,480	6,320	6,241	7,087	4,675	711
Provision for Bad Debt	9,933	7,472	5,483	12,101	12,225	1,052
Total Expenses	224,082	210,079	229,154	245,680	246,382	39,246
Income/(Loss) from Operations	(7,058)	1,121	6,818	(141)	15,223	1,943
Operating EBITDA	18,565	19,385	26,269	21,705	35,515	5,408
Non-Operating Gains/(Losses)	9,595	12,460	14,241	11,637	(7,819)	338
Excess Income/(Loss)	2,537	13,181	21,060	11,496	7,404	2,781
Total Investment Income/(Loss)	9,183	9,723	12,010	10,580	(8,242)	88
Net Unrealized Gains/(Losses)	4,677	(1,031)	7,001	(23,953)	13,712	1,603
Net Change in Fair Market Value of Derivative Instruments	2,009	3,150	1,932	767	(6,158)	N.A.
Cash Flow from Operations	11,712	13,716	27,002	25,646	34,987	(956)
Net PP&E Acquisitions	10,032	15,124	27,638	19,604	20,160	3,369
EBITDA	38,160	31,845	40,511	33,342	20,160	5,746
FFOBI	18,192	19,646	33,243	32,733	39,582	(245)
Free Cash Flow	(7,320)	(1,308)	4,364	6,042	14,947	(4,325)
MADS	11,059	11,059	11,059	11,059	11,019	11,059
Liquidity Ratios						
Days Cash on Hand	171.4	200.1	219.0	189.4	216.4	215.3
Days in Accounts Receivable	30.3	26.2	18.7	18.8	16.6	20.3
Days in Current Liabilities	63.0	66.8	86.5	178.8	157.1	152.4
Cashion Ratio (x)	8.6	9.5	12.0	10.2	11.7	11.3
Cash to Debt (x)	63.2	71.9	106.4	137.8	128.9	134.4
Profitability and Operational Ratios (%)						
Operating Margin	(3.3)	0.5	2.8	(0.1)	5.8	4.7
Operating EBITDA Margin	4.9	9.2	10.7	8.8	13.6	13.1
Excess Margin	1.1	6.1	8.1	4.5	2.9	5.5
EBITDA Margin	8.9	14.2	15.6	12.0	10.9	13.8
Cash Flow Margin	5.2	6.0	10.4	10.0	13.8	(2.3)
Investment Income as % of Excess Income	362.0	71.6	61.8	92.0	(111.7)	3.9
Personnel Cost as % of Revenues	36.6	36.7	31.0	54.0	49.8	32.2
Bad Debt Expense as % of Revenues	4.6	3.5	2.2	4.9	4.7	2.6
Capital-Related Ratios						
MADS Coverage by EBITDA (x)	1.8	2.9	3.7	3.0	2.5	3.1
MADS Coverage by Operating EBITDA (x)	1.0	1.8	2.4	2.0	2.2	2.9
MADS Coverage by FFOBI (x)	1.6	1.8	3.0	3.0	3.6	(0.1)
MADS Coverage by FFOBI Less Capital Expenditures (x)	(0.1)	0.4	1.0	1.2	1.8	(2.0)
MADS as % of Revenues	5.1	5.2	4.5	4.5	4.2	4.5
Debt to EBITDA (x)	7.5	4.6	3.1	2.5	3.4	2.7
Debt to Operating EBITDA (x)	14.3	7.5	4.7	3.8	2.6	2.9
Debt to Free Cash Flow (x)	(20.6)	(80.4)	28.5	13.6	6.2	(21.6)
Debt to Capitalization (%)	62.1	57.7	46.2	42.5	46.1	45.1
Average Age of Plant (Years)	12.5	12.6	12.3	11.9	12.1	11.6
Capital Expenditures as % of Depreciation Expense (x)	170.8	126.7	171.4	132.8	127.8	122.3
Capital Expenditures as % of EBITDA (%)	94.4	47.5	55.9	58.8	72.1	58.6
Capital Expenditures as % of Total Revenues (%)	8.8	7.2	9.2	8.0	7.6	8.2

*Unaudited. N.A. - Not available. Note: Fitch Ratings may have reclassified certain financial statement items for analytical purposes.

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SECTION X - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

SECTION XXVI. REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)

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

Is the project classified as a Category B project? Yes No . If no is indicated this criterion is not applicable. If yes is indicated, has proof of a bond rating of "A" or better been provided? Yes No . If yes is indicated this criterion is not applicable, go to item B. If no is indicated, read the criterion and address the following:

Are all available cash and equivalents being used for project funding prior to borrowing?
 Yes No

If no is checked, provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following:

1. a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 2.0 times; or
2. borrowing is less costly than the liquidation of existing investments and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Criterion 1120.310(b), Conditions of Debt Financing Not Applicable

Read the criterion and provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following as applicable:

1. 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 debt, term (years) financing costs, and other factors;
2. All or part of the project involves the leasing of equipment or facilities and the expenses incurred with such leasing are less costly than constructing a new facility or purchasing new equipment.

B. Criterion 1120.310(c), Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

2. For each piece of major medical equipment included in the proposed project, the applicant must certify one of the following:

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Departments	A		B		C		D		E		F		G		H		Total Cost	
	Cost/Square Foot	New	Mod.	Gross Sq. Ft.	New	Gross Sq. Ft.	Circ.*	Circ.*	Mod.	Gross Sq. Ft.	Circ.	Const. \$	Mod. \$	(A x C)	(B x E)	(G + H)		
CLINICAL – Swedish Covenant Surgery Center																		
Operating rooms	\$280.00			6,821								\$1,909,880					\$1,909,880	
Stage I and State II recovery bays	\$234.26			2,160								\$506,009					\$506,009	
Total Clinical	\$269.00			8,981								\$2,415,889					\$2,415,889	
NON-CLINICAL – Swedish Covenant Surgery Center																		
Subtotal Non-Clinical	\$230.00			3,413								\$784,990					\$784,990	
Total – Swedish Covenant Surgery Center	\$258.26			12,394								\$3,200,879					\$3,200,879	
NON-CLINICAL OTHER																		
Lease space for physician offices/retail space	\$235.00			64,518								\$15,161,730					\$15,161,730	
Parking	\$110.00			121,805								\$13,398,550					\$13,398,550	
Circulation	\$110.00			23,876								\$2,626,360					\$2,626,360	
Mechanical including penthouse	\$150.67			13,298								\$2,003,645					\$2,003,645	
Subtotal Non-Clinical Other	\$148.50			223,497								\$33,190,285					\$33,190,285	
Total Non-Clinical	\$149.73			226,910								\$33,975,275					\$33,975,275	
Total	\$154.27			235,890								\$36,391,164					\$36,391,164	
Contingency																	\$3,400,000	

* Include the percentage (%) of space for circulation

Totals may not add due to rounding

REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)
(continued)

- a. that the lowest net cost available has been selected; or
 - b. 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.
3. List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40.

D. Criterion 1120.310(d), Projected Operating Costs

Read the criterion and provide in the space below the facility's projected direct annual operating costs (in current dollars per equivalent patient day or unit of service, as applicable) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. If the project involves a new category of service, also provide the annual operating costs for the service. Direct costs are the fully allocated costs of salaries, benefits, and supplies. Indicate the year for which the projected operating costs are provided.

SCSC Projected Operating Costs

<u>Projected Labor Expense</u>	<u>2014</u>
Salaries and Wages	\$ 918,678
Incentive Expense	\$ 47,655
Employee Benefits and Taxes	\$ <u>184,100</u>
Total Projected Labor Expense	\$1,150,433
Projected Medical Supplies / Implants	\$ <u>890,875</u>
Total Projected Direct Operating Costs	\$2,041,308
Total Projected Number of Cases	2,311
Total Projected Direct Operating Costs Per Case	\$ 883

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

Not Applicable. There will be no debt

Is the project classified as a category B project? Yes No . If no is indicated, go to item F. If yes is indicated, provide in the space below the facility's total projected annual capital costs as defined in Part 1120.130(f) (in current dollars per equivalent patient day) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Indicate the year for which the projected capital costs are provided.

F. Criterion 1120.310(f), Non-patient Related Services

Is the project classified as a category B project and involve non-patient related services? Yes No . If no is indicated, this criterion is not applicable. If yes is indicated, read the criterion and document that the project will be self-supporting and not result in increased charges to patients/residents or that increased charges are justified based upon such factors as, but not limited to, a cost benefit or other analysis that demonstrates the project will improve the applicant's financial viability.

Attachment 76, Exhibit 1 is the intent to lease letter for the physician office / retail space. This letter demonstrates the intent to lease more than 80 percent of the physician office / retail space.

Attachment 76, Exhibit 2 is the intent to lease letter for the Swedish Covenant Surgery Center. This letter demonstrates the intent to lease 100 percent of the non-hospital based ambulatory surgery space.

3. List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40.

Uses of Funds	Clinical	Non-Clinical	Total
Preplanning			
Pre-design Planning	\$ 15,000	\$ 36,000	\$ 51,000
Subtotal Preplanning	\$ 15,000	\$ 36,000	\$ 51,000
Site Survey and Soil Investigation			
Site Survey	\$ -	\$ 45,000	\$ 45,000
Soil Borings	\$ -	\$ 55,000	\$ 55,000
Subtotal Site Survey and Soil Investigation	\$ -	\$ 100,000	\$ 100,000
Site Preparation			
Demolition	\$ -	\$ 50,000	\$ 50,000
Excavation and Site work	\$ -	\$ 413,000	\$ 413,000
Installation of New Utilities	\$ -	\$ 70,000	\$ 70,000
Relocation of Existing Utilities	\$ -	\$ 150,000	\$ 150,000
Subtotal Site Preparation	\$ -	\$ 683,000	\$ 683,000
Off Site Work			
Bridge and Connection	\$ -	\$ 803,000	\$ 803,000
Off Site Work Subtotal	\$ -	\$ 803,000	\$ 803,000
Consulting and Other Fees			
Plan Development (zoning) costs	\$ -	\$ 120,000	\$ 120,000
CON Consultant and filing fees	\$ -	\$ 100,000	\$ 100,000
CON & LLC legal fees	\$ -	\$ 75,000	\$ 75,000
IDPH Project Review fees	\$ -	\$ 25,000	\$ 25,000
Real Estate Consultant Expenses	\$ -	\$ 870,584	\$ 870,584
Finance Consultant fees	\$ -	\$ 25,000	\$ 25,000
Additional A/E Consulting Expenses	\$ -	\$ 830,000	\$ 830,000
Regent Consulting Fees	\$ 150,000	\$ -	\$ 150,000
Subtotal Consulting and Other Fees	\$ 150,000	\$ 2,045,584	\$ 2,195,584

Uses of Funds	Clinical	Non-Clinical	Total
Movable and Other Equipment			
SCSC			
Video Towers	\$ 255,000	\$ -	\$ 255,000
C-Arm	\$ 130,000	\$ -	\$ 130,000
Orthopedic Tools and Storage	\$ 100,000	\$ -	\$ 100,000
Instrument Sets and Trays	\$ 100,000	\$ -	\$ 100,000
OR Tables	\$ 75,000	\$ -	\$ 75,000
Electrosurgical Generators	\$ 75,000	\$ -	\$ 75,000
OR Lights	\$ 75,000	\$ -	\$ 75,000
Anesthesia Machine	\$ 75,000	\$ -	\$ 75,000
Sterilizer	\$ 65,000	\$ -	\$ 65,000
Uro-scop set	\$ 55,412	\$ -	\$ 55,412
PreVac Sterilizer	\$ 55,000	\$ -	\$ 55,000
Minor Equipment	\$ 55,000	\$ -	\$ 55,000
Office Furniture	\$ 50,000	\$ -	\$ 50,000
Washer/Disinfector	\$ 50,000	\$ -	\$ 50,000
Image Pilot	\$ 50,000	\$ -	\$ 50,000
Allen Frame	\$ 35,000	\$ -	\$ 35,000
Patient Monitors	\$ 35,000	\$ -	\$ 35,000
Anesthesia Monitors	\$ 30,000	\$ -	\$ 30,000
Stretchers	\$ 25,000	\$ -	\$ 25,000
Light Source	\$ 20,000	\$ -	\$ 20,000
All Other SCSC Equipment <20K	\$ 127,555	\$ -	\$ 127,555
MOB			
Furniture, Furnishings, and Other Non-SCSC	\$ -	\$ 512,033	\$ 512,033
Telecommunications Equipment	\$ -	\$ 250,000	\$ 250,000
Subtotal Movable and Other Equipment	\$1,537,967	\$ 762,033	\$ 2,300,000
Other Costs To Be Capitalized			
Owner management costs	\$ -	\$ 250,000	\$ 250,000
Campus Zoning Improvements	\$ -	\$ 750,000	\$ 750,000
Valet Parking Costs (during construction)	\$ -	\$ 250,000	\$ 250,000
Sustainable Construction Premiums	\$ -	\$ 548,731	\$ 548,731
ComEd, AT&T, Comcast Allowances	\$ -	\$ 167,173	\$ 167,173
Connect to existing IT network	\$ -	\$ 225,000	\$ 225,000
Subtotal Other Costs to Be Capitalized	\$ -	\$ 2,190,904	\$ 2,190,904



Swedish Covenant Hospital
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Swedish Covenant Hospital Campus Medical Office Building
Letter of Intent

This Memorandum of Understanding will confirm the intent of Swedish Covenant Management Services, Inc. ("Tenant") to lease space in the proposed Swedish Covenant Hospital Medical Office Building to be located on the northeast corner of Foster and California Avenues in Chicago, Illinois (the "Building"), which is estimated to be completed and ready for occupancy in January 2012.

Tenant is interested in pursuing a lease of professional medical office space in the Building on the following terms and conditions:

1. The total size of the Tenant's medical office spaces to be leased in the Building is estimated at 50,000 DGSF.
2. The lease term will be a minimum of five years.
3. The gross rent should not exceed \$35 per rentable square foot per year for the first year.
4. Tenant will be provided a tenant improvement allowance by Landlord equal to \$50.00 per usable square foot. All costs of construction in excess of the tenant improvement allowance will be the responsibility of Tenant.
5. Tenant understands that a written lease agreement for the space to be leased will be required to replace this non-binding Letter of Intent.

The undersigned understands that this Letter of Intent serves to outline the general business terms of a proposed lease. This Letter of Intent and the execution of a final lease agreement are contingent upon receipt of a Permit from the Illinois Health Facilities and Services Review Board to construct the Building.

This letter of intent is executed this 3rd day of MARCH, 2010.

TENANT
Swedish Covenant Management Services, Inc:

LANDLORD
Swedish Covenant Hospital

BY: Kathryn Heneghan

BY: [Signature]

ITS: Senior Director

ITS: Senior Vice President



Swedish Covenant Hospital

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Swedish Covenant Hospital Campus Medical Office Building Letter of Intent

This Memorandum of Understanding will confirm the intent of Swedish Covenant Surgery Center, LLC ("Tenant") to lease space in the proposed Swedish Covenant Hospital Medical Office Building to be located on the northeast corner of Foster and California Avenues in Chicago, Illinois (the "Building"), which is estimated to be completed and ready for occupancy in January 2012.

Tenant is interested in pursuing a lease of space to construct and operate a licensed ambulatory surgical treatment center in the Building on the following terms and conditions:

1. The total size of the Tenant's space to be leased in the Building is estimated at 12,394 DGSF.
2. The lease term will be a minimum of ten years.
3. The gross, full service rent, including all space buildout and capital equipment costs, allocated building operating costs and property taxes, should not exceed \$73.00 per DGSF per year for the first year.
4. Tenant understands that a written lease agreement for the space to be leased will be required to replace this non-binding Letter of Intent.

The undersigned understands that this Letter of Intent serves to outline the general business terms of a proposed lease. This Letter of Intent and the execution of a final lease agreement are contingent upon receipt of a Permit from the Illinois Health Facilities and Services Review Board to construct the Building and an Ambulatory Surgical Treatment Center.

This letter of intent is executed this 4th day of MARCH, 2010.

TENANT
Swedish Covenant Surgery Center, LLC:

BY: 
ITS: M. NAGEL

LANDLORD
Swedish Covenant Hospital

BY: 
ITS: SEMOR Vice President

SECTION XI – SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all of the following:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

The proposed development of medical office space and a non-hospital based ambulatory surgery center, the Swedish Covenant Surgery Center (SCSC, the Surgery Center), by Swedish Covenant Hospital (SCH, the Hospital) and Regent Surgical Health (Regent) will not have any negative impact on essential safety net services in the community. Rather, the project will have a positive impact in that it will help recruit needed physicians to the community and will provide needed surgical capacity. There is already a shortage of physicians in the community. The Hospital's service area is increasing in population and that population is aging – these two demographic factors will require additional physicians and generate additional surgery volume. The Hospital is actively recruiting new physicians to the medical staff, but at the present time there is no available office space for them to use. Further, the Hospital's surgery hours indicate that additional surgery capacity is needed. Not only will the proposed non-hospital based ambulatory surgery center meet the increasing needs for surgery services in the community, it will also result in more effective use of the Hospital's current surgical capacity. This increasing effectiveness will be achieved by moving appropriate outpatient cases to the new SCSC, thereby freeing time in the Hospital's operating rooms for more complex inpatient surgery. Finally, the addition of the Surgery Center provides a benefit to the community in that it allows for more cost-effective surgical procedures in an outpatient setting. The Surgery Center intends to provide charity care and services to Medicaid beneficiaries which will expand the provision of safety net services in the community.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

The applicants are not aware of any impact on another provider or health care system to cross-subsidize safety net services. The Hospital has been classified as a Federal Disproportionate Share Hospital. SCSC will be committed to serving the same community; this commitment will override any other interest. The Surgery Center will serve all patients, regardless of their ability to pay, which includes Medicare, Medicaid, and charity care patients.

2. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Not applicable. The proposed project does not include the discontinuation of a facility or service.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

Charity Care	2007	2008	2009
Inpatient	200	240	674
Outpatient	1,120	1,097	5,876
Inpatient Cost	1,708,236	2,777,535	4,188,993
Outpatient Cost	767,764	581,465	1,630,007
<i>Cost Total</i>	<i>2,476,000</i>	<i>3,359,000</i>	<i>5,819,000</i>

Source: Hospital records.

Swedish Covenant Surgical Center, LLC is a new entity and has not yet provided charity care. Covenant Ministries of Benevolence does not directly provide charity care due to its purpose and operations. Swedish Covenant Hospital has a long history of generous charity care; the Hospital has never turned a patient away. Uninsured patients routinely receive 71.6 percent off charges. These uninsured patients can then complete a simple form to apply for charity care; of the uninsured that complete the form, 90 percent are granted charity care. Some patients, however, elect not to apply for charity care. SCH treats a high percentage of these uninsured (private pay) and underinsured (Medicaid) patients in the Emergency Department. These visits also lead to follow-up care. See the profile below which profiles the high percentage of uninsured that are treated through the Hospital's Emergency Department in 2007 and 2008.

Swedish Covenant Hospital Payer Mix - 2007

Payor Source	Total Patients	Percent of Total	Emergency Visits	Percent of Emergency
Medicare	64,881	27.0	8,180	20.2
Medicaid	61,140	25.5	12,453	30.8
Other Public	126	0.1	-	0.0
Private Insurance	88,018	36.7	12,755	31.6
Private Pay	24,485	10.2	7,025	17.4
Charity Care	1,320	0.6	-	0.0
Total	239,970	100.0	40,413	100.0

Swedish Covenant Hospital Payer Mix - 2008

Payor Source	Total Patients	Percent of Total	Emergency Visits	Percent of Emergency
Medicare	63,618	26.4	8,865	20.2
Medicaid	66,573	27.7	14,204	32.3
Other Public	-	0.0	-	0.0
Private Insurance	87,655	36.4	13,717	31.2
Private Pay	21,544	8.9	7,180	16.3
Charity Care	1,337	0.6	-	0.0
Total	240,727	100.0	43,966	100.0

Source: IDPH Hospital Profiles, 2007-2008; Hospital records

Swedish Covenant Hospital's Guidelines for Issuing Charity or Discounted Care (Guidelines) are periodically modified to increase the availability of charity care and address payment issues for the uninsured patients.

- In 2005 Swedish Covenant Hospital offered a 50 percent discount from gross charges for medically necessary services to patients without insurance, with a minimum 60 percent discount for families at or below 250 percent of the Federal Poverty Guidelines (FPG). Additionally, a 100 percent discount was provided for patients with a family income at or below 150 percent of the FPG.
- In 2006 SCH expanded its charity / discount policy to offer a 75 percent discount from inpatient charges and 50 percent discount from outpatient charges for medically necessary services to patients without insurance.
- In 2007 and 2008, in addition to the 75 percent discount from inpatient charges and a 50 percent discount from outpatient charges for medically necessary services, the Hospital established a maximum out-of-pocket liability of \$15,000.
- In 2009, to address the growing problem of access to health care for the uninsured, the Hospital applied a discount (71.6 percent) for patients who do not have health insurance and whose family income is less than 600 percent of FPG, in accordance with the Hospital Uninsured Patient Discount Act. For medically necessary services, charges are discounted to 135 percent of Medicare cost with the discount applicable to charges greater than \$300.00 To protect uninsured patients against catastrophic medical costs, the maximum out-of-pocket liability was set at the lesser of gross charges, the equivalent Medicare

payment for the services provided, or \$15,000. Additionally, the maximum amount collectible in a 12-month period from an uninsured patient will be 25 percent of the family's annual gross income. For medically necessary services, the policy continues to provide for a 100 percent discount for patients with a family income at or below 150 percent of the FPG.

The Hospital's Credit and Collection Policy provides for fair and consistent credit and collections practices; prohibits the use of body attachment by the Hospital or any collection agency acting on its behalf and limits property liens to situations approved by the Finance Committee; establishes approval levels for referral of accounts to collection agencies; and provides that at no time will medically necessary care be denied because of a patient's inability to pay for services.

In FY 2009, discounts voluntarily extended to uninsured patients by the Hospital totaled \$1,857,000, based on the estimated cost of services. SCH provided \$5,819,000 in charity care, based on estimated cost, and an additional \$13,890,000 in free care for Medicaid patients, based on the excess of cost over reimbursement for these patients.

Swedish Covenant Hospital's most recent Community Benefits Report is appended as Attachment 77, Exhibit 1; the Hospital's charity care policy is included as Attachment 77, Exhibit 2. Swedish Covenant Hospital and Covenant Ministries of Benevolence certify that the above reported charity care information is accurate and complete.

The operating agreement for the Surgery Center will provide that the Center will pursue and provide charity care and services to Medicaid beneficiaries at the same basis as the Hospital's outpatient surgical services. The Surgery Center will have a charity care policy consistent with SCH's policy.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

	Medicaid	2007	2008	2009
CY	Inpatient Count	4,289	4,635	4,922
CY	Outpatient Count	56,851	61,938	67,625
FY	Inpatient Count	4,323	4,496	5,042
FY	Outpatient Count	57,493	62,363	66,481
FY	Inpatient Net Rev	29,761,415	34,992,925	36,116,526
FY	Outpatient Net Rev	5,524,587	6,424,346	6,558,715

Source: Hospital records

Swedish Covenant Surgical Center, LLC is a new entity and has not yet provided charity care.

Covenant Ministries of Benevolence does not directly provide charity care due to its purpose and operations.

Swedish Covenant Hospital supports the provision of care to low income residents by its high level of participation in the Public Aid program. SCH has been designated as a Medicare Disproportionate Share Hospital and services a disproportionate share of Medicaid patients. Because Illinois Medicaid reimbursement is less than the cost of providing care, this high Medicaid utilization represents a significant financial commitment for SCH, or \$12,542,000 in 2008 and \$13,890,000 in 2009 excluding the Illinois Hospital Assessment

The Hospital works with Medicaid-eligible patients to be sure they are properly enrolled in Medicaid or other insurance programs for which they qualify. Many of these patients arrive to the Hospital through the Emergency Department. In fact, the SCH payor profile below also demonstrates a high percentage of Medicaid patients are treated through the Emergency Department (see tables under Charity Care).

Swedish Covenant Hospital and Covenant Ministries of Benevolence certify that the above reported Medicaid information is accurate and complete.

The operating agreement for the Surgery Center will provide that the Center will pursue and provide care to Medicaid patients at the same basis as the Hospital's outpatient surgical services. The Surgery Center will be certified to accept Medicare and Medicaid patients.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service

The Hospital's Community Benefits Plan is included as Appendix A.

The following is excerpted from the Community Benefits Plan.

Swedish Covenant Hospital serves a disproportionate share of elderly and disadvantaged patients. The Hospital has been the community's safety net for emergency care and other critical needs in the Albany Park, North Park and Lincoln Square neighborhoods and surrounding communities since 1886. Through the Charity Care Policy, the Hospital uses its charitable assets to assure access to those who lack health insurance.

As a ministry of The Evangelical Covenant Church, Swedish Covenant Hospital is dedicated to providing a continuum of care and to serving the physical, spiritual, and psychological needs of its culturally diverse community. In 1997 (or more than a decade ago), the Hospital develop the *Healthier Community Initiative*, a strategic plan that addressed the priority health care needs of the Hospital's service area. These priority needs were identified by analyzing and prioritizing the data collected during the community needs assessment. The *Healthier Community Initiative* consisted of four different initiatives:

1. Aging/Mature Market Initiative
2. Wellness/Prevention Initiative
3. Maternal/Child Initiative, and
4. Community Resources Awareness Initiative.

Substantial progress has been made in achieving the goals of these initiatives.

Current trends suggest a growing need to provide care for the poor and for the uninsured, (that is to provide safety net services). One measure of this growing need is the number of the families in the Surgery Center's GSA that are below the Federal Poverty Guideline; the Poverty Guideline in the

GSA is 12.6 percent of the families, or substantially higher than the poverty levels in Illinois (8.9 percent) or in the U.S. (9.6 percent).

Swedish Covenant Hospital has historically provided a substantial volume of charity care and free services, and demands on the Hospital to provide charity care have increased with the closure of the two closest hospitals (Ravenswood Hospital Medical Center and Edgewater Hospital). The Hospital provided \$35.8 million of charity care in the past 5 fiscal years. Over the same time, the Hospital has provided \$38.3 million of unreimbursed care, based on estimated costs to the Illinois Medicaid program.

The Hospital participates in or sponsors various community-based programs to meet the needs of the underserved. For example, over the past 5 fiscal years, the Hospital has provided \$5.5 million in discounted delivery/obstetrical services for uninsured patients. The Hospital also partners with the Chicago Department of Health to provide women's health services to Medicaid and uninsured patients at the City's Uptown Clinic. Last year, Hospital staff provided over 3,700 prenatal or gynecological patient visits at the Uptown Clinic, and delivered 280 babies of patients seen at that Clinic. Within the Hospital, the Pediatrics Clinic and the Family Practice Center serve primarily Medicaid and uninsured patients and provide care for approximately 3,700 patient visits annually on an annual basis for the Pediatrics Clinic, and 15,000 patient visits annually for the Family Practice Center.

The Hospital operates the "HouseCalls" program to provide physician visits to the homebound. SCH also helps community members gain access to health care services by assisting low income families in applying for the Illinois Department of Public Aid's KidCare and FamilyCare programs.

While the Hospital plans to continue these charitable initiatives, the Surgery Center plans to serve charity care patients and Medicaid beneficiaries and add to the safety net services provided in the community. Further, the Surgery Center will provide patients in the community with a more cost-effective systems for outpatient surgical services.

Annual Non-Profit Hospital Community Benefits Plan Report

Hospital or Hospital System: Swedish Covenant Hospital

Mailing Address: 5145 N. California Avenue Chicago, Illinois 60625
(Street Address/P.O. Box) (City, State, Zip)

Physical Address (if different than mailing address):
(Street Address/P.O. Box) (City, State, Zip)

Reporting Period: 10 / 01 / 2007 through 9 / 30 / 2008 Taxpayer Number: 36-2179813
Month Day Year Month Day Year

If filing a consolidated financial report for a health system, list below the Illinois hospitals included in the consolidated report.

Hospital Name	Address	FEIN #

1. **ATTACH Mission Statement:**
 The reporting entity must provide an organizational mission statement that identifies the hospital's commitment to serving the health care needs of the community and specify the date it was adopted.

2. **ATTACH Community Benefits Plan:**
 The reporting entity must provide its most recent Community Benefits Plan and specify the date it was adopted. The plan should be an operational plan for serving health care needs of the community. The plan must:

1. Set out goals and objectives for providing community benefits including charity care and government-sponsored indigent health care.
2. Identify the populations and communities served by the hospital.
3. Disclose health care needs that were considered in developing the plan.

3. **REPORT Charity Care:**
 Charity care is care for which the provider does not expect to receive payment from the patient or a third-party payer. Charity care does not include bad debt or the unreimbursed cost of Medicare, Medicaid, and other federal, State, or local indigent health care programs, eligibility for which is based on financial need. In reporting charity care, the reporting entity must report the actual cost of services provided, based on the total cost to charge ratio derived from the hospital's Medicare cost report (CMS 2552-96 Worksheet C, Part 1, PPS Inpatient Ratios), and not the actual charges for the services.

Charity Care..... \$ 3,359,000

ATTACH Charity Care Policy:
 Reporting entity must attach a copy of its current charity care policy and specify the date it was adopted.

4. **REPORT Community Benefits actually provided other than charity care:**
 See instructions for completing Section 4 of the Annual Non Profit Hospital Community Benefits Plan Report.

Community Benefit Type

Language Assistant Services	\$	350,250
Government Sponsored Indigent Health Care	See Schedule	\$ 10,738,000
Donations	See Schedule	\$ 1,583,000
Volunteer Services		
a) Employee Volunteer Services	\$	Hours have not been recorded historically
b) Non-Employee Volunteer Services	\$	120,138
c) Total (add lines a and b)	\$	120,138
Education	\$	
Government-sponsored program services	\$	
Research	\$	
Subsidized health services	See Schedule	\$ 3,381,804
Bad debts	\$	12,101,000
Other Community Benefits	See Schedule	\$ 4,140,456

Attach a schedule for any additional community benefits not detailed above.

5. **ATTACH Audited Financial Statements for the reporting period.**

Under penalty of perjury, I the undersigned declare and certify that I have examined this Annual Non Profit Hospital Community Benefits Plan Report and the documents attached thereto. I further declare and certify that the Plan and the Annual Non Profit Hospital Community Benefits Plan Report and the documents attached thereto are true and complete.

Mark Newton/President and CEO

Name / Title (Please Print)

Mark Newton

Signature

Gary Krugel/Senior VP and CFO

Name of Person Completing Form

gkrugel@schosp.org

Electronic / Internet Mail Address

773/907-1000

Phone: Area Code / Telephone No.

March 27, 2009

Date

773/907-1075

Phone: Area Code / Telephone No.

773/878-6152

FAX: Area Code / FAX No.

**Swedish Covenant Hospital
Schedule to Community Benefit Report**

Government Sponsored Indigent Health Care	
Estimated cost for services provided to Medicaid patients	\$46,996,000
Less government reimbursement ¹	34,454,000
Less net benefit of Illinois Hospital Assessment Prog.	1,804,000
Excess of cost over reimbursement for Medicaid patients	\$10,738,000
Donations	
Unrestricted contributions	\$ 416,000
Temporarily restricted contributions and pledges	1,167,000
Permanently restricted contributions	
Total	\$1,583,000
Subsidized Health Services	
Health screenings, health promotion, education, prevention	\$334,088
On-line medical library on hospital website	28,500
Cost of personalized web page service for patients	3,000
Transportation services	190,293
Physician referral service	143,239
Palliative Care Program	97,559
Loss from programs maintained in response to community need that must be subsidized from other revenue sources: ²	
Neurosurgery ³	178,000
Pediatric Clinic	2,531
Family Practice Clinic	690,551
Neonatology ⁴	567,042
Extended care facility ⁵	1,147,001
Total	\$3,381,804
Other Community Benefits	
Discounts voluntarily extended to uninsured patients (estimated cost of services)	\$3,660,000
Pastoral Care program	319,292
Ethics Consultation service	56,058
Publications for community	105,106
Total	\$4,140,456

¹ Government reimbursement includes supplemental payments to the Hospital due to the high volume of services furnished to Medicaid patients, including payment as a Disproportionate Share Hospital, Medicaid High Volume Adjustment, and Safety Net Adjustment Payment.

² For the Pediatric Clinic and Family Practice Clinic, net loss is determined by subtracting the following from net revenues: direct costs; employee benefits at 18% of payroll; and administrative overhead allocation of 10% of direct costs plus benefits.

³ Loss for neurosurgery is the amount expended by SCH for emergency department coverage in this specialty.

⁴ Loss for neonatology includes coverage fees and administrative overhead allocation of 10% of direct costs.

⁵ Net loss for the extended care facility is determined by subtracting variable and fixed costs from net revenues.



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DEPARTMENT 02 Patient Financial Services
 COST CENTER 906+
 POLICY 07 Guidelines for Issuing Charity or Discounted Care

REVIEWED BY: Raymond Vieh, Vice President, Finance

APPROVED BY: *David Newton* President and CEO 5-27-09
 Signature Title Date

EFFECTIVE DATE: June 8, 1993 REVISED: 9/22/04; 1/26/05; 11/16/05; 6/22/06; 1/24/07; 8/6/08;

REVIEWED: 9/16/99; 9/23/02; 8/11/04 5-18-09

PURPOSE: To ensure policy and procedures exist for identifying those patients for which service is to be rendered free of charge, or at substantial discount, based solely on ability to pay and financial condition of the eligible beneficiary.

PHILOSOPHY:

Swedish Covenant Hospital, in keeping with the mission of the Evangelical Covenant Church, serves the medical needs of the community, regardless of race, creed, color, sex, national origin, sexual orientation, handicap, residence, age, ability to pay, or any other classification or characteristic. Swedish Covenant Hospital recognizes the need to render care to the sick who do not possess the ability to pay for their services. These health care services will be provided with no expected reimbursement, or reduced levels, based upon established criteria, recognizing the need to maintain the dignity of the individual during the consideration process. In recognizing the need to deliver uncompensated care, Swedish Covenant Hospital expects all patients with the ability to pay, to meet their financial obligations in a timely and efficient manner, in accordance with the institution's collection policies.

Definition of Terms - For purpose of this policy, the following terms will be defined in order to carry out the purpose established above.

Charity (free) or Discounted Care:

Health care services provided that were not expected to result in the generation of payment in full, in accordance with procedures established in this policy. This does not include contractual allowance amounts between hospital gross charges and contracted third party reimbursement rates.

Bad Debt Expense:

Health care services provided that were expected to result in the generation of payment of services, but due to the patients' unwillingness to meet their financial obligation, resulted in non-collection of those services.

Insurance Payments:

Health care services that were expected to result in the generation of payment of services from Medicare, Medicaid, Blue Cross, HMOs, PPOs, and any other valid and qualifying insurance that the patient

possesses. This includes any valid supplemental insurance to meet deductible and co-insurance payments required by insurance providers described above.

Patients Without Insurance (Uninsured Patients):

Patients requiring medically necessary services who are not covered by or eligible for Medicare, Medicaid, HMO's, PPO's or other third party payers at the time healthcare services are provided.

PROCEDURE:

Determination of Eligibility for Charity or Discounted Care

1. Charity or discounted care is available for medically necessary services as defined by Medicare, to patients who meet the financial and documentation criteria defined below. Each situation is reviewed on an individual case by case basis. While not absolutely essential, the need for potential charity or discounted care should be established in advance of admission or rendering of service, or shortly thereafter.
2. In order to be eligible for charity or discounted care, the patient must be willing to provide verification of income, assets, etc. by filling out the Patient Financial Statement attached as Exhibit 1.
3. During the registration and information gathering process, the financial counselors will first determine if the patient qualifies for medical assistance from other existing financial resources such as Medicare, Medicaid, Kid Care, Family Care or other state or federal programs. If the patient refuses to apply for existing financial resources or to provide information necessary to the application process, charity or discounted care cannot be granted. If the application for existing financial resources is denied, or has been previously denied, consideration for charity or discounted care will then be given.
4. Once the information on the Patient Financial Statement (Exhibit 1) is received, the financial counselors will determine the eligibility of the patient for charity or discounted care. In evaluating the data, considerations will be given to assets (savings accounts, ownership of home), income and current indebtedness. Documentation of income may be required in the form of paycheck stubs, income tax returns, social security, and unemployment benefits. Information used to apply for state or local assistance will also be used in the determination process.
5. The insured patient with a large balance due to deductibles and/or co-payments may be eligible for charity or discounted care. In order to qualify, the patient must complete the Patient Financial Statement and return it to the financial counselors for evaluation and recommendation.
6. If a patient has been determined to meet the Hospital Charity Care Guidelines no collection agencies, lien attachments or attempts to possess real or personal property will be made.
7. No legal action will be taken against uninsured patients for the first seventy (70) days after discharge.

Approval of Charity or Discounted Care

1. To insure that the determination of charity or discounted care receives appropriate levels of consideration, the following approval guidelines and levels will be followed:

<u>Charity or Discounted Care</u>	<u>Appropriate Personnel</u>
\$1 - \$9,999	Manager of Credit Services
\$10,000 - \$50,000	Director, Patient Financial Services
\$50,000 and above	Vice President, Finance

2. Patients who have a family income that is no more than 600% of the Federal Poverty Guidelines (as determined each year), and who do not have any health insurance as documented through SCH's insurance verification procedures, will receive a discount in accordance with the Hospital Uninsured Patient Discount Act (ILCS 210.89) (the Act).

For medically necessary services, charges will be discounted to 135% of Medicare cost with the discount applicable to charges greater than \$300.00. The maximum amount collectible in a 12-month period from a patient without insurance will be 25% of the family's annual gross income. Additionally, for patients without insurance, the Hospital will limit the maximum out-of-pocket liability to \$15,000.00 per eligible service.

For services excluded by the Act, i.e., elective cosmetic surgery, the Hospital may provide a discount from billed charges based on the patient's ability to pay, as verified through Hospital procedures.

3. For medically necessary services, one hundred percent (100%) charity will be provided for patients with a family income at or below 150% of the Federal Poverty Guidelines as verified through Hospital procedures.

Documentation and Recording of Charity or Discounted Care

In order to quantify the level of charity care, a log will be maintained documenting the total value of all charity or discounted care. This log will be available for inspection by any government agency requiring levels of charity or discounted care as part of Swedish Covenant Hospital maintaining the exemption from federal, state, or local taxes.

Ratified and approved by the Board of Directors, June 17, 2009
Effective: April 1, 2009

***Swedish Covenant
Hospital Community
Benefits Plan***

Swedish Covenant Hospital continuously revises its programs in response to evolving community needs. The Community Benefits Plan following is expected to be updated during the upcoming fiscal year.

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Part I: Mission Statement and Executive Summary

Mission Statement

Our Mission is to provide a continuum of excellent healthcare services. Rooted in The Evangelical Covenant Church, the hospital is dedicated to serving the physical, spiritual and psychological needs of our culturally diverse communities.

History

Governor Blagojevich signed the Community Benefit Act into law on August 8, 2003. The Act requires certain nonprofit hospitals to file yearly with the Illinois Attorney General's Office a copy of their mission statement, a community benefit plan, an annual community benefits report and audited financial statements.

The Community Benefit Plan must identify the populations and communities served by the hospital, health care needs that were considered in developing the plan and the goals and objectives for providing community benefits including charity and government-sponsored indigent health care.

As a ministry of The Evangelical Covenant Church, Swedish Covenant Hospital is dedicated to providing a continuum of care and to serving the physical, spiritual, and psychological needs of its culturally diverse community. In 1997 the hospital developed the *Healthier Community Initiative*, a strategic plan that addressed the priority health care needs of the hospital's service area. These priority needs were identified by analyzing and prioritizing the data collected during the community needs assessment.

Based on this data, The *Healthier Community Initiative* was developed and consisted of four separate initiatives:

- **Aging/Mature Market Initiative** provided direction in meeting the needs of the aging/mature market by making the facility "user friendly," enhancing community programs for the senior community, providing affordable transportation to the hospital and increasing awareness within this group of community assets.
- **Wellness/Prevention Initiative** expanded the community outreach programs addressing the identified priority needs. The number of people served through these programs grew from under 7,000 in Fiscal 1997 to over 24,000 in Fiscal 2003.
- **Maternal/Child Initiative** strengthened the community by developing and implementing a program to address high infant mortality rate and low birth weight babies; opening two school-based health care centers and enhancing the teen volunteer program at the hospital.

- **Community Resources Awareness Initiative** created a plan to heighten community awareness of the services and assets of both the hospital and the community at large.

Over the past six years significant progress has been made in achieving the priority goals set forth by these four initiatives. For a complete description of these accomplishments, please refer to Part II of this Plan.

The hospital's commitment to community health enhancement was further strengthened by the establishment of the Community Relations Department in 1998 and linkages developed across departments to address these initiatives.

Community Benefit Plan Executive Summary

The Plan is presented in three parts: population and communities served by the hospital, health care needs considered when developing the plan and goals and objectives for providing community benefits.

Populations and Communities Served by the Hospital

Part III of this document describes the population served by the hospital by describing the geographic area, demographics (including population trends and race and ethnicity) and socio-economic status. Key information includes:

- The hospital service area population grew 9.8% between 1980-2000 and is now at 583,077 individuals.
- The most significant age distribution shifts are in the 25-44 age range increasing from 28.7% in 1980 to 36.4% in 2000 and ages 65+ declining from 16.9% in 1980 to 11.2% in 2000.
- The Hispanic population rose significantly from 11.3% in 1980 to 25.1% in 2000 while the non-Hispanic White population declined from 76.2% in 1980 to 50.1% in 2000.
- The number of high school graduates increased from 64% in 1980 to 76.6% in 2000
- The number of individuals below the poverty line increased from 11.9% in 1980 to 14.4% in 2000.
- The number of female-headed households is 20.7% which is up slightly from 20% in 1980.
- The number of senior citizens aged 65+ living alone is 34.4% which is a slight increase for 32.9% in 1980.

A comparison of the United States, Chicago and the Swedish Covenant Hospital service area is included also.

Health Care Needs that Were Considered In Developing the Plan

Part IV describes the health care needs of the community by providing a quantitative analysis of critical health information and charity and un-reimbursed care and lists a summary of community perspectives on health care and educational needs.

Mortality from heart disease, cancer and stroke continue to be the top three causes of death in the hospital service area, in Chicago and the United States. These numbers are also higher than the benchmarked health goals set by the US Department of Health and Human Services goals published in the Healthy People 2010. This document contains a national strategy to improve the health of the Nation by increasing the quality and years of healthy life and eliminating health disparities.

In the area of reproductive health, infant mortality has decreased significantly from 123/1000 births in 1989 to 69/1000 births in 1999 while women receiving no prenatal care increased from 23/1000 births to 41/1000 births in 1999.

Community perspectives on health care and educational needs were also obtained and evaluated. The Hispanic community leaders identified the predominant health issues in their communities as physical and mental health issues, financial issues and lack of access to health care. These findings are consistent with the findings of community leaders and consumers involved in another community health needs assessment conducted in the Ravenswood area in 2002.

In January 2004, 216 seniors completed a health topics interest survey and rated exercise and stress reduction, heart health and nutrition as the top three areas of interest.

Charity Care and Government-Sponsored Indigent Care

The hospital has maintained a charity policy since the founding of the hospital and works with patients to pay for services according to their financial position and ability to pay. The hospital is responsive to the growing "working uninsured" population and has developed policies to meet their financial concerns. The hospital participates in the Medicaid and Medicare programs and is considered a disproportionate share and safety-net hospital. In the past 5 years, the hospital has provided \$35,819,000 of charity care. Additionally, over the same time frame, the Hospital has provided \$38,260,000 of un-reimbursed care, based on estimated costs, to the Illinois Medicaid program.

Goals and Objectives for Providing Community Benefits

Upon completion of the health needs assessment, the hospital consulted with Rynee-Buckley Marketing and Communications for an objective review of the data and propose 3 priority goals for the Community Benefit Plan. The final strategies and tactics that support these three priority goals are a combination of Rynee-Buckley Marketing and

Communications recommendations and current programs in effect now that greatly benefit the community. The fourth priority goal that addresses the charity and government-sponsored indigent health care was developed by the hospital.

Part V identifies the four goals for providing community benefit. Measurable strategies and tactics support each priority. The following is a summary of the four priorities and supporting strategies. The tactics supporting each strategy can be found in Part V.

1. Enhance access to health care services

- Continue and enhance, when possible, level of assistance to consumer and patients in obtaining health plan coverage, subject to federal, state and private funding.
- Provide referral support for free clinics in the community.
- Continue to provide accessibility to multi-lingual and culturally competent providers and health information.
- Continue and enhance efforts to provide effective and actionable community health education.
- Continue to collaborate with community leaders in developing and implementing the *Healthy Albany Park* Initiative.

2. Address excess mortality related to key health conditions

- Provide health screenings to the community.
- Heighten awareness of health risks through assessments.
- Promote fitness throughout the community.

3. Address identified needs for individuals at risk

- Address issues of the elderly living at home.
- Address childcare issues for women seeking health care at the hospital.

4. Goals for charity and government-sponsored programs

- Continue to provide financial programs for patients who qualify for charity care and discounted care consistent with the mission of the hospital and any legislation that may be enacted.
- Enhance discount program for the uninsured patients.
- Continue to participate in the Medicare program.
- Continue to provide essential health care services for Illinois Department of Public Aid beneficiaries.

**Part II: Summary of the Healthier Community Initiative and Accomplishments
May, 2004**

Swedish Covenant Hospital's *Healthier Community Initiative*, developed in 1997, was a strategic plan that addressed the priority health care needs of the hospital's extended service area. These priority needs were identified by analyzing and prioritizing the data collected during the community needs assessment.

Objective data was obtained from the "Chicago Department of Public Health and the US Department of Health and Human Services' publication Health People 2000: National Health Promotion and Disease Prevention Objectives. Subjective data was collected through a grass roots "community plunge" approach which consisted of interviewing thirty community leaders. Additional information was obtained from SCH focus groups and the North Park Church "town meeting."

Based on the above, the Healthier Community initiative was developed and consisted of four separate initiatives:

- **Aging/Mature Market Initiative**
- **Wellness/Prevention Initiative**
- **Maternal/Child Initiative**
- **Community Resources Awareness Initiative**

The *Healthier Community Initiative* was approved by Swedish Covenant Hospital in 1997. A majority of the initiatives' goals have been accomplished over the past 6 years.

In 1999 the Community Relations Department was established to provide a unified focus for the majority of the community's educational and health promotion/wellness programs offered through this Initiative. In addition, other departments within the hospital focused on developing linkages, services and/or programs identified in this Initiative.

The following is a summary of the initiative's accomplishments.

A. Aging and Mature Market Initiative: Priority Goals and Accomplishments

- Make Swedish Covenant's full continuum "user friendly" to the aging population.
 - Enhanced Lobby Services to increase the quality service provided the community, including the older adult.
 - Installed a Way-finding Kiosk at main entrance of the hospital which prints easy to follow directions. Lobby Service staff assist visitors and patients who have difficulty using this option.

- Built additional parking levels added to the garage which increased the number of handicapped parking spaces. Additionally, parking spaces with near proximity to the bridge were designated visitor parking only with several penalties for employees using these spaces.
- Provided an environmentally controlled bridge to connect the parking garage to the hospital. Wheelchairs are available at the bridge.
- Moved front entrance of the hospital from a side street to the main entrance of the Galter Medical Pavilion which provides better access for the handicapped.
- Develop an affordable transportation system to the hospital campus that is sensitive to the needs of the aging population.
- From 1998-2001 the volume of hospital sponsored low-cost transportation to and from the hospital has increased. The hospital provides both regular and handicapped transportation. Below is a summary of this activity:

<i>Year</i>	<i>One-way trips</i>
1997	13,520
1998	13,520
1999	14,352
2000	19,000
2001	21,973
2002	18,367
2003	14,202

In 2002, due to financial constraints resulting from decreased insurance reimbursement and increased charity and bad debt, the budget for low-cost transportation was decreased resulting in a decrease in the number of trips.

- Develop and Implement a Senior Membership Program (Although a formal program has not been implemented, numerous senior-related activities have been initiated)
 - The annual senior health fair attendance increased from 44 to over 100 during the past 6 years.
 - Two daytime lecture series have been implemented on an annual basis to better meet the needs of seniors not willing to go out at night. One series, "Kitchen Table Talks," partners with the local police department's senior program. A health related talk followed by the police department program is provided on a quarterly basis.
 - The SCH "Speakers Bureau" provides senior groups with requested health discussions covering a range of topics.
 - Lectures and screenings are provided at several senior housing complexes

- The Community Relations Department collaborates with numerous senior organizations, elected officials and businesses to provide health screenings and services to this population.
- Taking the concept of health in a broader context, several programs are offered to seniors to help meet their broader needs of safety and independence (AARP Over 55 Driving Class and Senior Police Academy).
- In January 2004, the hospital established ownership of the "Striders" walking club at a local enclosed shopping mall. This group was surveyed to determine their topic preferences for the monthly health-related programs offered at the mall in conjunction with the walking program. Over 220 completed the survey.
- Partner with the Nursing and Social Services Departments of North Park College to develop a resource directory for the aged.
 - This was accomplished through collaboration with the NorthEast District Health Council.

B. Wellness and Prevention Initiative: Priority Goals and Accomplishments

- Develop and implement community programs to reduce the risk factors leading to deaths from heart disease and stroke.
 - In February 2000, to heighten the awareness of National Heart Health month, the hospital initiated annual heart health events. These include the heart health test, a heart health Saturday seminar and a daytime lecture geared toward the senior population. Attendance has increased over the years with over 100 attending the Saturday seminar. In Feb 2004, assisted listening devices were available at the heart health seminar. With the assistance of an interpreter these headsets allowed the Spanish speaking community to hear the heart health seminar in Spanish.
 - With high cholesterol and blood pressure significantly contributing to heart disease and stroke, the hospital offers free blood pressure and cholesterol screening at events both at the hospital and in the community.
 - Speakers Bureau presentations also target heart health as do presentations at senior buildings and at the 4th Thursday Health Chats at the Borders on Lincoln Avenue.
 - Smoking Cessation and stress reduction classes are offered to the community in addition to an annual event for persons with diabetes. A variety of weight loss classes and seminars are also presented as a way to reduce this risk factor for heart disease.
 - Stroke Awareness and Screenings have been presented during this time frame to both the English and Spanish speaking communities.

- Identify risk factors associated with the various ethnic populations and provide screenings/health fairs to identify people at risk and provide suggestions for follow-up. Increase the number of lectures in the Spanish, Korean and Russian languages
 - In 1998 a formal interpreter program was implemented throughout the hospital campus. Full time Korean and Spanish interpreters were hired in addition to two full time Russian interpreters.

The Cultural Liaison program was also established and became part of the Community Relations department. A full time Korean and full time Hispanic Cultural Liaison were hired to meet the specific cultural needs of these two communities. Culturally sensitive and linguistically appropriate programs were implemented both at the hospital and in the community.

Over the past 6 years, the ethnic mix of our community has changed, more Hispanic families are moving into the neighborhood and the number of Koreans in our community is decreasing. With this in mind and also due to financial considerations, when the Korean Liaison resigned in 2001, the position was not replaced. However, the hospital continues to serve this community through the annual, on-site Korean Health Fair (in 2003, over 400 attended) and through representation on the Korean Providers' Council. In addition, birthing classes in Korean are routinely taught.

The Hispanic Initiative Steering Committee was formed in 1997 to address the specific needs of the Hispanic community and develop a plan to better serve this community. A list of accomplishments is provided at the end of this section.

The Hispanic Liaison has increased the number served at Spanish-speaking events from 4,705 in F01 to 9,330 in F03. The fifteen-week nutrition class taught in Spanish in the spring and fall has been extremely successful in both attendance and outcomes.

- Educate the community about the concept of "wellness and prevention"
 - Attendance at wellness and prevention events has increased from 7,000 in F97 to 24,302 in F03. Refer to end of section for a breakdown of these specific volumes from 2000-2003.
 - To inform the community about up-coming programs and general health information, the *CareLetter* is distributed to 250,000 households three times a year. In addition, community programs are advertised in the English and Spanish newspapers and bi-lingual flyers are also available at key areas in the hospital and also in the community. Program information is displayed in all the elevators on campus and updated monthly.

- In addition, with the installation of a hospital information kiosk, visitors can access information about the hospital and community program information and print this for future reference.
- Recently the hospital developed a web site and current program information can be accessed and on-line registration is available. A web-based health encyclopedia can also be accessed from this site.
- Implement a broader support group network at the hospital
 - Five support groups meet at the hospital on a regular basis.
- Develop programs that will target community members between the ages of 25 and 44.
 - Hosting large, interactive and informative health fairs has proven to be the best venue to attract families in this age category. 1200 individuals attended the Family Health Fair in 2000; 1300 individuals attended the annual children's health fair in 2003.

C. Maternal Child Initiative: Priority Goals and Accomplishments

- Develop and implement a program to reduce risk factors that contribute to the incidence of infant mortality and low birth weight babies
 - WIC is present at events that target women and children. In addition, the Spanish Nutrition class attends a morning presentation at the WIC center and some of the participants have discovered they are eligible to participate in this program.
 - The hospital has provided monthly on-site KidCare registration for over two years through collaboration with several community organizations. During this time numerous pregnant women have been enrolled into this program early in their pregnancy. In addition, obtaining MPE approval ensures these individual will have immediate insurance for all outpatient services related to her pregnancy. The hospital has recently hired a full time KidCare FamilyCare representative who will be available to complete these applications on a real-time basis.
 - The SCH Midwifery practice has partnered with the Uptown Health Center to provide prenatal and labor and delivery services to patients that use this clinic. These mothers then deliver their babies at Swedish Covenant Hospital.
 - The hospital has also opened a pediatric clinic within the Family Practice Center that serves Medicaid and indigent families without insurance.
- Develop and implement a multi-lingual program to assist parents to develop good parenting skills
 - Although some development time was devoted to this project, we were unsuccessful in implementing this program.

- Investigate the possibility of developing a hospital-based teen program which would include a teen volunteer program, career mentoring, teen activities, etc.
 - A teen volunteer program at the hospital has been established. Through the efforts of the managers of the SCH school based health centers, a career mentoring program has been developed.
- Partner with a local high school and open an on-site health center that addresses teenage health issues. Grant money will be requested.
 - A full service school based health center has been established at Roosevelt High School and a Wellness Center at Northside College Prep has been opened and offers mental health counseling and health education. Grant money has been received to fund most of the costs of operating the centers. It has been noted that teenage emergency department visits at the hospital have dropped significantly since the health center opened in 1999.
 - Accomplishments for the centers include:

Individual educational intervention – The RHS Health Center has been successful in operationalizing an annual behavioral risk assessment with our regular users. Using the American Medical Association's tool *Guidelines for Adolescent Preventive Services (GAPS)*, providers are able to work with the students to identify and quantify risk behaviors as well as provide education intervention and/or referral for additional services. This includes sexual behavior, drug and alcohol use and other risk behaviors that can affect a student's decision-making abilities as it relates to pregnancy prevention. Over 75% of the students who used the Health Center for services last year received an annual risk assessment and individual educational intervention and plan.

STARS Program – STARS (*Serving Teens at Risk*) provides effective health education to students at Roosevelt High School in the area of pregnancy prevention and successfully case manages the pregnant and parenting population in the school. Health education includes a multi-session curriculum which includes anatomy and puberty, pregnancy prevention including abstinence, and how to have safe relationships. Last year almost 40% of the students in the school received this programming. Case management of the pregnant and parenting students has led to all girls returning to school after delivering their babies, all babies born were of normal birth weight, and 60% of the mothers initiated breastfeeding.

Outreach to the Uninsured – With continued training and outreach efforts, staff at the Health Center have been effective in reaching families who are eligible for the state child health insurance program, KidCare.

Last year alone, the number of students enrolled to receive services at the Health Center who were also enrolled in KidCare increased by 69%.

Student Advisory Board – The Student Advisory Board (SAB) has received a grant award from the Illinois Caucus for Adolescent Health (ICAH) initiative “Putting Your Beliefs Into Action”. The ICAH will provide training, technical assistance, guidance and financial support to the SAB initiative which will focus on adolescent sexual health. The SAB plans to hold a health fair on December 15th 2004 for all students at Roosevelt High School.

Students in Health Careers: The Health Center and Swedish Covenant Hospital have been successful in sponsoring a *Health Careers Day* for the past two years. Last year, over 80 students attended a full day at the hospital interacting with various disciplines. For the past two years, with the support of the medical staff at Swedish Covenant Hospital and The Albany Park Chamber of Commerce, the Health Center has awarded scholarships to Roosevelt High School graduating seniors. All the recipients planned to pursue post secondary education in the field of nursing. The Health Center started a *Health Careers Club* which provides additional opportunities for students interested in the health field. Speakers from the community make presentations on different opportunities for students in health careers and offer support to achieve their goals.

D. Community Resources Awareness Initiative: Priority Goals and Accomplishments

- Create a plan to heighten awareness within the community about the available resources at Swedish Covenant Hospital and the community-at-large
 - Over the past six years at the hospital has been more visible within the community at the grassroots level, attending numerous community events and educating the community about the services provided at the hospital.
 - The reach of the hospital's community publication, *CareLetter* has increased. The *CareLetter* is distributed three times a year and includes articles on health related topics and features all community programs in English and Spanish taking place at the hospital during that time frame.
- Develop a *CareLetter* mailing list for all community leaders
 - Community leaders now receive the *CareLetter*
- Partner with the *NorthEast District Health Council* to develop and implement their two community directories.
 - This has been accomplished.

Hispanic Initiative Committee

In late 1997, it was determined that demographic trends in the hospital's service area showed a dramatic increase in the Hispanic population. In forecasting demographic trends, all available information pointed to a continued increase in Hispanic migration to the primary and secondary service area of Swedish Covenant Hospital.

By early 1998, a committee was established to review what this change in population would require of SCH to both capture the new Hispanic market in our service area, and to insure the needs of this population were adequately met when they accessed our services.

Our research indicated:

- *Need for preventative healthcare programs in Hispanic communities*
 - SCH hosted 75 Hispanic community events in Fiscal Year 2002. A 300% increase since 2000. 7,000 people participated in Hispanic events during Fiscal Year 2002, a 30% increase over prior year
 - *CareLetter* – distributed to 250,000 homes in the service area – features Spanish-language inserts promoting all Spanish educational programs at the Hospital. Additionally Hispanic/Spanish-language programming is also promoted in newspapers, flyers, church bulletins
 - Full-time Hispanic community liaison drives events and monitors community for feedback to ensure that SCH is meeting the needs of this community.
 - Spanish-language nutrition program is a huge success. Eight classes graduated to date. Nearly 50 participants in 15-week course; over 350 served to date

- *Need for Hispanic and bilingual healthcare professionals*

An across-the-board issue nationally, regardless of race or culture; the nursing shortage has been well documented. SCH wants to "grow our own" nurses and Latino nurses are a priority:

- ✓ Nearly one-fourth of our physicians (78) speak Spanish
- ✓ About 15% of our staff is Hispanic and we are actively recruiting new Spanish-speaking employees
- ✓ We have a full-time Spanish language interpreter, Spanish-speaking chaplain
- ✓ Employees who speak Spanish – or any of a dozen other languages – wear special tags to identify themselves to our customers
- ✓ Spanish speaking staff have been added to "front line" services, including Admitting/Registration, Telecommunications, Physician Referral, and the Appointment Center.

- *Additional patient services/accommodations*

- Forms and educational materials were translated and published in Spanish.
- In-house education was launched in the late 1990's making employees more aware of the needs of our multicultural community; in-house publications (Learning Curve) were used as well as learning modules included in Management Educational Forums and the RAVE Program.
- Offered Spanish Language classes to SCH Employees in Key Service Areas
- Implemented Spanish Menu (limited response due to sodium restrictions of most inpatients)
- Nine Hispanic legislators and governmental officials attended the SCH legislative breakfast in December

**Community Relations
Fiscal 2003 Summary
Comparative F00-F03**

	F2003		F2002		F2001		F2000	
	Ev ents	Atten dees	Ev nts	Attend ees	Ev nts	Attende es	Ev ents	Atten dees
Screenings and Health Fairs at SCH	12	1,990	15	1,177	21	1,523	17	2,008
Lectures at SCH	28	717	20	410	20	564	15	318
Classes, Seminars and Conferences	13	318	21	459	30	577		
Children's events	18	8,482	18	5,865	17	5,109	12	4,855
Speaker's Bureau presentations	28	1,180	25	530	28	874	28	916
Community Collaborations	21	720	32	2,713	25	1,283	11	724
Special Events at SCH, Community Kid/Family Care Rpts @ SCH (# families)	13	1,503	8	448	9	1,393	15	617
	14	147	14	84	7	38		
	14	13,06						
Total:	7	7	183	11,794	188	11,371	98	9,438
Hispanic Events								
Lectures and Screenings at SCH	10	140	11	129	23	283	9	164
Speaker Bureau presentations	3	95	4	241	4	88	5	244
Classes, Seminars and Conferences	30	1,580	39	1,422	35	1,251	13	162
Children's events	4	381	3	282	0	0		
Community Collaborations	18	7,134	18	5,028	17	3,093	25	4,134
Total:	65	9,338	75	7,082	79	4,705	62	4,704
Korean Events								
Screenings and Health Fairs at SCH	1	405	2	375	5	353	8	310
Lectures at SCH	0	0	0	259	0	470	0	539
Speaker Bureau presentations	1	0	0	0	7	208	0	525
Community Collaborations	0	1,500	3	1,614	5	418	6	608
Classes, Seminars and Conferences	0	0	4	13	6	65	4	120
Total:	2	1,905	18	2,261	31	1,502	27	2,002
Multi-cultural								
Breast Cancer Classes	0	0	12	185	21	283	22	237
Grand Total	21	24,30					21	
	4	2	268	21,322	290	17,861	1	16,411

Part III: Populations and Communities Served by the Hospital

A. Geographic Area

The geographic area assessed includes the following 12 Chicago communities served by the hospital:

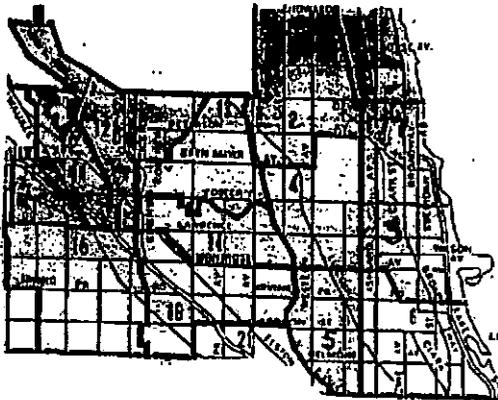
Albany Park
Edgewater
Forest Glen
Irving Park
Jefferson Park
Lincoln Square,
North Center
North Park
Portage Park
Rogers Park
Uptown
West Ridge

Also included in the area served is Lincolnwood, a small village of approximately 12,000 residents. This community is in close proximity to the hospital, just north of the north boundary of Chicago.

Swedish Covenant Hospital has a presence in several of these communities

Swedish Covenant Hospital	<i>Lincoln Square</i>
Galter Medical Pavilion	<i>Lincoln Square</i>
Galter Life Center	<i>Lincoln Square</i>
Home Care Services	<i>West Ridge</i>
Senior Health Centers	<i>Edgewater, West Ridge</i>
Healthcare Center—Mayfair	<i>Albany Park</i>
Roosevelt HS Health Center	<i>Albany Park</i>
Northside Prep Health Center	<i>Albany Park</i>

Refer to next page for a map of the geographic boundaries of the 12 Chicago communities.



- 1. Rogers Park
- 2. West Ridge
- 3. Uptown
- 4. Lincoln Square
- 5. North Center
- 11. Jefferson Park
- 12. Forest Glen
- 13. North Park
- 14. Albany Park
- 15. Portage Park
- 16. Irving Park
- 77. Edgewater

B. Demographics

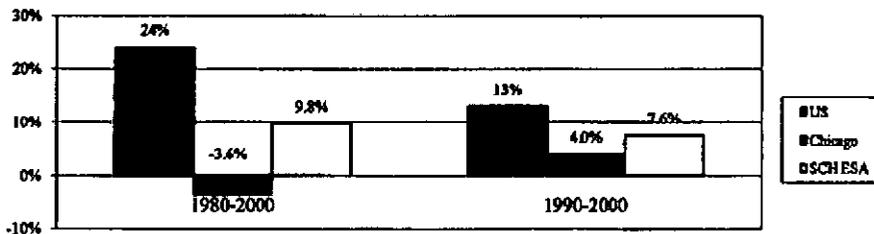
Population Trends

The following information addresses the 12 Chicago communities served by the hospital. Information for Uncolnwood can be found at the end of the report. The majority of the statistical health information was obtained from the Chicago Department of Public Health publication, Community Area Health Inventory, 1989-1999 Volumes I and II. This publication included 2000 census data. The Village of Uncolnwood is not tracked in this manner and similar information is not available. Lincolnwood accounts for only 2% of the community served by the hospital.

General Trends:

- As of 2000, the total SCH target population is 583,077.
- This population represents an increase of 7.6% over 1990, and a net increase of 9.8% over 1980.
- The growth rate in the SCH area is much lower than that of the total US (13% from 1990 - 2000)
- However, SCH area growth increased overall by 7% between 1990 ~ 2000 in contrast to Chicago, which increased only 4.0% during the same time period.

Percentage Change in Population

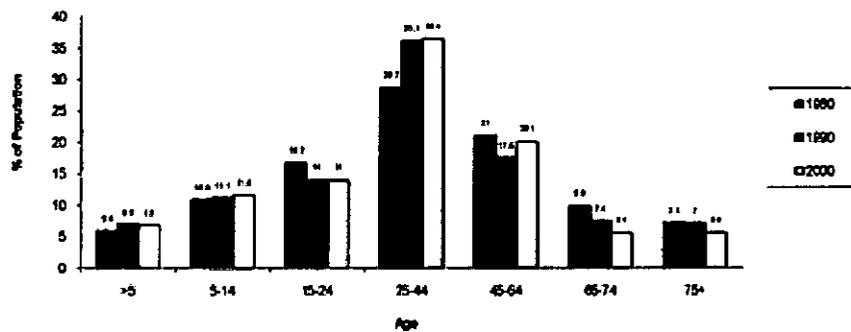


The age distribution of the SCH population has changed considerably since 1980, growing younger overall:

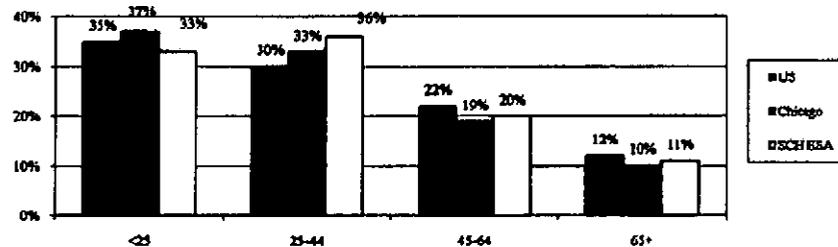
- More than one-third (36.4%) are now in the "family development" years, age 25-44.
- Seniors, age 65+, account for just 11.2% of the total – a decline from 16.9% in 1980.

- The percentage of midlife adults, ages 45-64, has remained fairly consistent, at 20.1% as of 2000.
- The percentage of children under age 15 increased slightly, to 18.4% of the total.
- The percentage of adolescents and young adults, ages 15-24, decreased slightly, to 14% as of 2000.

Age Distribution Changes in Swedish Covenant Hospital Area



US/Chicago/SCH Servie Area Age Distribution, 2000



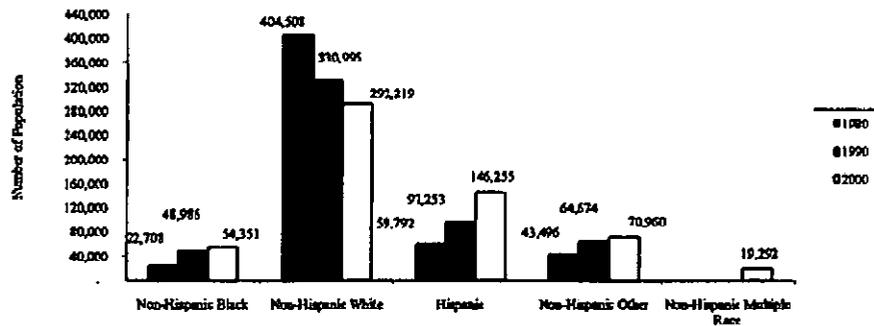
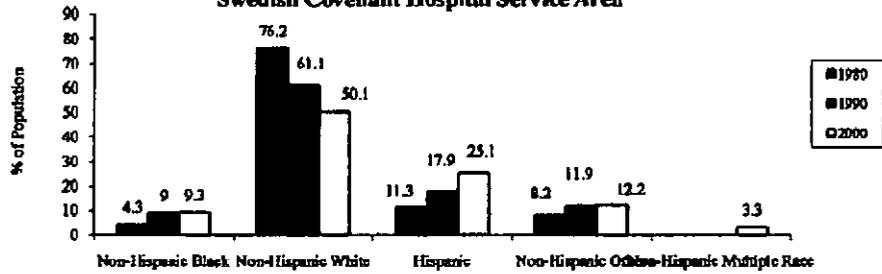
Race and Ethnicity

- The Hispanic population has increased steadily in each of the past two decades, doubling as a percentage of the total population since 1980. As of 2000, Hispanics

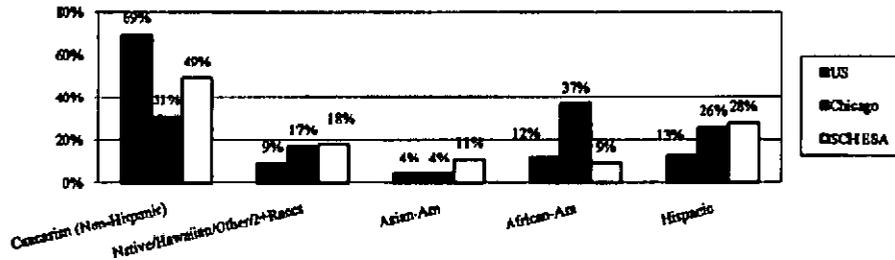
account for 25.1% of all community residents – the largest minority segment. A new category, non-Hispanic multiple race, has been added to the 2000 census data.

- The African-American population also doubled as a percentage of the total, growing primarily between 1980 and 1990, and now accounts for 9.3% of the total SCH area population.
- The Asian-American population now accounts for 11% of the total, due in part to the growth of the Asian-Indian community.
- Non-Hispanic Whites account for one-half of the SCH area population, much higher than in the City of Chicago overall, but considerably lower than the US total. The number of non-Hispanic whites has declined from 76.2% in 1980 to 50.1% in 2000.

Racial and Ethnic Change in the Swedish Covenant Hospital Service Area



Ethnicity, 2000
U.S., Chicago, Swedish Covenant Hospital Service Area



Changes in Ethnic Mix

The hospital serves a very diverse multicultural community. Over the past eight years there have been changes in the ethnic mix in the community with the most significant being in the Hispanic community. The following lists the percentages of the total population these ethnic groups represented in 1996 and 2004.

	1996	2004
Hispanic:		
Mexican	10.4%	17.0%
Puerto Rican	3.4%	4.4%
Asian:		
Asian Indian	not reported	2.5%
Chinese	1.5%	1.0%
Filipino	not reported	2.8%
Japanese	.8%	.4%
Korean	2.7%	1.2%
Vietnamese	.8%	1.1%

Since September 11, 2001, immigration into the United States and the community served by the hospital has decreased significantly. Although the number of new, documented immigrants coming into the hospital's community was almost negligible during the first year after September 11th, the numbers of new documented immigrants has increased slightly. The World Relief office in Albany Park reports that in 2003 they assisted less than 34% of the number of immigrants they helped relocate prior to the tragedy in 2001.

The Spanish, Korean and Russian languages represent the majority of interpretative assistance requested at the hospital. To meet this need on an inpatient and outpatient basis, the hospital employs a full time Spanish and Korean interpreter and two full time Russian interpreters. In addition, the hospital uses a "over the phone" interpretative service to meet interpretative needs in other languages and also for Korean, Russian and Spanish interpretation when the interpreters are not present.

In Fiscal 2003 there were 1950 interpretive encounters for Spanish patients; 2626 encounters for Russian patients, and 1781 encounters for Korean patients. These encounters were either in person with staff interpreters, or over the phone via phone interpretive services.

Several initiatives are in place to meet the needs of the Spanish, Korean and Russian speaking residents in our community. To better serve the Korean community, the hospital partners each year with Korean American Community Services, the Korean Medical Society and the Korean Nurses Association to host an annual Korean Health Fair at the hospital. This is an annual event, targeting the uninsured working population. Attendance is over 400 Koreans who reside in the greater Chicago area. The hospital also collaborates with several local Korean organizations and participates in their annual health fairs.

To better serve the Russian speaking seniors, the hospital has established health centers at several of the Chicago Housing Authority senior buildings, providing Russian speaking Registered Nurses present in the health center Monday through Friday and Russian speaking physicians several days a week.

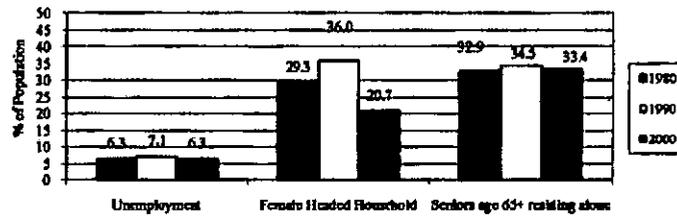
The Spanish speaking community represents the largest segment of non-English speaking community residents. The hospital employs a full time Hispanic Liaison who is a Registered Nurse and coordinates many classes and events both at the hospital and in the community to better serve these individuals.

C. Key Findings: Socio-Economic Status

The community Swedish Covenant Hospital service has improved or stayed constant in several areas related to socio-economic status.

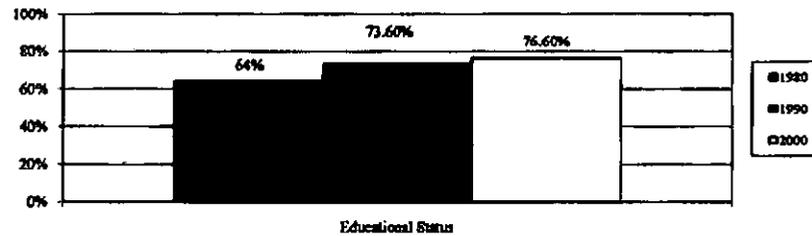
- Unemployment Rate: This rate has declined from 7.1% in 1990 to 6.3% in 2000.
- Female headed Households: The percentage increased from 20% in 1980 to 24.1% in 1990 and declined to 20.7% in 2000.

- Seniors age 65+ residing alone: Percentage has increased from 32.9% in 1980 to 34.5% in 1990 and declined slightly to 33.4% in 2000.



- Educational Status:**
The number of high school graduates increased from 64% in 1980 to 73.6% in 1990 and 76.6% in 2000.

**Changes in Socio-Economic Status
Swedish Covenant Hospital Service Area**

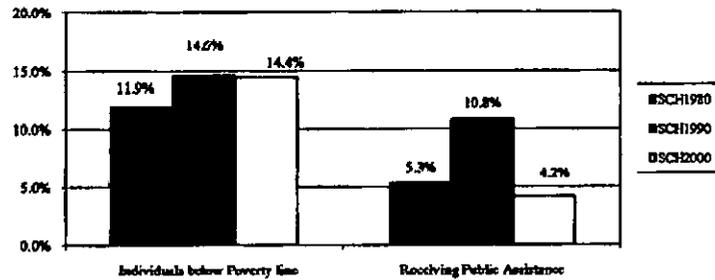


However, there appears to be no impact on overall poverty:

- Despite the many gains in socio-economic status in the SCH area, the percentage of individuals below the poverty level has stayed almost constant between 1990 and 2000 (14.6% in 1990 and 14.4% in 2000) – but increased from the base of 11.9% in 1980.

- There appears to be a decline in public assistance levels. It needs to be noted data for "individuals" is not available for 2000; data for "households" is not available for 1980-1990. Thus the data may not reflect an actual trend. It could be inferred this, coupled with the increase in the percentage of households under the poverty threshold, may indicate or lead to a rise of the number of working poor who are uninsured.

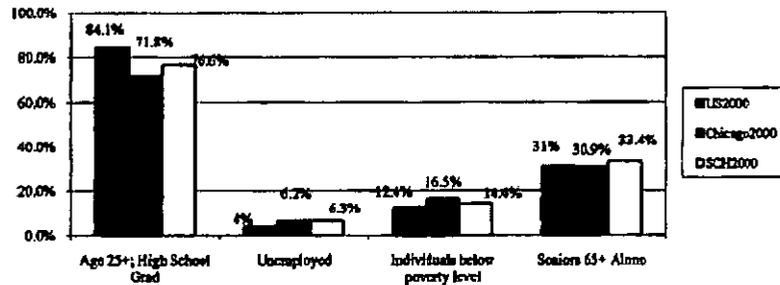
**Swedish Covenant Hospital Service Area
Socio-Economic Indicators**



While better off than Chicago as a whole, the Swedish Covenant Hospital area lags substantially behind the total US averages for the following:

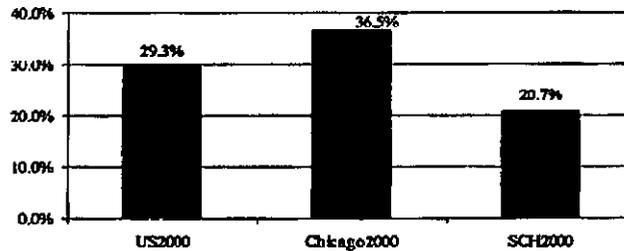
- High School Graduates
- Unemployment
- Are below the poverty level
- Are seniors living alone

**US/Chicago/SCH Service Area
Socio-Economic Indicators**



20.7% of the households in the Swedish Covenant Hospital area are headed by females. Although the hospital area fare better than Chicago and the U.S. average, there still remain significant stresses when only one parent is responsible for the care of children.

Female-Headed Households



Limited information is available for Unclmwood. The Village demonstrates a different demographic than the aggregate information for the 12 Chicago:

0-24 years:	29%
15-44 years	20%
45-64 years	27%
65+	24%

Information sources for Part III can be found in Part IV Section C.

Part IV: Health Care Needs Considered in Developing the Plan

A. Quantitative Analysis

Critical Health Information: Community Data

Healthy People 2010: Priority Areas

In this section, health conditions reported from the Chicago Department of Public Health are compared to the measurable health goals established by the US Department of Health and Human Services and published in Healthy People 2010. This two-volume document contains a national strategy to improve the health of the Nation by increasing the quality and years of healthy life and eliminating health disparities. These two goals are supported by specific objectives in 28 focus areas.

The following is a summary of priority areas within the community Swedish Covenant Hospital service area that do not meet the target goal and therefore are a potential health priority

HP 2010 Goal: Decrease Heart Disease mortality to 166/100,000; 1998 baseline is 208/100,000

- Rogers Park 413/100,000
- Uptown 398/100,000
- Lincoln Square 333/100,000
- Chicago 330/100,000
- Irving Park 326/100,000
- SCH ESA 316/100,000
- Edgewater 313/100,000
- North Park 306/100,000
- Portage Park 300/100,000
- Jefferson Park 296/100,000
- Albany Park 294/100,000
- North Center 279/100,000
- West Ridge 270/100,000
- Forest Glen 254/100,000
- HP2010 166/100,000

HP 2010 Goal: Reduce all cancer mortality to 158/100,000; 1998 baseline is 201/100,000

- Portage Park 228/100,000
- **Chicago 223/100,000**
- North Center 219/100,000
- Lincoln Square 206/100,000
- Jefferson Park 206/100,000
- Rogers Park 197/100,000
- West Ridge 195/100,000
- **SCH ESA 193/100,000**
- Uptown 192/100,000
- Irving Park 185/100,000
- **HP 2010 158/100,000**

HP 2010 Goal: Reduce breast cancer mortality to 22.2/100,000; 1998 baseline is 27.7/100,000

- North Center 31/100,000
- Forest Glen 28/100,000
- North Park 27/100,000
- **HP 2010 22.2/100,000**
- **Chicago 20/100,000**
- **SCH ESA 20.100,000**

HP 2010 Goal: Reduce lung cancer mortality to 44.8/100,000; 1998 baseline is 57.4/100,000.

- Portage Park 73/100,000
- Jefferson Park 58/100,000
- **Chicago 57/100,000**
- Uptown 50/100,000
- Irving Park 50/100,000
- **SCH ESA 49/100,000**
- West Ridge 49/100,000
- Lincoln Square 49/100,000
- Edgewater 48/100,000
- Albany Park 46/100,000
- **HP 2010 44.8/100,000**

HP 2010 Goal: Reduce stroke mortality to 48/100,000; 1998 baseline is 60/100,000

- Rogers Park 82/100,000
- Albany Park 71/100,000
- North Park 69/100,000
- Jefferson Park 62/100,000

- Chicago 60/100,000
- SCH ESA 55/100,000
- Portage Park 55/100,000
- Lincoln Square 54/100,000
- Forest Glen 50/100,000
- Irving Park 50/100,000
- HP 2010 48/100,000

HP 2010 Goal: Reduce diabetes mortality to 45/100,000; 1998 baseline is 75/100,000

- Uptown 47/100,000*
- Albany Park 47/100,000*
- Rogers Park 46/100,000*
- HP 2010 45/100,000
- Chicago 33/100,000
- SCH ESA 31/100,000

*Type II Diabetes is prevalent in the Latino community and as more Latinos move into the hospital's service area, health promotion education will be necessary.

HP 2010 Goal: Reduce Tuberculosis Cases 1/100,000; 1998 baseline is 6.8/100,000

- Edgewater 23/100,000
- Uptown 19/100,000
- Chicago 16/100,000
- Albany Park 17/100,000
- Rogers Park 14/100,000
- SCH ESA 13/100,000
- West Ridge 12/100,000
- Irving Park 12/100,000
- Lincoln Square 11/100,000
- North Park 11/100,000
- Portage Park 8/100,000
- Forest Glen 6/100,000
- North Center 3/100,000
- HP 2010 1/100,000

HP 2010 Goal: 98% abstinence from cigarette smoking during pregnancy.

- Jefferson Park 91.1% abstinence
- Chicago 91.5
- Portage Park 93.3
- Lincoln Square: 93.1

- Rogers Park 93.7
- Uptown 94.3
- Irving Park 94.3
- SCH ESA 94
- Edgewater 94/4
- Albany Park 94.6
- Forest Glen 96.3
- North Center 97.5
- North Park 96.5
- West Ridge 96.7
- HP 2010 98% Abstinence

HP 2010 Goal: Reduce incidence of AIDS among adolescents and adults to 1/100,000; 1998 baseline is 19.5/100,000

- Uptown 90/100,000
- Edgewater 51/100,000
- Rogers Park 50/100,000
- SCH ESA 28/100,000
- Chicago 27/100,000
- Lincoln Square 22/100,000
- North Center 19/100,000
- Irving Park 15/100,000
- Portage Park 11/100,000
- Jefferson Park 8/100,000
- Albany Park 7/100,000
- North Park 5/100,000
- West Ridge 3/100,000
- HP 2010 1/100,000

HP 2010 Goal: Reduce HIV mortality to 4.9/100,000; 1998 baseline is 8/100,000

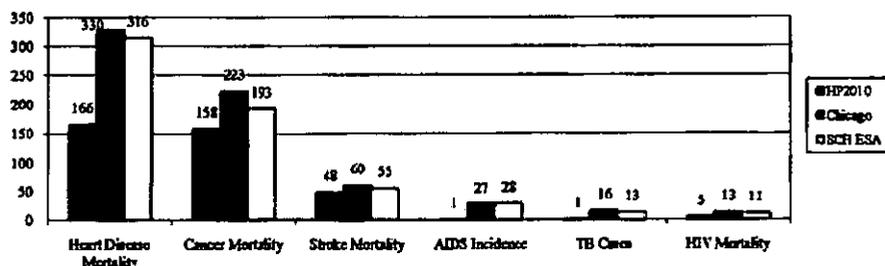
- Uptown 30/100,000
- Edgewater 24/100,000
- Rogers Park 22/100,000
- Chicago 13/100,000
- Lincoln Square 12/100,000
- SCH ESA 11/100,000
- Albany Park 8/100,000
- North Park 6/100,000
- HP 2010 4.9/100,000

Relative to the HP2010 targets, the SCH market is at considerable risk with respect to:

- Mortality from heart disease, cancer, stroke, and AIDS
- Risk of new onset of infectious diseases such as HIV/AIDS and TB
 - Note: The HP2010 targets for TB and AIDS are quite stringent, focused on eradication. Relative to the total City of Chicago, however, the SCH area has comparable or lower risks for TB and HIV/AIDS incidence and mortality.

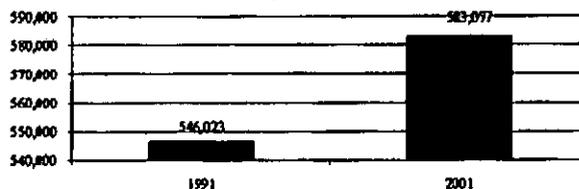
The 2002 Ravenswood area community health needs assessment also identified heightened mortality risks with respect to liver disease and respiratory disease, and higher-than-average breast cancer mortality rates in selected parts of the community.

**Healthy People 2010
Mortality Rate Benchmarks**

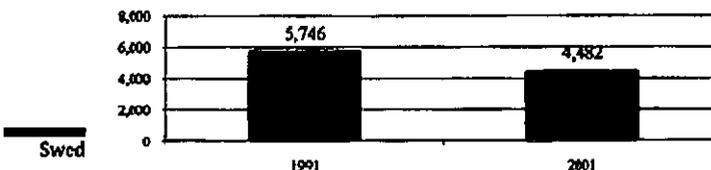


The top three causes of death are the same for SCH service area, Cook County and the State of Illinois: heart disease, cancer, and stroke. The number of deaths in all 3 categories have decreased from 1989 to 1999.

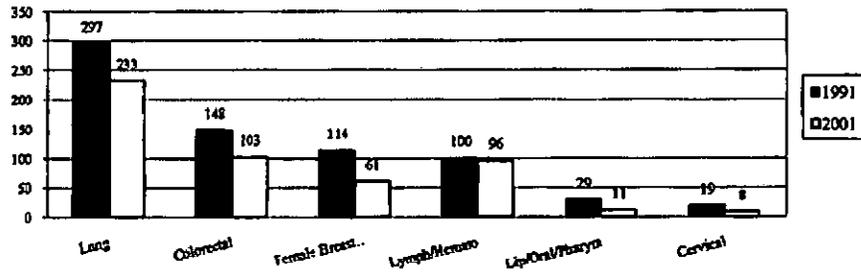
**Swedish Covenant Hospital Service Area
Population Growth**



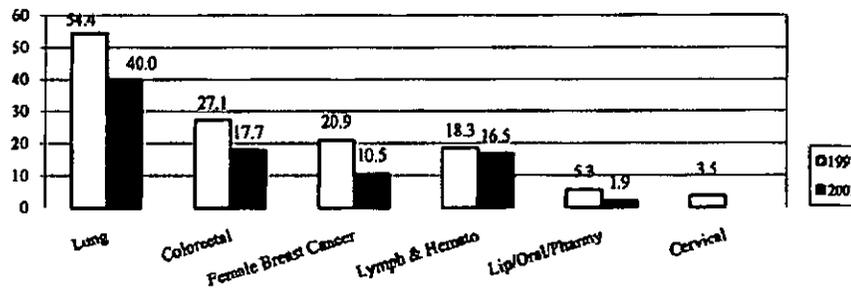
**Swedish Covenant Hospital Service Area
All Deaths**



**Swedish Covenant Hospital Service Area
Number of Deaths
Cancer Mortality Quick Trend Report**



**Swedish Covenant Hospital Service Area
Cancer Mortality Rate per 100,000**



Mortality rate benchmarks for Lincolnwood:

The three leading causes of deaths(147) in 2002 are as follows:

1. Heart disease
2. Cancer
3. Stroke

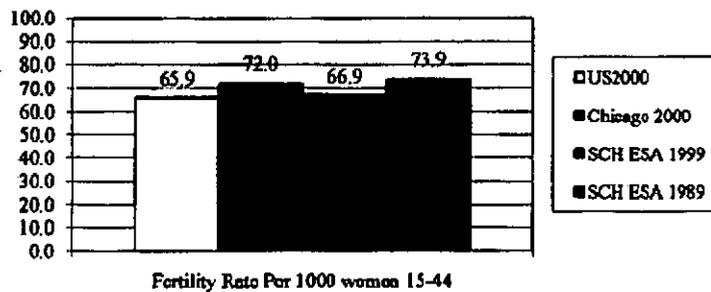
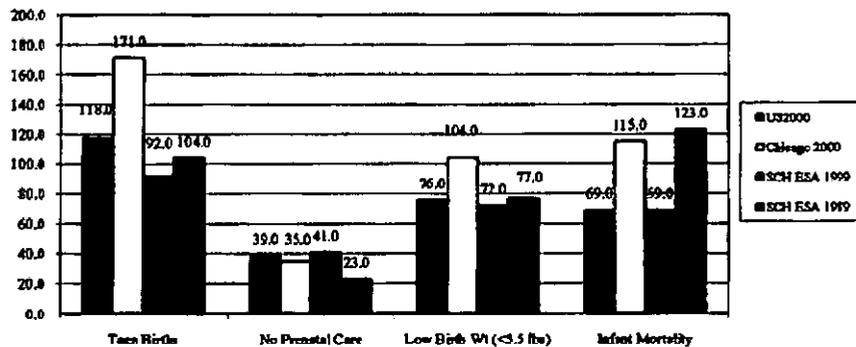
Reproductive Health Status

Improvements in reproductive health status bring the SCH area in line with US averages:

- The fertility rate (births per 1000 women age 15-44) in the SCH area declined from 1989-1999, but remains slightly above the US average.
- The SCH area has seen substantial improvements in maternal-child health indicators such as the infant mortality rate (halved), low birth weight rate (declined), and teen birth rate (declined) between 1989 and 1999.

However there is less access to reproductive care.

- These improvements have been achieved despite a doubling in the rate of women having no prenatal care (to 41/1000 births) – a rate that exceeds the US average, and may have negative implications for the future.



Charity and Unreimbursed Care

Current trends suggest a growing need to provide care for the poor and for the uninsured. According to the U.S. Census Bureau report released August 26, 2003, the national poverty rate rose from 12.1% in 2002 to 12.5% in 2003. Also, both the number and the percentage of persons without health insurance increased. In 2003, 15.6% of the U.S. population, a total of 45 million people, was uninsured. Viewing the problem of the uninsured over a two-year time period may make the data even bleaker. According to a recent report released by Families USA, approximately 81.8 million people – one out of three of those under the age of 65 – were uninsured for all or part of 2002 and 2003. Of these, two-thirds were uninsured for six months or more.

In Illinois, the poverty rate expressed as a two-year average increased from 11.5% in 2001-2002, to 12.7% in 2002-2003. The percentage of persons without health insurance coverage also increased, from 13.9% in 2001-2002 to 14.3% in 2002-2003. According to the Illinois Hospital Association, as many as 3.5 million Illinois residents may have been uninsured for all or part of 2003.

These national and state trends are reflected as well in the hospital's service area. The percentage of individuals in the hospital's service area below the poverty level has increased from 11.9% in 1980 to 14.4% in 2000.

Swedish Covenant Hospital has historically provided a substantial volume of charity care and free services, and demands on the Hospital to provide charity care have increased with the closure of the two closest hospitals (Ravenswood Hospital Medical Center and Edgewater Hospital). The Hospital provided \$35,819,000 of charity care in the past five fiscal years. Over the same time, the Hospital has provided \$38,260,000 of unreimbursed care, based on estimated costs, to the Illinois Medicaid program.

Swedish Covenant Hospital also supports provision of care to low income residents by its high level of participation in the Public Aid program. SCH has been designated as a Medicare Disproportionate Share Hospital, and both a Medicaid High Volume Adjustment (MHVA) Hospital and a Medicaid Safety Net Hospital. Because Illinois Medicaid pays less than the cost of providing care, this high Medicaid utilization represents a significant financial commitment of SCH.

The Hospital participates in or sponsors various community-based programs to meet the needs of the underserved. For example, over the past five fiscal years, the Hospital has provided \$5,508,000 in discounted delivery/obstetrical services for uninsured patients. The Hospital also partners with the Chicago Department of Health to provide women's health services to Medicaid and uninsured patients at the City's Uptown Clinic. Last year, Hospital staff provided over 3700 prenatal or gynecological patient visits at the Uptown Clinic, and delivered 280 babies of patients seen at that Clinic. Within the

Hospital, the Pediatrics Clinic and the Family Practice Center serve primarily Medicaid and uninsured patients and provide care for approximately 3,700 patient visits on an annual basis for the Pediatrics Clinic, and 15,000 patient visits annually for the Family Practice Center.

To provide easy access to health care for the low-income elderly, the Hospital organizes clinics located in Chicago Housing Authority buildings, and operates the "HouseCalls" program to provide physician visits to the homebound. The CHA clinics saw over 4,000 patient visits in the period from July 1, 2003 to July 1, 2004, and HouseCalls provided 1,199 visits in the same period.

The Hospital serves Chicago Public Schools high school students through school clinics located in Roosevelt High School and Northside College Preparatory High School. For the period from July 1, 2003 to July 1, 2004, there were over 3,400 visits to the school clinics.

Finally, the Hospital helps community members gain access to health care services by assisting low income families in applying for the Illinois Department of Public Aid's KidCare and FamilyCare programs. The Hospital processed a total of 360 KidCare and FamilyCare applications from October 2003 through August 2004.

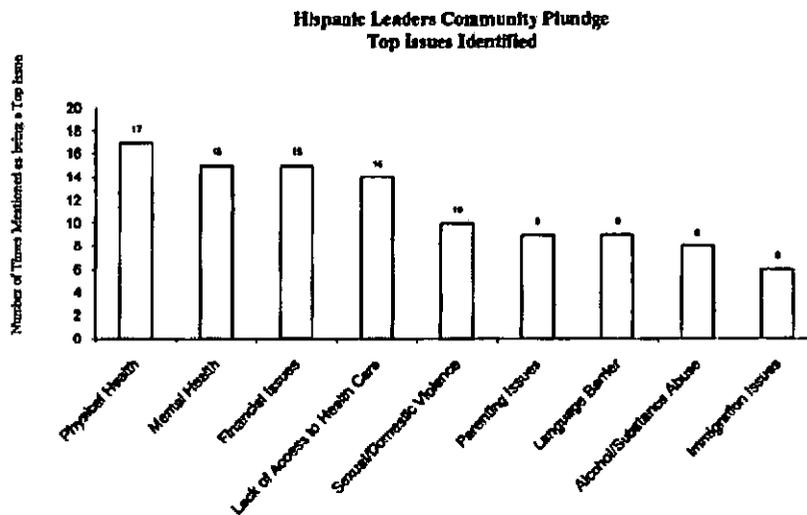
B. Community Perspectives on Health Care and Educational Needs

Summary of Hispanic Leaders' Community Plunge Survey

As part of the goals of the Hispanic Initiative Steering Committee, the Hispanic Liaison used a grassroots approach to identifying the Hispanic community's perception of their needs and "plunged" into this endeavor by interviewing 11 local Hispanic leaders. All leaders were asked the same nine (9) questions. These leaders represented various organizations that are located within the hospital's primary service area.

Certain common themes were identified when evaluating information obtained during the interviews. The following is a summary of the evaluated survey results.

1. Identify the top 10 issues in the community pertaining to health (physical and mental) and social issues.



2. **What are the causes of the health related problems?**
Lack of knowledge and poor understanding of health care, low level of education
3. **How can these problems be reduced or eliminated?**
Access programs to increase educational level, provide bilingual health education
4. **Special needs of Hispanic seniors that are not currently met**
Cultural issues, isolation
5. **Health issues related to the cultural diversity in your community**
Lack of health insurance, lack of knowledge
6. **What special impact have these had in health related issues that you identified?**
Lack of information and medical care,
7. **Do you feel SCH can help with these problems? How?**
Increase access to care, many residents do not have health insurance
8. **What are the strengths and assets of the community?**
Diversity
9. **What organizations and associations have you linked with to address these issues?**
Over 15 were listed but Catholic Charities was the only one that was listed twice.

These issues are consistent with the findings of community leaders and consumers involved in the 2002 Ravenswood area community health needs assessment, where access and education were identified as key factors limiting improvements in physical and behavioral health status.

Surveys of Health Interests

Children's Health Fair

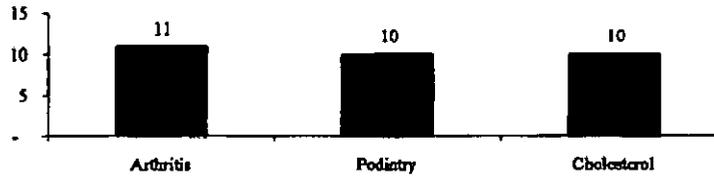
At the last children's health fair at Swedish Covenant Hospital, 100 families completed an evaluation of the event. As part of this evaluation, participants were asked the type of future events and programs they would like to attend with their children. The 85 families who responded to this question said they would bring their children to another event at the hospital and also commented positively about the various activities offered at the health fair. However, the types of events identified as being of interest to them in the future were not statistically significant. Additional data will be collected in the future.

Senior Surveys

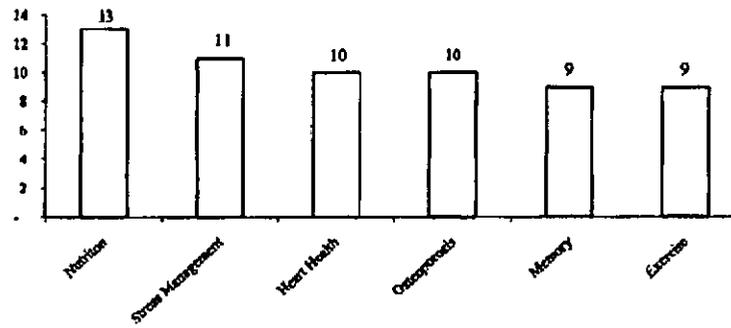
Senior Health Fair

Each May, the hospital hosts a senior health fair. 25 seniors completed a health topic's preference survey in May 2003. The following is a summary of the key results of the health topic's preference survey:

Screening



Lectures



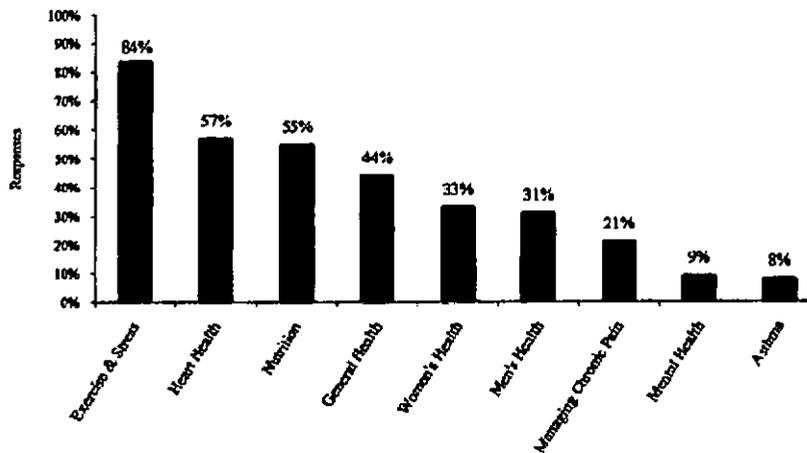
SCH Striders Walking Club Survey

In January, 216 Health Topic's Preference surveys were completed during registration week. More than half of the registered members completed the survey.

There is substantial interest in health education:

- A survey of members of the Strider's Walking Club identified the following as topics of predominant interest:
 - Exercise and stress
 - Heart health
 - Nutrition
 - General health

**Striders Walking Club
Preferences For Health Topic**



"Health Riders" Wellness Center at Roosevelt High School

Swedish Covenant Hospital's Health Center at Roosevelt High School opened its doors in the school's renovated auto body shop space in August 1999. Located less than one mile from the hospital in the Albany Park community, the mission of the Health Center is to provide on site medical and mental health services to the school's 1600 students, many of whom come from low-income families with no health insurance. Students at Roosevelt originate from 47 countries and speak 27 languages, making their ability to access health services in the community even more challenging. Over 95% of the student body at Roosevelt is enrolled at the Health Center. Services include acute care; treatment of illness and injury; mental health services; school physicals and immunizations as well as health education programs. Physicians, physician assistants, nurse practitioners, two licensed social workers, a medical assistant and receptionist staff the Health Center. Funding for the program includes a grant from the Illinois Department of Human Services as well as support from local foundations. The total annual cost for this project is \$437,175.00. This includes in-kind support from Swedish Covenant Hospital to cover 18% cost of payroll benefits and an additional 15% for overhead, neither of which are covered by other funding sources.

Healthy Albany Park

The NorthEast District Health Council, a member of the Chicago Cook County Community Health Council, will be partnering with the Chicago Department of Public Health to perform a community needs assessment of Albany Park. Based on the analysis of the data a unique plan will be developed and implemented to meet the specific health needs of this community. Swedish Covenant Hospital is represented on this Council and will be part of the steering committee for the endeavor. The analysis will begin in late spring and results will be available by January, 2005.

C. Information Sources

- American Fact Finder on US Census Web Site.
(<http://factfinder.census.gov/home/saff/main.html?lang=en>)
- Centers for Disease Control and Prevention, US Cancer Statistics, 2000 Incidence Report.
- Community Area Health Inventory, 1989-1999, Vols. I and II, Chicago Department of Public Health.

- Community Plunge survey of Hispanic community leaders, conducted by SCH Hispanic Liaison, 2004.
- SCH Striders Walking Club survey on health education topic preferences, January, 2004.
- Statistical Abstract of the US: 2003.
(<http://www.census.gov/prod/www/statistical-abstract-02.html>)
- 2002 Community Health Needs Assessment for Advocate Ravenswood Community Area, prepared by Rynne Buckley Marketing and Communications, Evanston, IL.

Part V. Community Benefit Plan Goals

Priority 1: Enhance Access to Health Care Services

1. **Continue and enhance, when possible, level of assistance to consumers and patients in obtaining health plan coverage subject to state, federal and private funding.**
 - A. **Increase scope of existing KidCare and Family Care outreach**
 - Expand reach of SCH KCFC Representative to the ED. Track baseline self-pay and on a yearly basis.
 - Expand the number of on-site information sessions at community events or venues within the hospital service area.
 - Distribute KCFC information in languages relevant to the ethnicity of the community.
 - B. **Continue to provide assistance for Inpatients in obtaining Medicaid coverage.**
 - C. **Continue to offer discounted fees for uninsured families accessing the Family Practice Center and the Pediatric Clinic.**
 - D. **Continue health centers at Roosevelt and Northside Prep High Schools.**
 - E. **Continue Senior Health Insurance Plan (SHIP) services at the hospital.**
2. **Provide referral support for free clinics in the community.**
 - **Inventory free clinics in the area and refer as needed. Update list annually.**

3. Continue to provide accessibility to multi-lingual and culturally competent providers and health information

- Continue the hospital's Hispanic Liaison program
- Assess feasibility of providing key patient education materials for service lines in languages most commonly spoken by patients utilizing these services.
- Continue to provide cultural sensitivity training to employees.
- Continue interpreter program and enhance as needed.
- Continue to hire staff as needed that meet language and cultural needs of the patients.

4. Continue and enhance efforts to provide effective and actionable community health education

- Focus on providing a limited number of highly actionable education programs for heart disease and cancer.
- Continue to provide existing community health programs at SCH and in the community. Consider expanding children's programming into the nearby schools.
- To gain deeper reach with limited resources, consider developing a "train the trainer" program for specific community segments.
- Continue to maintain a database for future mailings of events. Consider developing an e-mail database.
- Consider developing follow-up surveys to assess impact of program and perceived health status at 3-month intervals.
- Develop and implement the Planetree concept of patient and community education in the Emergency Department at the hospital.

5. Collaborate with community leaders in developing and implementing the *Healthy Albany Park* Initiative.

- Continue with hospital participation on both the steering and the full coalition committees.
- Assist to recruit more community stakeholders and community residents into the Coalition.
- Assist with implementation of the plan.

Priority #2: Address Excess Mortality Related to Key Health Conditions:

1. Provide Health Screenings to the Community

- Continue to offer annual health screenings that are conducted through health fairs, community agencies and other venues. Emphasis focused on heart disease risk factors (cholesterol and blood pressure) and five cancer screenings.

- Partner with existing agencies that serve the population with HIV/AIDS and TB to identify ways SCH can provide support to their screenings and prevention initiatives (rather than develop duplicative programs).
2. **Heighten Awareness of Health Risks**
 - Explore the feasibility of implementing health risk assessments for the community that target those at risk for heart disease and cancer.
 3. **Promote fitness throughout the community**
 - Continue advertising the fitness programs held at the Galter Life Center in the CareLetter and in selected areas within the hospital.
 - Collaborate with the Galter LifeCenter and build on the existing wellness and prevention efforts to expand awareness of the importance of fitness and the range of fitness activities available related to the prevention of heart disease and other conditions.

Priority #3: Address identified Needs for Individuals at Risk

1. **Address issues of the elderly residing at home alone.**
 - As part of discharge planning process continue to screen and refer appropriate elderly patients to community resources that will address unmet needs.
 - Address child-care issues for women seeking health care.
 - Assess the need for and feasibility of providing on-site or close-by childcare services during appointments and educational programs at the hospital.

Priority #4 Goals for Charity and Government-sponsored Programs

1. **Continue to provide financial programs for patients who qualify for charity care and discounted care consistent with the mission of the hospital and any legislation that may be enacted.**
 - Continue to observe the Guidelines for Issuing Charity or Discounted Care as approved by the SCH Board of Directors. The Guidelines provide for a discount of 60% for patients with a family income at or below 200% of the Federal Poverty Guidelines, and 100% for patients with a family income at or below 100% of the Federal Poverty Guidelines.
 - Continue to monitor changes in federal and state legislation concerning charity care, and trends in hospital charity care practices. Recommend modification of the Guidelines if and when appropriate.

- **Maintain compliance with the Hospital's Credit and Collection Policy.** This Policy provides for fair and consistent credit and collections practices; prohibits the use of body attachment by the Hospital or any collection agency acting on its behalf, and limits property liens to situations approved by the Finance Committee; establishes approval levels for referral of accounts to collection agencies; and provides that at no time will medically necessary care be denied because of a patient's inability to pay for services.
- 2. Enhance discount program for the uninsured patients.**
 - Offer a 50% discount from billed charges for uninsured patients, consistent with the Guidelines for Issuing Charity or Discounted Care.
- 3. Continue to participate in the Medicaid and Medicare programs.**
 - Continue to provide services to patients who are beneficiaries of the Medicare program.
- 4. Continue to provide essential health care services for Illinois Department of Public Aid beneficiaries.**
- 5. Continue to maintain status as a Medicaid Safety Net hospital.**
 - Continue to serve low-income residents of Chicago's Uptown neighborhood through collaboration with the Chicago Department of Public Health.

Community Benefit Report
October 1, 2007– September 30, 2008

The Community Benefit Plan identifies the four goals for providing community benefit. Measurable strategies and tactics support each priority. The following is a summary of the four priorities and supporting strategies of the Community Benefit Plan.

1. **Enhance access to health care services**
 - Continue and enhance, when possible, the level of assistance to consumers and patients in obtaining health plan coverage, subject to federal, state and private funding.
 - Provide referral support for free clinics in the community.
 - Continue to provide accessibility to multi-lingual and culturally competent providers and health information.
 - Continue and enhance efforts to provide effective and actionable community health education.
 - Continue to collaborate with community leaders in developing and implementing the *Healthy Albany Park* Initiative.
2. **Address excess mortality related to key health conditions**
 - Provide health screenings to the community.
 - Heighten awareness of health risks through assessments.
 - Promote fitness throughout the community.
3. **Address identified needs for individuals at risk**
 - Address issues of the elderly living at home.
 - Address childcare issues for women seeking health care at the hospital.
4. **Goals for charity and government-sponsored programs**
 - Continue to provide financial programs for patients who qualify for charity care and discounted care consistent with the mission of the hospital and any legislation that may be enacted.
 - Enhance discount program for the uninsured patients.
 - Continue to participate in the Medicare program.
 - Continue to provide essential health care services for Illinois Department of Public Aid beneficiaries.

Excellent progress continues to be made in Fiscal Year 2008 in accomplishing the tactics supporting each strategy outlined in the Plan. The following section summarizes and quantifies these accomplishments.

**Community Benefits Plan—Fiscal Year 2008
Summary of Accomplishments**

Priority 1: Enhance Access to Health Care Services

- 1a. Continue and enhance, when possible, the level of assistance to consumers and patients in obtaining health plan coverage subject to state, federal and private funding.

All Kids, Medicaid Pending Eligibility (MPE) and FamilyCare applications continue to be processed and approved. In Fiscal Year 2008, the total number of applications processed include: All Kids - 175; FamilyCare - 19 and MPE - 177. Information about these services is distributed to numerous community organizations, churches, health fairs and school events. It is also publicized throughout the hospital campus, within the hospital's community event publication and on the hospital web site.

Medicaid applications continue to be processed for all inpatients who qualify.

The Senior Health Insurance Plan counselor continues to provide information for seniors, including information on Medicare Part D. Information about this service is also publicized throughout the hospital campus and within the hospital's community event publication *For Your Health/WellEngaged*. There were a total of 110 SHIP consultations at the hospital in FY 2008, of whom 36 were seen during the sign up period.

- 1b. Continue and enhance, when possible, subsidized health care services to meet community needs.

The Family Practice Center and Pediatric Clinic continue to offer discounted services based on patients' ability to pay. There were 16,981 visits to the Family Practice Center and 2,801 visits to the Pediatric Clinic in FY 2008.

The Swedish Covenant Midwifery Group has maintained a strong presence at the Uptown Center (a health clinic operated by the Chicago Department of Public Health), and provides prenatal care and family planning services to Medicaid patients. There were 2,878 visits in FY 2008, and 171 babies were delivered from those OB patients.

The group has also become a strong referral base for women requiring social services and complicated gynecological care, and for follow-up care such as mammography and TB treatment.

HouseCalls is a program that provides non-emergency care rendered by nurse practitioners to the homebound elderly who cannot get to a physician's office, lab, or clinic for medical care and diagnostic services. The program helps reduce the

inappropriate use of the emergency room, decreases complicated hospitalizations, and eliminates expensive transportation costs for elderly patients with physical limitations.

HouseCalls also reduces stress and saves time and resources for patients and their families, as well as for primary care physicians and their staff. The service enables homebound elderly individuals to maintain positive relationships with their primary care physicians. The total number of visits for FY 2008 was 1164.

Swedish Covenant Hospital makes services available at no charge to provide support to those grappling with the challenges of serious illness, and particularly the end of life. The Pastoral Care Department provides spiritual support for patients facing hospitalization, and their families. An additional resource, the Ethics Consultation Service, under the direction of a clinical ethicist, helps patients, their families and caregivers make difficult decisions on how the patient's interest is best served, especially with regard to end-of-life care. The Ethics Consultation Service served 225 patients and families in FY 2008. Finally, the Palliative Care Program served 216 patients and families facing terminal illness, providing medically appropriate care, comfort and support in times of bereavement.

2. Provide referral support for free clinics in the community.

Information on the free clinics available in the community has been distributed to appropriate departments within the hospital and includes 19 sites (including Swedish Covenant Hospital) on the north side of Chicago. It is also distributed at various free cancer screening events throughout the year.

3. Continue to provide accessibility to multi-lingual and culturally competent providers and accessibility to multi-lingual health information.

Hispanic Programming continues to be offered both on the hospital campus as well as within the local community for various organizations. There were a total of 10,900 Spanish-speaking and English-speaking Hispanic attendees at 96 events held at either the hospital or through collaboration with community partners.

The following are a few highlights of these activities. The 15-week nutrition class was offered in Spanish and held in the spring and fall. It was successful with an attendance of 56 students for FY 2008. Additionally, the attendees of these classes served as volunteer health promoters, providing 26 classes within the community to educate 270 additional community members about nutrition. The Nurse Liaison for Community Relations chaired two of the elected Hispanic official's health fairs and also served on the planning committee of a third. These events together attracted 3,050 participants and over 300 community collaborators. The Liaison also participates in the production of Para Su Salud, a Spanish brochure which promotes events and educational programs for the community. This publication is produced three times per year and is mailed to Spanish-speaking residents as well as local community organizations and partners. The Liaison also continues to distribute a brochure listing all of the Spanish-speaking physicians and

their demographic information. It is hoped that this brochure will connect Spanish speaking residents with linguistically appropriate and culturally sensitive health providers. The "We Speak Your Language" brochure is also distributed, which explains the array of hospital services offered. The Liaison also participates on the Planetree¹ nutrition committee as well as several multicultural initiatives at the hospital.

Multi-lingual patient education information continues to be offered in English and Spanish through a computer-based program called Micromedex CareNotes™ System. This program provides general information about conditions, inpatient care, and discharge care. Exit Care, an additional patient educational data base, has been purchased and provides patient education in five languages, including Russian and Korean. Exit Care was implemented in FY 2007.

Cultural sensitivity training is ongoing for existing and new employees through the *Cultural Spotlights* booklet that is used as a teaching tool, cultural diversity information in the hospital's monthly employee newsletter, *Well Informed*, and through a planned cultural diversity celebration day and cultural educational programs.

Interpretive Services for our multi-cultural patients continues to be challenging. The hospital provides in-house interpreters for patients who speak Korean, Spanish, and Russian, the primary non-English languages in the community. In FY 2008, the interpreters participated in a total of 3,431 sessions. When they are not available other hospital staff may assist the patient. In instances where no staff is available who speaks the patient's language, the hospital uses professional telephone interpretive assistance and had 5,295 calls providing assistance in 74 languages. For deaf or hearing impaired patients who request sign language interpreters, the hospital provides interpreters through CAIRS.

Linguistically and culturally appropriate staff continues to be hired by the Human Resources department.

4. Continue and enhance efforts to provide effective and actionable community health education

Highly actionable programs for heart disease and cancer There were 1065 attendees at 14 blood pressure screenings. Of this total, 20.8% (221 FY08) had abnormally high levels and were referred for follow-up with their physician or a community health clinic. In addition there were 90 lectures either at the hospital or at community venues that focused on aspects of heart health or cancer prevention, with a total of 1989 attending.

¹ Planetree is an approach to holistic patient-centered care adopted by the Hospital in Fiscal 2005. In addition to developing special menus reflecting the multitude of ethnic traditions in the Hospital's community, the Planetree initiative includes several other wellness-related services at no charge to the Hospital's patients, including massage (518 massage services furnished in FY 2005), and horticultural therapy and animal assisted therapy (initiated in FY 2006).

The Heart of a Woman program targets women over the age of 25 to take charge of their lives by participating in a complete heart health assessment and development of a program to address high risk areas (program was discontinued in November 2008 because of low volumes).

In September 2008, *Heart Smart* was initiated, through partial funding from a state grant. The *Heart Smart* program is designed to help women master healthy diet and exercise habits for a lifetime. The program is led by a Registered & Licensed Dietitian and an Exercise Physiologist. It is comprised of 12 weekly meetings, including blood cholesterol pre and post tests, and concludes with a follow up meeting approximately three months after the last session.

Each year five free or reduced-cost cancer screenings are offered to the community. These included prostate, skin, oral, cervical and breast screenings. Collectively 410 attended these screenings with 42 referred for follow-up with a physician. The eight-week smoking cessation class was offered two times during the year. The program has a "quit rate" after one year of over 50%.

Community Wellness and Prevention programs continue to serve the community with a total of 23,676 persons attending 244 events held at the hospital or in the community through collaboration with community partners. These events include health fairs, screenings, daytime and evening lectures, seminars, classes, Speakers' Bureau presentations, children's events and other health-related activities. Throughout the year the hospital collaborated with over 75 community organizations to provide wellness and prevention programs.

Electronic databases and the hospital's various Media Walls are used to promote events at the hospital in addition to the traditional newsletters, flyers, and print advertisements.

The Emergency Department customized the CareNotes™ program to meet their patient needs and enhance patient education. Information pieces are integrated into their work process so that patients leave the Emergency Department with the appropriate information on diseases and follow-up care.

5. Collaborate with community leaders in developing and implementing the Healthier Albany Park Coalition and other community initiatives.

The Healthy Albany Park Coalition (HAPC) is a collaborative venture with the Chicago Center for Community Partnerships, community residents and local service providers, agencies, organizations, and business representatives. The Coalition's goal is to improve the overall quality of life and well being of the Albany Park community. Albany Park, located in the hospital's primary service area, is a gateway for immigrants and one of the most culturally diverse communities in Chicago.

An in-depth assessment and strategic planning process occurred and took 15 months to complete. This included partnership development, creation of a vision, community assessment, strategic issue identification, and strategy development. Program development began during the summer 2005 and has continued through FY 2008.

Accomplishments for FY 2008 include:

Community Connections

Through HAPC, members made over 300 linkages leading to programming and resource connections for community members. HAP supported dozens of projects, including health fairs, legislative advocacy and community resource development.

HAP Quarterly Full Coalition Meetings

HAP members and supporters meet quarterly to network and develop future collaborations. These well attended meetings feature trainings on diverse topics.

Consumer Safety

Albany Park Safe Spaces continues to grow, allowing community members experiencing violence to seek assistance throughout the community.

Positive Youth Development

The on-line resource guide, www.haplink.org continues to expand.

Health Access Project

In its third year, the project continues to be a collaborative success. This project ensures needy youth in the community meet the Chicago Public School's health requirement for physicals and immunizations. Families are connected for on-going care with local health care centers.

Wellness

Building Physical Recreation Opportunities workshops are presented three times a year. These workshops have resulted in several projects including the Albany Park Sport's Club, bilingual aerobics classes and walking groups. Several Family and Friends Community CPR Classes were also offered by the hospital in collaboration with HAP at the 17th District Chicago Police Station, the Albany Park Community Center and at Aspira Haugen Middle School.

The Hospital assumes a leadership role with the Nurse Liaison of Community Relations serving on the Wellness/Access to Health Care committee.

Priority #2: Address Excess Mortality Related to Key Health Conditions:

Health screenings focusing on heart disease and cancer were offered individually and also as part of other events, such as the Heart Health Test and the 15-week Spanish nutrition class. Five cancer screenings were held at the hospital (discussed earlier in this summary).

Heightened awareness of health risks for women and heart disease was accomplished through the continuation of the Heart of a Woman program (discussed early in this summary) and the introduction of the Heart Smart program.

Fitness is promoted throughout the community through notification of the fitness programs held at the Galter LifeCenter in *For Your Health/Well Engaged* and in selected areas within the hospital. In addition, fitness was integrated into many of the programs offered to the community, including a mother/daughter event in April and the Spanish nutrition class.

Priority #3: Maintain a Safety Net for Individuals at Risk

Issues addressing the elderly residing at home alone are addressed upon discharge from the hospital, during home health care visits and during HouseCalls visits. Patients are screened and referred to community resources that will address unmet needs such as Meals on Wheels and other Department of Aging programs.

Child-care issues for women seeking health care can present a problem. Child care was provided free-of-charge at various Spanish-speaking health education classes offered through Community Relations.

Priority #4 Goals for Charity and Government-sponsored Programs

1. Continue to provide financial programs for patients who qualify for charity care and discounted care consistent with the mission of the hospital and any legislation that may be enacted.

- The Guidelines for Issuing Charity or Discounted Care ("Guidelines") periodically are modified to increase the availability of charity care and address payment issues for the uninsured patients. The Guidelines in effect during FY 2008 provided for a minimum discount of 60% for patients with a family income at or below 250% of the Federal Poverty Guidelines (FPG), and 100% discount for patients with a family income at or below 150% of the FPG. For patients whose family income exceeded 250% of the FPG, a sliding fee scale is offered, providing for a discount of at least 50% from gross charges.

To address the growing problem of access to health care for the uninsured, the hospital applies an automatic discount for patients who do not have health insurance and who do not qualify for other payment plans, such as obstetrical or surgical packages. The discount is 75% from inpatient gross charges and 50% from outpatient gross charges, subject to a minimum payment of \$300.00. To protect uninsured patients against catastrophic medical costs, the hospital's policy further provides that uninsured patients will have a maximum out-of-pocket liability of the lesser of gross charges, the equivalent Medicare payment for the services provided, or \$15,000.

In FY 2008, 9,780 uninsured patients received the 50%/75% discount. The discounts voluntarily extended to uninsured patients by the hospital totaled \$3,660,000 (based on the estimated cost of services). The hospital provided \$3,359,000 in charity care, based on estimated cost, and an additional \$12,101,000 in free care for patients who did not request charity care and did not pay for services, characterized as bad debt by the State.

- Notices in English and Spanish about the availability of Charity or Discounted Care are posted in the Emergency Room registration area, and inpatient and outpatient registration areas. The information is also contained in the *Patient Handbook*, given to all patients upon inpatient admission. Patients and families are encouraged to speak to a financial counselor for more information and assistance. The Guidelines, along with the financial questionnaire, are posted in English and Spanish on the hospital's web site.
- The hospital's Credit and Collection Policy provides for fair and consistent credit and collections practices; prohibits the use of body attachment by the hospital or any collection agency acting on its behalf, and limits property liens to situations approved by the Finance Committee; establishes approval levels for referral of accounts to collection agencies; and provides that at no time will medically necessary care be denied because of a patient's inability to pay for services.

2. **Enhance discount program for the uninsured patients.**
 - The hospital continually evaluates its Guidelines for Issuing Charity or Discounted Care and modifies it to respond to the concerns of the uninsured, including their access to credit and availability of cash.
3. **Continue to participate in the Medicaid and Medicare programs.**
 - The hospital continues to provide services to patients who are beneficiaries of the Medicare and Medicaid programs and is considered a Medicare Disproportionate Share Hospital. Of the 16,183 patients discharged from the hospital in FY 2008, 43% were Medicare patients and 27.7% were Medicaid patients. In addition, of the 225,120 outpatient visits, 25.5% were made by Medicare patients and 27% were made by Medicaid patients.
 - The hospital continues to aggressively seek coverage for patients who qualify for All Kids, FamilyCare, Moms & Babies and Medicaid, and dedicates more than one full-time equivalent to assist patients and families in the application process. The Hospital submitted 371 applications in Fiscal Year 2008.
4. **Continue to provide essential health care services for Illinois Department of Public Aid beneficiaries.**
 - The hospital continues to maintain its status as a Medicaid High Volume and Safety Net Hospital. The Medicaid Inpatient Utilization Rate (MIUR) was 47.7%.
 - As mentioned in above, the hospital continues to serve low-income residents of Chicago's Uptown neighborhood through collaboration with the Chicago Department of Public Health as part of the hospital's midwifery program.

CHARITY CARE POLICIES

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- 1. Guidelines for Issuing Charity or Discounted Care
Effective Date: February 1, 2007**
- 2. Credit and Collection Policy
Effective Date: November 16, 2005**



Swedish Covenant Hospital

TECHNOLOGY CHANGES. COMPASSION DOES NOT.

DEPARTMENT 02 Patient Financial Services
COST CENTER 906+
POLICY 07 Guidelines for Issuing Charity or Discounted Care

REVIEWED BY: Raymond Vieth, Vice President, Finance

APPROVED BY: *Charles A. Burson* President and CEO 2/1/07
Signature Title Date

EFFECTIVE DATE: June 8, 1993 REVISED: 8/22/04; 1/26/05; 11/16/05; 6/22/06; 1/24/07

REVIEWED: 9/18/99; 9/23/02; 8/11/04

PURPOSE: To ensure policy and procedures exist for identifying those patients for which service is to be rendered free of charge, or at substantial discount, based solely on ability to pay and financial condition of the eligible beneficiary. To clearly define those patients eligible for charity services, based on established guidelines, or those patients without insurance from those patients unwilling to pay for their care.

PHILOSOPHY:

Swedish Covenant Hospital, in keeping with the mission of the Evangelical Covenant Church, serves the medical needs of the community, regardless of race, creed, color, sex, national origin, sexual orientation, handicap, residence, age, ability to pay, or any other classification or characteristic. Swedish Covenant Hospital recognizes the need to render care to the sick who do not possess the ability to pay for their services. These health care services will be provided with no expected reimbursement, or reduced levels, based upon established criteria, recognizing the need to maintain the dignity of the individual during the consideration process. In recognizing the need to deliver uncompensated care, Swedish Covenant Hospital expects all patients with the ability to pay, to meet their financial obligations in a timely and efficient manner, in accordance with the institution's collection policies. Finally, the amount of charity or discounted care considered will be reviewed and approved without jeopardizing the continued financial viability of the organization.

Definition of Terms - For purpose of this policy, the following terms will be defined in order to carry out the purpose established above.

Charity (free) or Discounted Care:

Health care services provided that were not expected to result in the generation of payment in full, in accordance with procedures established in this policy. This does not include contractual allowance amounts between hospital gross charges and contracted third party reimbursement rates.

Bad Debt Expense:

Health care services provided that were expected to result in the generation of payment of services, but due to the patients' unwillingness to meet their financial obligation, resulted in non-collection of those services.

Insurance Payments:

Health care services that were expected to result in the generation of payment of services from Medicare, Medicaid, Blue Cross, HMO's, PPO's, and any other valid and qualifying insurance that the patient possesses. This includes any valid supplemental insurance to meet deductible and co-insurance payments required by insurance providers described above.

Patients Without Insurance

Patients requiring medically necessary services who are not covered by or eligible for Medicare, Medicaid, HMO's, PPO's or other third party payers at the time healthcare services are provided.

PROCEDURE:

Determination of Eligibility for Charity or Discounted Care

1. Charity or discounted care is available for medically necessary services as defined by Medicare, to patients who meet the financial and documentation criteria defined below. Each situation is reviewed on an individual case by case basis. While not absolutely essential, the need for potential charity or discounted care should be established in advance of admission or rendering of service, or shortly thereafter.
2. In order to be eligible for charity or discounted care, the patient must be willing to provide verification of income, assets, etc. by filling out the Patient Financial Statement attached as Exhibit 1.
3. During the registration and information gathering process, the financial counselors will first determine if the patient qualifies for medical assistance from other existing financial resources such as Medicare, Medicaid, Kid Care, Family Care or other state or federal programs. If the patient refuses to apply or provide information necessary to the application process, charity or discounted care cannot be granted. If the application is denied, or has been previously denied, consideration for charity or discounted care will then be given.
4. Once the information on the Patient Financial Statement (Exhibit 1) is received, the financial counselors will determine the eligibility of the patient for charity or discounted care. In evaluating the data, considerations will be given to assets (savings accounts, ownership of home), income and current indebtedness. Documentation of income may be required in the form of paycheck stubs, income tax returns, social security, and unemployment benefits. Information used to apply for state or local assistance will also be used in the determination process.
5. The insured patient with a large balance due to deductibles and/or co-payments may be eligible for charity or discounted care. In order to qualify, the patient must complete the Patient Financial Statement and return it to the financial counselors for evaluation and recommendation.
6. The patient who is uninsured and who does not qualify for charity care may be eligible for a package agreement which is available for certain procedures/services. Payment in full for the package is due prior to the date of service.
7. If a patient has been determined to meet the Hospital Charity Care Guidelines no collection agencies, lien attachments or attempts to possess real or personal property will be made.
8. No legal actions will be taken against uninsured patients for the first seventy (70) days after discharge.

Approval of Charity or Discounted Care

1. To insure that the determination of charity or discounted care receives appropriate levels of consideration, the following approval guidelines and levels will be followed:

<u>Charity or Discounted Care</u>	<u>Appropriate Personnel</u>
\$1 - \$9,999	Manager of Credit Services
\$10,000 and above	Vice President, Finance

2. Patients who do not have insurance, as documented through SCH's insurance verification process, and

ADMIN MANUAL 02-906+07
Guidelines for Issuing Charity or Discounted Care

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who do not qualify for other payment plans (o.g., obstetrical or surgical packages) will receive a Seventy-Five percent (75%) discount from inpatient gross charges and a Fifty percent (50%) discount from outpatient gross charges for medically necessary services, subject to a minimum payment of \$350.00. These patients without insurance will have a maximum out-of-pocket financial liability limited to the lesser of applicable gross patient charges, the equivalent Medicare Inpatient or Outpatient payment for the services provided or Fifteen Thousand Dollars (\$15,000.00). For charges less than \$350.00 per service, the patient is expected to pay the bill in full.

3. A 100% discount will be provided for patients with a family income at or below 150% of the Federal Poverty Guidelines as verified through Hospital procedures.
4. A minimum 60% discount will be provided to the patient with a family income at or below 250% of the Federal Poverty Guidelines as determined through Hospital procedures.
5. When the patient's family income exceeds 250% of the Federal Poverty Guidelines, a sliding fee scale will be offered, but will be at least 60% as described in 2 above. For each service provided the discounted payment due from the patient, will not be lower than \$350.00.

Documentation and Recording of Charity or Discounted Care

In order to quantify the level of charity care, a log will be maintained documenting the total value of all charity or discounted care. This log will be available for inspection by any government agency requiring levels of charity or discounted care as part of Swedish Covenant Hospital maintaining the exemption from federal, state, or local taxes.

Approved by the Board of Directors, January 24, 2007
Effective: February 1, 2007



Swedish Covenant Hospital

TECHNOLOGY CHANGES. COMPASSION GOES ON.

3. EXPENSES:

A. LIVING EXPENSES		MONTHLY PAYMENT
_____ MORTGAGE	_____ RENT	_____
_____ FOOD		_____
_____ GAS & ELECTRIC		_____
_____ TELEPHONE		_____
TOTAL MONTHLY PAYMENT:		_____

B. MEDICAL EXPENSES: (INCURRED DURING THE LAST 12 MONTHS)
ATTACH ADDITIONAL DOCUMENTATION AS NEEDED

HOSPITAL/PHYSICIAN	DATE	CURRENT BALANCE	TOTAL DEBT
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

C. OTHER EXPENSES: IF CREDIT CARDS AND LOANS, GIVE ACCT NUMB.

DESCRIPTION	ACCT NUMBER	MONTHLY PMT'S
-----	-----	-----
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

4: COMMENTS: _____

5: I CAN PAY \$ _____ PER MONTH TOWARDS MY BILL.

I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE, ALL INFORMATION GIVEN IS TRUE AND COMPLETE.

 SIGNATURE

5145 North California Avenue | Chicago, IL 60631 | 773.873.8208 | TTY 773.807.2044 | www.schosp.org



Swedish Covenant Hospital
 TECHNOLOGY CHARGES. COMPASSION DOES NOT.

ESTADO DE FINANCIAS

DEPARTAMENTO DE CREDITO
 773-689-1632

NOMBRE DEL PACIENTE _____

NUMERO DE CUENTA _____

BALANCE _____

INFORMACION DEL PACIENTE

NOMBRE DE LA PERSONA COMPLETANDO DOCUMENTO _____

CANTIDAD DE PERSONAS EN LA FAMILIA _____ RELACION AL PACIENTE _____

REFERENCIA DE BANCOS _____ CIUDAD _____

CUENTA DE CHEQUE # _____ CUENTA DE AHORRO# _____

1. PORFAVOR CUMPLA CON LOS REQUISITOS INDICADO CON X

_____ COPIAS DE LOS REPORTES DE IMPUESTOS

_____ COPIA DE DOCUMENTO DE INGRESOS W-2

_____ COPIA DE TALON DE CHEQUE MAS RECIENTE

_____ OTROS _____

2. INGRESOS:

INGRESOS DE SU EMPLEO: USTED _____

ESPOSA(O) _____

OTROS INGRESOS EXPLIQUE: _____

TOTAL DE INGRESOS: _____

****FAVOR DE MANDAR COPIAS DE DOCUMENTOS QUE SOPORTEN LO QUE A DECLARADO**
 ****FAVOR DE LLENAR LA FORMA DE LOS DOS LADOS**

6145 North California Avenue | Chicago, Illinois | 60616 | 773.678.6200 | TTY 773.607.5044 | www.schosp.org



Swedish Covenant Hospital
 TECHNOLOGY CHANGES. COMPASSION DOES NOT.

3. GASTOS:

PAGO MENSUAL

A. HIPOTECA

COMIDA

GAS Y ELECTRICO

TELEFONO

TOTALES DE PAGOS

B. GASTOS MEDICOS:

INCLUYA GASTOS DE LOS ULTIMOS 12 MESES

HOSPITAL/MEDICOS	FECHA	BALANCE CORRIENTE	DEUDA TOTAL
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

OTROS GASTOS:

DESCRIPCION	NUMERO DE CUENTA	PAGO MENSUAL
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

4. COMMENTS:

5. YO PUEDO PAGAR \$ _____ POR MES.

YO CERTIFICO QUE TODA LA INFORMACION DADA ES CORRECTA Y ACTUAL

 FIRMA

6125 North California Avenue | Chicago, Illinois | 60625 | 773.078.8200 | TTY 773.097.3044 | www.schwep.org

Approved, Board of Directors, 11/16/05

**Swedish Covenant Hospital (SCH)
Finance Division
Credit and Collection Policy**

Swedish Covenant Hospital (SCH) is dedicated to serving its community. In order to do so, the Hospital needs to maintain a sound financial policy that includes a fair and consistent approach toward payment of charges for services rendered and application of financial assistance to those who qualify. At no time will care be denied because of a patient's inability to pay for services.

Swedish Covenant Hospital is committed to:

Providing our patients with high quality medical care at reasonable prices. To do this, it is critical that SCH patients understand their ultimate responsibility for payment of services.

Providing patients with customer service which includes timely, complete, and accurate information, and action on their accounts.

Assisting patients in securing their third-party benefits, identifying and qualifying for alternative sources of reimbursement, as well as securing alternative financing, if appropriate and required.

Protecting a reasonable level of cost for all patients by pursuing unpaid account balances through progressive collection measures, including legal remedies, if necessary.

Providing needed medical services to members of SCH's community, who are indigent, undomiciled, underinsured, or have catastrophic needs.

The Vice President of Finance has primary responsibility for administering this policy.

Patient Responsibility:

All patients are ultimately responsible for making full payment for services rendered by SCH. Unless prior arrangements have been made, all patients are expected to pay their self-pay portions prior to, or at the time of service. Where SCH has agreed to bill a third party, the patient will be asked to pay any estimated deductibles, co-insurance, co-payment, or non-covered charges at the time of service in accordance with third party payor agreements.

Payment of package agreements must be paid in full prior to the date of service.

Deposits of not less than one half the estimated services are required for scheduled procedures not covered by insurance or governmental programs.

When a deposit is calculated and requested, patients will be informed that provision of scheduled services is contingent upon both (1) the payment of the deposit at the time of admission or registration and (2) the arrangement for payment of the remaining balance. If services are scheduled and patients are unable to pay, these services may be deferred until financial issues are resolved. If services cannot be rescheduled due to medical necessity, patients will be informed of their financial responsibility and advised that patient portions are due upon receipt of their bill.

All patients are expected to cooperate completely with information and documentation requests that may be required to secure third-party benefits, eligibility for government reimbursement, alternative financing, or eligibility for charity care. (See Hospital's Policy, "Guidelines for Issuing Charity or Discounted Care to the Indigent or Medically Needy" ["Charity Care Guidelines"]) Patients are responsible for meeting all requirements or conditions, as imposed by the payor (e.g. pre-certification, referral forms, etc.). Patients are encouraged to refer to their insurance policy handbook, insurance representatives, or employers for further information regarding benefit conditions or requirements.

Scheduled services may be deferred or rescheduled until a financial payment plan is agreed upon. Some instances when this might occur are:

- Medical necessity cannot be established.
- Proper referral has not been obtained.
- Patient/Guarantor refuses to pay a requested deposit and make payment arrangements prior to the service.

SCH personnel will make every effort to explain the reason for deferral and to help reschedule services when such issues are resolved.

Expectations of payment at time of service:

Emergency Room Services

Patients will be asked to pay any estimated co-payments, deductibles or non-covered charges immediately after service is provided and the patient discharged. The ER staff will assist individual patients by escorting them to the Credit and Collections area in the ER.

Scheduled (Inpatient and Outpatient)

Patients will be asked to pay any estimated co-payments, deductibles or non-covered charges at time of service or immediately after the provision of services. Patients will be informed of their expected patient portion and will be asked to stop at the Credit Service Department to make payment prior to the scheduled service. Should payment not be made, the ancillary services' staff will assist individual patients by escorting them to the Credit and Collection area in the Gañor Medical Pavilion to make payment.

Non-Scheduled (Inpatient and Outpatient)

Patients will be asked to pay any estimated co-payments, deductibles or non-covered charges at time of service. Upon registering for services, patients will be informed of their

expected patient portion and asked to make payment. Should payment not be made before service, ancillary departments will direct patients to the Credit and Collections area in the Galter Medical Pavilion, before the service is performed.

Reimbursement Evaluation:

In all cases, SCH will communicate its payment expectations and payment options in a timely manner.

In scheduled cases, SCH will make every attempt to identify, obtain, calculate, and communicate to the patient information necessary to secure third-party benefits, eligibility for federal/state programs (i.e. IDPA, Crime Victims, etc.), and alternative financing, or charity care prior to or at the time of service. If verification or authorization cannot be performed at or prior to service, then SCH will use its best efforts to notify the patient of his/her responsibility as soon as possible.

In situations where services cannot be rescheduled due to medical necessity, SCH will perform the same financial evaluation and will communicate with the patient prior to discharge or as soon as reasonably possible after services have been rendered.

Financial Counseling:

Patients with a self-pay balance and without the resources to pay their obligations will be assessed for financial counseling by the Credit Services Department. The assessment involves an evaluation for eligibility for all appropriate levels of assistance, including governmental or partial reductions or complete charity care.

Charity Care Patients:

If a patient has been determined to meet the Hospital Charity Care Guidelines no collection agencies, lien attachments or attempts to possess real or personal property will be made.

Unique Reimbursement Situations:

a. Non-covered Services

SCH will accept and bill most medical insurance plans. However, where the services to be provided are treated by insurers as elective and non-covered, and therefore non-reimbursable (e.g., aesthetic plastic surgery, dental-related services, etc.), SCH will not accept assignment or bill the third-party carrier on behalf of the patient. In these cases, the patient will be notified that he/she will be required to pay the estimated charges in full upon admission or registration.

b. Workers Compensation

In unscheduled cases, SCH will bill the Worker's Compensation carrier of the employer provided the patient is able to provide complete billing information and coverage can be confirmed.

c. Personal Injury/Liability

Automobile policies and homeowner's policies are not accepted at any time as valid medical insurance coverage. The patient will be requested to provide the general accident information, including the name and address of the patient's attorney, any/all defendants, and the liability insurance carrier involved. With this information, SCH will file a Notice of Hospital Lien. However, the patient will remain responsible for payment of services rendered unless payment is received through the lien process.

d. Police Custody

SCH will bill the appropriate party provided a fully completed Police Custody form is provided by the arresting officer.

Admission/Registration Requirements:

All patients are required to sign the SCH Release and Authorization form for all services. This authorization allows SCH to pursue third-party payors for direct reimbursement and to release appropriate information for reimbursement purposes.

The authorization also reinforces the patient's ultimate responsibility for payment in full for all charges provided at SCH and by professionals employed by the Hospital. Payments may include, but are not limited to: deductibles, co-payments, payment for non-covered items, penalties, or costs related to collection agency fees, attorney fees, and court costs. If it has been determined that a patient qualifies for a discount, payment plan, or charity care, the Hospital will reduce the patient's bill to the agreed upon payment arrangement and no collection efforts will be pursued.

In very rare circumstances the Hospital may pursue collection efforts which would include the placing of a lien on the real or personal property of a patient. Any lien, other than workman's compensation or personal/liability cases previously discussed, on real or personal property must be approved by the Finance Committee.

Third-Party Payment Expectations:

All insurance carriers are expected to pay their portion of the account balances within 45 days of billing (contracted carriers' payment time frames may be more restricted). Patients will receive regular statements regarding outstanding account balances concurrent with SCH pursuing reimbursement from insurance carriers.

If full payment is not made within the 45 day period, payment for all open balances will become the patient's responsibility, subject to the terms of any SCH contract with the insurer.

Payment Options:

For our patients' convenience, SCH accepts the following methods of payment for services:

Cash
Checks
Money Orders
Credit Cards: Visa, Mastercard, American Express, Discover

SCH expects prompt payment for all services rendered. Patient-estimated portions are due at the time of service. The following is an example of a payment term that is available to our patients:

For scheduled services that require an estimated amount, a 50% deposit and payment of the balance within 30 days of billing is required.

For all other self-pay services, payment in full is required within 30 days of billing. When the payment of the bill requires a payment arrangement, there are two options available.

1. The Credit Services Department will make arrangements with the patient to make payments to the Hospital in equal installments over 90 days.
2. When longer term payments are needed, the Credit Services Department will assist the patient in making appropriate financial arrangements.

Patients will be billed for their portion of any insurance claim that was not collected or known at the time of service in as timely a manner as possible. If the Hospital is aware of co-payments and deductibles, a statement will be sent to the patient immediately. Once the insurance pays its portion, the balance will be billed to the patient for which payment is expected within 30 days. If payment is not received within a reasonable amount of time, the account will be referred to an outside collection agency.

At no time will SCH or any of its third party collection agencies place a body attachment on any patient account even if a patient refuses to cooperate in meeting his/her payment responsibilities.

In instances where SCH or its collection agencies determine that a lien on personal or real property is necessary for payment of an outstanding account, SCH will obtain approval from the Finance Committee of the SCH Board of Directors. Workman's Compensation and Personal Injury Liability, as previously discussed, will not be subject to the Finance Committee approval.

Overpayments:

SCH will promptly refund overpayments made by patients. If other outstanding balances exist, overpayments will be credited against those open balances before a refund can be issued.

¹ A body attachment would occur after a judgment has been entered against the debtor. After the judgment is entered, the hospital would file a Citation to Discover Assets. The debtor is obligated to appear in court and answer questions about his or her assets. If the debtor fails to appear, the court enters an order to show cause why the debtor should not be held in contempt and a second court date is set. If the debtor fails to appear for the second date, the hospital can seek body attachment, by which the court orders the sheriff to take the debtor into custody and bring him or her to court.

Approval of Patient Debt Sent to Collections:

To assure that the determination of a referral of a patient debt to collection is in accordance with Hospital policy, the following approval guidelines will be followed:

Bad Debt Level

Up to \$5,000
\$5,001 to \$25,000
Above \$25,001

Appropriate SCH Personnel

Manager, Credit and Collections
Director, Patient Financial Services
Vice President of Finance

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Swedish Covenant Hospital

Consolidated Financial Statements as of
and for the Years Ended September 30, 2008
and 2007 (Restated), Supplemental Schedule
for the Year Ended September 30, 2008, and
Independent Auditors' Report

SWEDISH COVENANT HOSPITAL

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Deloitte

Deloitte & Touche LLP
111 S. Wacker Drive
Chicago, IL 60606-4961
USA

Tel: +1 312 426 1000
Fax: +1 312 426 1486
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Benevolence of
The Evangelical Covenant Church
Chicago, Illinois

We have audited the accompanying consolidated statements of financial position of Swedish Covenant Hospital and subsidiaries (the "Hospital") (an affiliate of The Evangelical Covenant Church) as of September 30, 2008 and 2007, and the related consolidated statements of operations and other changes in unrestricted net assets, changes in total net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Hospital as of September 30, 2008 and 2007, and the results of its consolidated operations and other changes in unrestricted net assets, its consolidated changes in total net assets, and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, effective September 30, 2007, the Hospital designated the unrestricted investments within its beneficial interest in pooled investments as trading securities.

As discussed in Note 2 to the consolidated financial statements, the consolidated financial statements include a beneficial interest in alternative investments, held in pooled investments, valued at \$50,770,000 and \$40,024,000 as of September 30, 2008 and 2007, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates of the fair values of these pooled investments are based on the information provided by the fund administrator in consultation with fund investment managers.

As discussed in Note 13 to the consolidated financial statements, the accompanying September 30, 2007, consolidated financial statements have been restated.

Member of
Deloitte Touche Tohmatsu

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The additional information in Schedule I is presented for the purpose of additional analysis of the basic consolidated financial statements and is not a required part of the basic consolidated financial statements. This additional information is the responsibility of the Hospital's management. Such information has been subjected to the auditing procedures applied in our audit of the 2008 basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Deloitte & Touche LLP

January 5, 2009

SWEDISH COVENANT HOSPITAL

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2008 AND 2007 (Revised)**
(Dollars in thousands)

	2008	2007 Revised (See Note 11)	2008	2007 Revised (See Note 12)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 8,417	\$ 8,424	\$ 12,127	\$ 10,769
Assets whose use is limited (Notes 1 and 2)	9,027	8,413	18,170	18,525
Prepaid accounts receivable — net of estimated uncollectibles of \$7,225 in 2008 and \$6,902 in 2007	11,000	11,911	13,915	5,265
Interventions	3,566	3,163	15,117	15,217
Other current assets	5,313	5,417	4,084	1,911
Total current assets	38,093	36,328	64,573	52,277
ASSETS WHOSE USE IS LIMITED — Investments (Notes 1 and 2)				
Beneficial interest in investment pool	184,332	131,871	124,489	124,364
Bond-designated funds	14,716	16,531	5,550	5,517
Donor-restricted funds	119,248	142,402	4,241	7,372
Total beneficial interest in investment pool	8,337	5,681	1,109	1,062
Trust/benefit bond interest funds	132,603	155,083	199,862	190,972
Total assets whose use is limited — investments	8,411	7,868	110,844	144,719
PROPERTY AND EQUIPMENT (Note 1)				
Land and land improvements	206,273	207,764	174,704	15,189
Buildings and building equipment	113,574	100,589	16,321	16,311
Fleet and movable equipment	3,641	3,281		
Construction in progress	313,913	314,362		
Total property and equipment — gross	(116,283)	(162,322)		
Less accumulated depreciation	137,631	154,040		
Total property and equipment — net	244	2,264		
OTHER ASSETS				
Fair value of America rules swaps (Note 3)	994	2,468		
Long-term note receivable — affiliates (Note 6)	1,100	1,237		
Deferred debt expense — net of accumulated amortization of \$2,616 in 2008 and \$1,311 in 2007 (Notes 1)	3,272	3,023		
Prepaid receivable (Note 1)	5,890	11,370		
Other (Note 1)				
Total other assets	3,376	3,337		
TOTAL	\$ 379,151	\$ 353,821	\$ 229,151	\$ 222,821
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable				
Accrued liabilities				
Contractual current portion of long-term debt (Notes 3)				
Contractual current portion of long-term debt (Notes 3)				
Estimated liability paper settlements				
Total current liabilities			64,573	52,277
LONG-TERM DEBT — Excluding current portion (Note 3)			124,489	124,364
PROFESSIONAL LIABILITY (Note 12)			5,550	5,517
FAIR VALUE OF INTEREST RATE SWAPS (Note 3)			4,241	7,372
ASSET RETURNTMENT OBLIGATION (Notes 1 and 12)			1,109	1,062
Total Liabilities			199,862	190,972
COMMITMENTS AND CONTINGENCIES (Notes 1 and 12)				
NET ASSETS				
Unrestricted			110,844	144,719
Permanently restricted (Notes 1 and 4)			174,704	15,189
Permanently restricted (Notes 1 and 4)			16,321	16,311
Total net assets			179,169	167,899
TOTAL			\$ 229,151	\$ 222,821

See notes to consolidated financial statements.

SWEDISH COVENANT HOSPITAL

**CONSOLIDATED STATEMENTS OF OPERATIONS AND
OTHER CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Dollars in thousands)**

	2008	2007
OPERATING REVENUE:		
Net patient service revenue (Notes 1, 5, and 6)	\$223,147	\$207,575
Public Aid Assessment Tax Revenues (Note 5)	8,426	25,281
Total net patient service revenue	231,573	232,856
Other revenue	13,705	12,621
Net assets released from restrictions — operations (Note 4)	251	495
Total operating revenue	245,529	245,972
EXPENSES:		
Salaries and wages	104,022	97,401
Employee benefits	17,688	16,443
Professional fees	10,884	11,439
Supplies	33,054	33,434
Utilities	4,106	3,681
Repairs and maintenance	4,014	3,458
Depreciation	14,759	13,210
Insurance (Note 12)	9,237	9,030
Interest and amortization of financing costs — net (Note 3)	7,387	6,241
Provision for uncollectible accounts (Notes 1 and 6)	12,401	3,483
Public Aid Assessment Tax (Note 5)	6,622	19,868
Other	19,300	19,400
Total expenses (Note 10)	245,680	239,154
OPERATING (LOSS) INCOME	(151)	6,818
NONOPERATING REVENUE (EXPENSE):		
Change in beneficial interest in investment pool:		
Interest and dividend income	1,343	1,075
Realized gains on investments — net	4,499	19,612
Unrealized net losses on Common Fund Investments	(337)	-
Unrealized net losses on CMB investments	(22,616)	-
Reclassification of net unrealized gains on investments designated as trading securities	-	14,175
Recognized losses on impairment of investments	-	(16)
Alternative investment (loss) income — including realized gains of \$4,738 in 2008 and \$1,323 in 2007	(4,066)	5,627
Total change in beneficial interest in investment pool	(22,177)	31,473
Change in fair market value of swaps — net	767	1,932
Loss on Swap Termination (Note 3)	(9,076)	-
Loss on Extinguishment of Debt (Note 3)	(2,865)	-
Other nonoperating income	641	830
Unrestricted contributions	416	402
Total nonoperating (expense) revenue — net	(22,344)	34,637
(LOSS) INCOME	(32,313)	41,455
OTHER CHANGES IN UNRESTRICTED NET ASSETS		
Change in beneficial interest in investment pool:		
Unrealized gains on investments — net (Note 1)	-	7,001
Reclassification of net unrealized gains on investments designated as trading securities (Note 1)	-	(16,175)
Total change in beneficial interest in investment pool	-	(9,174)
Transfer of unrestricted net assets to permanently restricted net assets	(1,815)	-
Net assets released from restriction — capital	172	3,900
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	\$ (33,956)	\$ 28,185

See notes to consolidated financial statements

SWEDISH COVENANT HOSPITAL

**CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Dollars in thousands)**

	2008	2007
UNRESTRICTED NET ASSETS:		
(Loss) income	<u>\$ (32,385)</u>	<u>\$ 41,455</u>
Other changes in unrestricted net assets — change in beneficial interest in investment pool:		
Unrealized gains on investments — net	-	7,001
Reclassification of net unrealized gains on investments designated as trading securities	<u>-</u>	<u>(14,175)</u>
Total change in beneficial interest in investment pool	<u>-</u>	<u>(7,174)</u>
Transfer of unrestricted net assets to permanently restricted net assets	(1,815)	-
Net assets released from restriction — capital	<u>375</u>	<u>3,908</u>
(Decrease) increase in unrestricted net assets	<u>(33,825)</u>	<u>38,189</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions and pledges	1,167	3,506
Net assets released from restrictions (Note 4)	<u>(1,052)</u>	<u>(4,810)</u>
Increase (decrease) in temporarily restricted net assets	<u>115</u>	<u>(1,304)</u>
PERMANENTLY RESTRICTED NET ASSETS — Contributions		
Contributions and pledges	-	785
Unrealized loss on investments — net	(1,815)	-
Transfer of unrestricted net assets to permanently restricted net assets	<u>1,815</u>	<u>-</u>
Increase in permanently restricted net assets	<u>-</u>	<u>785</u>
(DECREASE) INCREASE IN TOTAL NET ASSETS	(33,710)	37,670
TOTAL NET ASSETS — Beginning of year	<u>162,899</u>	<u>125,229</u>
TOTAL NET ASSETS — End of year	<u>\$ 129,189</u>	<u>\$ 162,899</u>

See notes to consolidated financial statements.

SWEDISH COVENANT HOSPITAL

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Dollars in thousands)**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from patient services	\$ 224,022	\$ 214,162
Cash received from nonpatient services	14,669	12,228
Cash paid to:		
Employees	(102,563)	(96,523)
Suppliers	(106,369)	(99,112)
Unrestricted contributions received	416	402
Unrestricted income from permanently restricted investments	840	918
Interest paid and funded	(6,710)	(6,168)
Investment income received	<u>1,343</u>	<u>1,075</u>
Net cash provided by operating activities (Note 9)	<u>25,646</u>	<u>27,002</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital project expenditures	(19,604)	(22,638)
Investment in joint venture (Note 1)	100	-
Net activity from beneficial interest in pooled investments	(2,181)	(1,549)
Net activity from Project Fund	(2,407)	2,774
Related-party note receivable activity	<u>142</u>	<u>134</u>
Net cash used in investing activities	<u>(23,950)</u>	<u>(21,279)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Permanently restricted contributions	-	785
Receipt of Emergency Room grant	-	982
Payments of long-term debt	(2,489)	(5,578)
Retirement of Series 1995, 1998, and 1999 Debt	(90,600)	-
Swap termination payment	(9,026)	-
Issuance of Series A and B 2008 Debt	102,500	-
Issuance Costs for Series A and B 2008 Debt	(1,518)	-
Extinguishment of Series 2008A Debt	(54,000)	-
Borrowings on Series 2008A Letter of Credit	54,000	-
Temporarily restricted contributions	<u>1,430</u>	<u>1,854</u>
Net cash provided by (used in) financing activities	<u>297</u>	<u>(1,957)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,993	3,766
CASH AND CASH EQUIVALENTS — Beginning of year	<u>6,424</u>	<u>2,658</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 8,417</u>	<u>\$ 6,424</u>

See notes to consolidated financial statements.

SWEDISH COVENANT HOSPITAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(Dollars in thousands)

I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization — Swedish Covenant Hospital, a not-for-profit corporation, and subsidiaries (the "Hospital") are a part of Covenant Ministries of Benevolence, which includes Emanuel Medical Center, Life Center on the Green, Inc., and all Covenant Retirement Communities and extended care facilities. These institutions operate under the direction of the Board of Benevolence of The Evangelical Covenant Church. Covenant Ministries of Benevolence is the sole corporate member of the Hospital.

The consolidated financial statements include Swedish Covenant Hospital and its subsidiaries; Swedish Covenant Management Services, Inc. (SCMS), a taxable not-for-profit corporation; Swedish Covenant Faculty Practice Group, a not-for-profit corporation; SCH Ventures, Inc., a for-profit corporation and Swedish Covenant Hospital Foundation (the "Foundation"), a not-for-profit corporation. All significant intercompany accounts and transactions have been eliminated.

The Hospital owns 50% of Swedish Covenant Managed Care Alliance, Inc., its physician hospital organization (PHO). Managed Health Care Associates, Ltd. owns the other 50% of the PHO. The purpose of the PHO is to manage its Medicare health maintenance organization members. The Hospital's investment in the PHO is accounted for using the equity method. Income from the PHO totaled \$1,200 in 2008 and \$700 in 2007, and is reported in net patient service revenue in the consolidated statements of operations.

The Hospital also has an equity investment in Cardiovascular Performance Group, Inc. (CPG) which was incorporated in 2006. CPG manages the Hospital's cardiac catheterization and electrophysiology laboratories. The Hospital's investment in CPG is recorded in other long-term assets. The Hospital's investment in CPG is accounted for using the equity method. Income from CPG totaled \$328 and \$311 in 2008 and 2007, respectively, and is reported in other operating income in the consolidated statement of operations.

The Hospital's investments in PHO and CPG totaled \$1,167 and \$1,267 in 2008 and 2007, respectively, and are reported in other long-term assets in the consolidated statements of financial position.

Income Taxes — The Hospital is a not-for-profit organization under the laws of Illinois. The Internal Revenue Service has determined that the Hospital is a not-for-profit organization described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code and accordingly the Hospital has not provided for income taxes in the accompanying consolidated financial statements. As of September 30, 2007, SCMS had approximately \$13,140 of net operating loss carryforwards which if unused will begin to expire in 2011. SCMS has recorded a valuation allowance against the related deferred tax asset due to the uncertainty associated with its realizability.

Basis of Presentation — The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as recommended by the *Audit and Accounting Guide for Health Care Organizations* (the "Guide") published by the American Institute of Certified Public Accountants.

Income (Loss) (Inclusive of nonoperating revenue (expense)) — The consolidated statements of operations show the income (loss) for the hospital. Changes in unrestricted net assets which are excluded from income (loss), consistent with industry practice, include unrealized gains and losses on investments, the reclassification of net unrealized gains on investments designated as trading securities, and net assets released from restrictions for capital purposes.

Industry — The Hospital derives significant portions of its revenue from Medicare, Medicaid, and other third-party payor programs. The receipt of future revenue by the Hospital is subject to, among other factors, federal and state policies affecting the health care industry, receipt of contributions, capability of the management of the Hospital, and future economic conditions, which may include an inability to control expenses in periods of inflation, increased competition, and other conditions that are impossible to predict.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity continues with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties, as well as significant repayment of previously billed and collected revenues from patient services. Management believes that the Hospital is in compliance with current laws and regulations.

Cash and Cash Equivalents — Cash and cash equivalents consist principally of cash accounts, money market demand deposits, and commercial paper with maturities at date of purchase of three months or less.

Assets Whose Use Is Limited — Board-designated assets are invested in a Combined Investment Fund that aggregates investments of all Covenant Ministries of Benevolence institutions. While these funds are held and invested by Covenant Ministries of Benevolence, the Hospital retains the benefits of ownership of its proportional interest in the Combined Investment Fund. Donor restricted funds are invested in investment funds at the Common Fund. While these funds are held and invested by the Common Fund, the Foundation retains the benefits of ownership of its proportional interest in the investment funds. Ownership interest in the Combined Investment Fund and in the Common Fund is reported as beneficial interest in investment pool in the accompanying consolidated financial statements.

Board-designated assets, excluding alternative investments, are recorded at their fair market value, which is determined using quoted market prices. Board-designated assets which are characterized as alternative investments are recorded at fair value estimated by management in the absence of readily determinable fair values. Management's estimates of the fair values of these investments are based on the information provided by the fund administrator in consultation with fund investment managers.

Realized gains and losses from sales of investments and unrealized gains and losses on investments are determined using the average cost method. Interest, dividends, realized gains and losses, other-than-temporary impairments, and gains and losses on trading securities are recorded as nonoperating revenue. Unrealized gains and losses on other-than-trading securities are recorded as other changes in unrestricted net assets in the statements of operations and other changes in unrestricted net assets.

Effective September 30, 2007, the Hospital designated the unrestricted investments within its beneficial interest in pooled investments as trading securities under Financial Accounting Standards Board (FASB) Statement No. 124. As a result of this designation, \$14,175 of cumulative net unrealized gains on the trading portfolio as of September 30, 2007, not previously recognized in earnings were recognized as non-operating revenue.

Fair Value of Financial Instruments — Financial instruments consist primarily of cash and cash equivalents, investments, interest rate swaps, beneficial interest in investment pool, accounts receivable, accounts payable, accrued expenses, estimated third-party payor settlements, and long-term debt. Except as disclosed below and in Notes 2 and 3, the fair value of financial instruments approximates their financial statement carrying amount due to their short-term maturity. The fair value of the long-term pledge receivable discussed in Note 11 is \$1,100 and \$1,237 as of September 30, 2008 and 2007, respectively. The fair value of the long term receivable — affiliate discussed in Note 8 approximates its carrying amount.

Inventories — Inventories are stated at the lower of cost or market value.

Property and Equipment — Property and equipment are recorded at cost and are depreciated on the straight-line method over the estimated useful lives of the assets. At September 30, 2008, property, plant, and equipment includes capitalized asset retirement obligations at a cost of \$167 as of September 30, 2008 and 2007, and accumulated depreciation of \$125 and \$121 as of September 30, 2008 and 2007, respectively.

Estimated useful lives of the assets are:

Land improvements	5 to 20 years
Buildings and building equipment	10 to 40 years
Fixed and moveable equipment	3 to 20 years

Deferred Debt Expense — All expenses relating to the procurement of debt, including underwriting fees, have been deferred and are amortized over the maturities of the bonds. However, in the case of Variable Rate Demand Bonds, amounts deferred are expensed if it is concluded that a failed remarketing has occurred or is probable to occur.

Temporarily Restricted Net Assets — Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

Permanently Restricted Net Assets — Permanently restricted net assets are those whose use is limited by donor stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed. Investment income generated from permanently restricted assets, however, can be used to support Hospital-sponsored activities.

Net Patient Service Revenue — Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under certain reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in prior-year estimated amounts due to third parties increased net patient service revenue by \$1,680 and \$336 for the years ended September 30, 2008 and 2007, respectively.

Contributions — Unrestricted contributions are included in contributions at the date of the gift. Restricted contributions received with donor stipulations that limit the use of the donated assets are reported as either temporarily or permanently restricted. Donor-restricted contributions whose restrictions are met in the same reporting period are included in unrestricted contributions in the period received.

Charity Care — The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Accordingly, normal charges for these services are not recorded as revenue.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Long-Lived Assets — The Hospital continually evaluates whether circumstances have occurred that would indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of such assets may not be recoverable. No such impairments have been recorded as of September 30, 2008 or 2007.

Derivative Financial Instruments — The Hospital has entered into interest rate swap agreements in order to hedge interest rate exposure relative to the Hospital's debt, as well as to create synthetic fixed interest rate debt (see Note 3). The swap agreements are recorded in the consolidated statements of financial position at their fair market values and changes in the fair market values of the swap agreements are recorded in nonoperating revenue (expense).

Adoption of New Accounting Pronouncement — In July 2006, the Financial Accounting Standards Board (FASB) issued, FASB Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109*. FIN No. 48 prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. FIN No. 48 states that a tax benefit from an uncertain position may be recognized only if it is "more likely than not" that the position is sustainable, based on its technical merits. The tax benefit of a qualifying position is the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. The term tax position also encompasses a decision to classify a transaction, entity, or other position in a tax return as tax exempt. The adoption of FIN No. 48 during fiscal year 2008 did not impact the Hospital's consolidated financial statements.

New Accounting Pronouncements — In September 2006, FASB issued FASB Statement No. 157, *Fair Value Measurements*. FASB Statement No. 157 provides guidance for using fair value to measure assets and liabilities. This statement clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability. FASB Statement No. 157 applies whenever other standards require assets or liabilities to be measured at fair value. This statement is effective for financial assets and financial liabilities in fiscal years beginning after November 15, 2007. This statement is effective for nonfinancial assets and nonfinancial liabilities in fiscal years beginning after November 15, 2008. The Hospital is assessing the impact, if any, of the implementation of FASB Statement No. 157 on its consolidated financial statements.

In February 2007, the FASB issued FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment to FASB Statement No. 115*. FASB Statement No. 159 provides for an irrevocable option to carry the majority of financial assets and liabilities at fair value, with changes in fair value recorded in earnings. FASB Statement No. 159 is effective for years beginning after November 15, 2007. Although the Hospital may subsequently elect to record at fair value certain financial assets and liabilities not currently recorded at fair value, upon adoption of FASB Statement No. 159 on October 1, 2008, the Hospital did not elect to record any of the Hospital's financial assets or financial liabilities at fair value which were not previously recorded at fair value prior to October 1, 2008.

In August 2008, the FASB issued FASB Staff Position (FSP) No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, requiring an organization subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (UPMIFA) to classify a portion of a perpetual donor-restricted endowment fund as permanently restricted net assets. The permanently restricted amount is (1) the amount that must be permanently retained in accordance with explicit donor stipulations or (2) absent explicit donor stipulations, the amount that the organization's governing board determines must be permanently retained consistent with the relevant law. The governing board's interpretation of "relevant law" is not an accounting policy election and should be applied consistently to all donor-restricted endowment funds from year to year. FSP FAS 117-1 also requires all not-for-profit organizations with donor-restricted or board-restricted endowment funds to make extensive new disclosures about such funds regardless of whether an organization is subject to an enacted version of UPMIFA. The objective of the disclosures is to provide information so that financial statement users can understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies pertaining to an organization's endowment funds. FSP FAS 117-1 is effective for fiscal years ending after December 15, 2008. The Hospital is assessing the impact of the implementation of FSP FAS 117-1 on its consolidated financial statements.

2. ASSETS WHOSE USE IS LIMITED

Assets whose use is limited include assets classified in the following three categories:

Board-Designated Funds — Assets set aside by the Board of Directors (Board) for debt prepayment, benevolent care, capital replacement, and certain future construction and capital projects over which the Board retains control and, at its discretion, may use subsequently for other purposes. Such funds are not expected to be used in the next year.

Trustee-Held Bond Project Funds — Assets held by bond trustees under the terms of the Master Indenture agreement for certain construction projects.

Donor-Restricted Funds — Assets restricted by donors to be maintained by the Foundation in perpetuity.

Board-designated assets are invested in a Combined Investment Fund that aggregates investments of all Covenant Ministries of Benevolence institutions. While these funds are held and invested by Covenant Ministries of Benevolence, the Hospital retains the benefits of ownership of its proportional interest in the Combined Investment Fund. Donor restricted funds are invested in investment funds at the Common Fund. While these funds are held and invested by the Common Fund, the Foundation retains the benefits of ownership of its proportional interest in the investment funds. Ownership interest in the Combined Investment Fund and in the Common Fund is reported as beneficial interest in investment pool in the accompanying consolidated financial statements.

Assets whose use is limited, at fair value, as of September 30, 2008 and 2007, consist of the following:

	2008	2007
Beneficial interest in investment pool:		
Board-designated funds:		
Funded depreciation	\$ 67,992	\$ 82,506
Long-term investment	<u>36,540</u>	<u>43,365</u>
	104,532	125,871
Donor-restricted funds	<u>34,716</u>	<u>16,531</u>
Total beneficial interest in investment pool	<u>119,248</u>	<u>142,402</u>
Trustee-held funds:		
Bond Interest and Sinking Funds	-	516
Bond Project Funds	<u>17,984</u>	<u>15,578</u>
	<u>17,984</u>	<u>16,094</u>
Total	137,232	158,496
Less current portion — trustee-held	<u>9,627</u>	<u>6,413</u>
Assets whose use is limited — long-term	<u>\$ 127,605</u>	<u>\$ 152,083</u>

The Hospital's assets whose use is limited, at fair value, including its portion of the Combined Investment Fund, as of September 30, 2008 and 2007, consist of the following:

	2008	2007
Equity securities	<u>\$ 44,150</u>	<u>\$ 70,203</u>
Fixed income securities:		
Board-designated funds	24,328	15,644
Trustee-held funds	17,984	16,094
Donor-restricted funds	<u>-</u>	<u>16,531</u>
Total fixed income securities	<u>42,312</u>	<u>48,269</u>
Alternative investments:		
International equity	10,101	10,434
Fixed income	728	9,136
Hedge funds	20,346	18,022
Common Fund investments	16,024	-
Private equity	<u>3,571</u>	<u>2,432</u>
Total alternative investments	<u>50,770</u>	<u>40,024</u>
Total	<u>\$ 137,232</u>	<u>\$ 158,496</u>

Alternative investments include investments whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates of the fair values of these investments are based on the information provided by the fund administrator in consultation with fund investment managers.

The unrealized losses as of September 30, 2007, that have not already had an impairment recorded and have not met the criteria for recording an other-than-temporary impairment are immaterial to the Hospital financial statements.

3. DEBT AND OTHER FINANCING TRANSACTIONS

Long-term debt as of September 30, 2008 and 2007, consists of the following:

	2008	2007 Restated (See Note 13)
Revenue Refunding Bonds, Series 2008B, dated June 17, 2008, variable rate, maturing through August 2038	\$ 42,500	\$ -
Bank Letter of Credit for Series 2008A Revenue Refunding Bonds	54,000	-
Revenue Refunding Bonds, Series 2008A, dated April 8, 2008, variable rate, maturing through August 2038	6,000	-
Financing Agreement, dated July 15, 2005, 3.6% fixed rate, maturing through August 2010	6,071	9,076
Revenue Bonds, Series 2003A & B, dated November 1, 2003, variable rate, maturing through August 2033	45,650	45,650
Revenue Bonds, Series 1999, dated July 22, 1999, variable rates, maturing through August 2029	-	17,400
Revenue Bonds, Series 1998A, dated January 16, 1998, variable rates, maturing through August 2027	-	35,100
Revenue Bonds, Series 1995A, dated December 18, 1995, variable rates, maturing through August 2025	-	38,100
	<u>154,221</u>	<u>145,326</u>
Total debt		
	154,221	145,326
Less contractual current portion of long term debt	13,915	5,805
Less contingent current portion of long term debt	<u>15,817</u>	<u>15,217</u>
	139,491	124,304
Long-term debt — excluding current portion	<u>\$ 124,489</u>	<u>\$ 124,304</u>

Debt — In June 2008, the Hospital issued \$42,500 of Variable Rate Demand Revenue Refunding Bonds, Series 2008B, through the Illinois Finance Authority. The proceeds from the Series 2008B Bonds were used to extinguish the Series 1995A Bonds. The Series 2008B Bonds are supported by letters of credit which provide interim financing to the Hospital in the event that remarketing efforts fail for tendered bonds. The letters of credit expire in June 2011 and can be extended on an annual basis at the anniversary date. Letter of credit fees are 0.70%, remarketing fees are 0.10%, and the variable rate of interest is redetermined in the Weekly Mode. The reimbursement agreement specifies that letter of credit draws be repaid at the end of thirty-six months subsequent to the letter of credit draw. No remarketings of the Series 2008B Bonds have failed. The Series 2008B Bonds are classified as long-term at September 30, 2008. In June 2008, the Hospital entered into a swap agreement to effectively convert \$42,500 of Series 2008B Bonds from variable interest rate debt to fixed interest rate debt at a rate of 3.27%. In this Fixed Payer Swap Agreement the Hospital receives 67.0% of the one-month LIBOR, extending over a 10-year period. During December 2008 the Hospital terminated this Fixed Payer Swap Agreement at a realized loss of \$4,645.

In April 2008, the Hospital issued \$60,000 of Variable Rate Demand Revenue Refunding Bonds, Series 2008A, through the Illinois Finance Authority. The proceeds from the Series 2008A Bonds were used to extinguish the Series 1998A and Series 1999 Bonds. The Series 2008A Bonds are supported by letters of credit which provide interim financing to the Hospital in the event that remarketing efforts fail for bonds tendered. The letters of credit expire in November 2013 and can be extended on an annual basis at the anniversary date. Letter of credit fees are 0.85%, remarketing fees are 0.10%, and the variable rate of interest is redetermined in the Weekly Mode. The reimbursement agreement specifies that letter of credit draws be repaid over a five-year period in equal semi-annual installments beginning in the sixth month subsequent to the month of the letter of credit draw. During September 2008 there was a failed remarketing on \$54,000 of Series 2008A Bonds necessitating a draw on the related letter of credit. Related to the failed remarketing, \$616 in deferred bond issuance costs were expensed in the non-operating revenue (expense) section of the consolidated statements of operations and other changes in unrestricted net assets as an extinguishment of debt. At September 30, 2008, the \$54,000 letter of credit is classified between long-term borrowings \$43,200 and current maturities of long-term debt \$10,800 representing two semi-annual payments contractually payable in 2009 based on the repayment terms of the reimbursement agreement. At September 30, 2008, the \$6,000 of outstanding Series A bonds are classified between long-term borrowings \$5,400 and contingent current maturities of long-term debt \$600 representing one semi-annual payment contingently payable in 2009 based on the repayment terms of the reimbursement agreement should amounts need to be drawn on the letter of credit on or after October 1, 2008. During October 2008, the \$54 million Series 2008A Bonds were successfully remarketed, and the proceeds from the remarketing were used to repay all amounts drawn on the letter of credit. No remarketings on the Series 2008A Bonds have failed prior to or subsequent to the September 2008 failed remarketing. In April 2008, the Hospital entered into a fixed payer swap agreement to effectively convert \$60,000 of Series 2008A Bonds from variable interest rate debt to fixed interest rate debt at a rate of 2.87%. In this Fixed Payer Swap Agreement the Hospital receives 67.0% of the one-month LIBOR, extending over a 10-year period.

In July 2005, the Hospital issued \$15,000 of 3.6% Fixed Rate Debt, the 2005 Master Financing Agreement, through the Illinois Finance Authority.

In November 2003, the Hospital issued \$46,550 of Variable Rate Demand Revenue Bonds, Series 2003A & B, through the Illinois Health Facilities Authority. The Series 2003A & B Bonds are supported by letters of credit which provide interim financing to the Hospital in the event that remarketing efforts fail for bonds tendered. The letters of credit expire in November 2010 and can be extended on an annual basis at the anniversary date. Letter of credit fees are 0.60%, remarketing fees are 0.10%, and the variable rate of interest is redetermined in the Weekly Mode. The reimbursement agreement specifies that letter of credit draws be repaid in thirty-six equal monthly installments beginning one month subsequent to the letter of credit draw. The Series 2003 A&B Bonds are classified between long-term borrowings and current maturities of long-term debt based on the repayment terms of the reimbursement agreement. As a result, \$15,217 has been classified as contingently current at September 30, 2008 and 2007, in the contingent current portion of long term debt. No failed remarketings on the Series 2003B Bonds have occurred. During October 2008, there was a failed remarketing on \$6,475 of Series 2003A Bonds necessitating a draw on the related letter of credit. In the same month these Bonds were successfully remarketed. The Hospital's accounting policy is to amortize deferred debt issuance costs over the term of bonds until such time as a failed remarketing has occurred or is deemed probable to occur. In connection with the failed remarketing after the balance sheet date, the Hospital expensed \$77 in deferred bond issuance costs in 2008 in the non-operating revenue (expense) section of the consolidated statements of operations and other changes in unrestricted net assets.

In February 2005, the Hospital entered into a swap agreement to effectively convert \$19,000 of Series 2003A & B Bonds from variable interest rate debt to fixed interest rate debt at a rate of 3.27%. In this Floating Rate Swap Agreement the Hospital receives 67.0% of the one-month LIBOR, extending over a 28-year period. In June 2005, the Hospital entered into a swap agreement to effectively convert \$20,000 of Series 2003A & B Bonds from variable interest rate debt to fixed interest rate debt at a rate of 3.11%. In this Floating Rate Swap Agreement the Hospital receives 67.0% of the one-month LIBOR, extending over a 20-year period.

In July 1999, the Hospital issued \$20,000 of Adjustable Rate Revenue Bonds, Series 1999, through the Illinois Health Facilities Authority. In June 2004, the Hospital converted the Series 1999 Bonds from the Weekly Mode to the Auction Mode, with the variable rate of interest being redetermined utilizing a 28-day auction period. Auction and broker fees approximate 0.26%. These Bonds were retired in April 2008. \$497 in deferred bond issuance costs were expensed in the non-operating revenue (expense) section of the consolidated statements of operations and other changes in unrestricted net assets as an extinguishment of debt.

In January 1998, the Hospital issued \$43,300 of Adjustable Rate Revenue Bonds, Series 1998A, through the Illinois Health Facilities Authority, and defeased the \$32,925 Series 1993A Revenue Bonds. Concurrently, the Hospital entered into an interest rate swap agreement to effectively convert the Series 1998A Bonds from variable interest rate debt to fixed interest rate debt at a rate of 4.75%. In December 2003, the Hospital converted the Series 1998A bonds from the Weekly Mode to the Auction Mode, with the variable rate of interest being redetermined utilizing a 28-day auction period. Auction and broker fees approximate 0.26%. These Bonds were retired in April 2008. \$738 in deferred bond issuance costs were expensed in the non-operating revenue (expense) section of the consolidated statements of operations and other changes in unrestricted net assets as an extinguishment of debt. Concurrent with the retirement of the Series 1998A Bonds the related swap was also terminated at a realized loss of \$5,012.

In December 1995, the Hospital issued \$46,700 of Adjustable Rate Revenue Bonds, Series 1995A, through the Illinois Health Facilities Authority. Concurrently, the Hospital entered into an interest rate swap agreement to effectively convert the Series 1995A Bonds from variable interest rate debt to fixed interest rate debt at a rate of 5.05%, plus remarketing and liquidity fees, estimated at 0.35%. These Bonds were retired in June 2008. \$566 in deferred bond issuance costs were expensed in the non-operating revenue (expense) section of the consolidated statements of operations and other changes in unrestricted net assets as an extinguishment of debt. Concurrent with the retirement of the Series 1995 Bonds the related swap was also terminated at a realized loss of \$4,014.

The proceeds from the Series 2008 A & B, the 2005 Equipment Financing Agreement, the Series 2003A & B, 1999, 1998, and 1995 Bonds were used to pay or reimburse the Hospital for the costs of constructing, renovating, remodeling, and equipping certain health care facilities. The Hospital grants to the Trustee a security interest in the related equipment for the 2005 Master Financing Agreement. The Hospital grants to the Master Trustee, on a parity basis for the Series 2008 A & B, Series 2003A & B, 1999, 1998, and 1995 Bonds, a security interest in the unrestricted receivables of the Hospital. The bonds may be converted to a different interest rate mode, at the option of the Hospital, subject to parameters in the Bond Indenture.

The variable rates for the 2008A, 2008B, and 2003 debt issuances were 9.65%, 9.50%, and 9.65%, respectively, at September 30, 2008.

As of September 30, 2008 and 2007, the Hospital's long-term debt had a carrying value of \$154,221 and \$145,326, respectively. As of September 30, 2008 and 2007, the Hospital's long-term debt had an approximate fair value of \$154,221 and \$145,326, respectively. Fair value was determined based upon discounted cash flows, using interest rates currently available to the Hospital on similar borrowings.

Interest paid during 2008 and 2007 was \$6,710 and \$6,148, respectively. The Hospital capitalized no interest in 2008 and 2007.

Below are the future maturities of long-term debt at September 30, 2008. While presentation on the balance sheet of current maturities of long-term debt includes certain amounts contingently payable, the schedule below has been prepared based on the contractual maturities of the debt outstanding at September 30, 2008. Accordingly, if remarketings of bonds fail in future periods, debt repayments may become more accelerated than presented below.

Years Ending September 30	
2009	\$ 13,915
2010	13,756
2011	12,346
2012	12,393
2013	12,451
2014 through 2033	<u>89,360</u>
Total	<u>\$154,221</u>

The above debt agreements contain restrictive covenants, the most significant of which (a) limit additional indebtedness, (b) restrict transfer of assets, and (c) require maintenance of certain ratios. Management believes that the Hospital is in compliance with such covenants.

Other Financing Transactions:

Floating Interest Rate Swap Transactions --- The fair market values of the long-term swaps are reported as an asset of \$240 and \$3,264 and liability of \$4,041 and \$7,832 within the consolidated statements of financial position as of September 30, 2008 and 2007, respectively. The Series 2008A & B and 2003A & B long-term swaps were entered into to create synthetic fixed interest rate debt.

In February 2007, the Hospital entered into a programmatic rate lock program with Merrill Lynch & Co with an aggregate notional amount not to exceed \$50,000 and with a termination date not to exceed 30 years from the trade date of March 2007. This rate lock program allows the Hospital to enter into a fixed-payer swap transaction, with a fixed payer swap rate of 3.57% and a floating rate of 67% of LIBOR.

In January 2002, the Hospital entered into a Floating Interest Rate Swap Agreement with a rate of 76.6% of the one-month LIBOR, extending over a 20-year period, with a notional amount of \$25,000.

The components of net interest expense, including the effects of income from the swap transactions, for the years ended September 30, 2008 and 2007, are as follows:

	2008	2007
Interest expense	\$7,459	\$7,143
Bond amortization	127	156
Swap income	(29)	(124)
Income on trustee-held funds	<u>(470)</u>	<u>(934)</u>
Net interest expense	<u>\$7,087</u>	<u>\$6,241</u>

Note Payable — The Hospital has an unsecured bank line of credit to \$5,000 with borrowings at the bank's prime rate or LIBOR. The arrangement calls for a facility fee on the unused portion of the current line of credit paid monthly. The facility fee rate was 0.375% as of September 30, 2008. There are no compensating balance arrangements. There were no borrowings outstanding under the line of credit as of September 30, 2008 and 2007.

4. RESTRICTED NET ASSETS

Temporarily restricted net assets as of September 30, 2008 and 2007, are available for the following purposes:

	2008	2007
Health education	\$ 267	\$ 234
Ambulatory care programs and services	734	102
Purchase of capital and equipment	<u>703</u>	<u>1,253</u>
Total	<u>\$ 1,704</u>	<u>\$ 1,589</u>

During 2008 and 2007, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of ambulatory care and services in the amounts of \$1,052 and \$4,810, respectively. Of the net assets released during 2008, \$261 was released for operations, \$416 was released for unrestricted purposes, and \$375 was released for capital purposes.

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support general charitable purposes of the Hospital. Such income totaled \$840 and \$918 in 2008 and 2007, respectively, and is reported within other nonoperating income within other nonoperating revenue (expense) in the accompanying consolidated statements of operations and other changes in unrestricted net assets.

5. NET PATIENT SERVICE REVENUE

The mix of net patient service revenue (excluding the reimbursement under the Illinois Hospital Assessment Program) from patients and third-party payors for the years ended September 30, 2008 and 2007, was as follows:

	2008	2007
Medicare	45 %	44 %
Medicaid	19	19
Managed care	35	34
Other	<u>1</u>	<u>3</u>
Total	<u>100 %</u>	<u>100 %</u>

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. As of September 30, 2008 and 2007, approximately 50% and 48%, respectively, of the Hospital's patient accounts receivable was derived from Medicare and Medicaid services and approximately 29% and 32%, respectively, were derived from various managed care programs.

The Hospital is reimbursed for Medicare inpatient and outpatient services and capital costs under a Prospective Payment System that uses prospectively determined prices for each patient service. The Hospital is reimbursed for Medicaid under a Prospective Payment System that uses prospectively determined prices for each admission. Reimbursements from health maintenance organizations, preferred provider organizations, and certain other insurers or third-party payors are based upon contracted rates. The Hospital has recorded a payable due to third-party settlements of \$4,044 and \$1,911 as of September 30, 2008 and 2007, respectively.

In November 2006, the Centers for Medicare and Medicaid Services approved the Illinois Hospital Assessment Program to improve Medicaid reimbursement for Illinois hospitals. The Provider Assessment and Medicaid Program payments are in effect for the state fiscal years ending June 30, 2006, 2007, and 2008. During the year ended September 30, 2008, the Hospital recorded a net benefit of \$1,804. Due to the tax assessment provisions contained in the legislation, implementation of the program impacted both operating revenues and expense in the consolidated statement of operations and other changes in unrestricted net assets. For the year ended September 30, 2008, the Medicaid revenue of \$8,426 was included in net patient service revenue and the tax assessment of \$6,622 was included in operating expense. During the year ended September 30, 2008, the Hospital received net cash of \$2,406 related to the state fiscal year 2007 component of the program.

In December 2008 this program was approved for the state fiscal year beginning July 1, 2009, although funding for the program continues to remain uncertain.

6. CHARITY/UNREIMBURSED CARE

Pursuant to its charity care policy described in Note 1, the Hospital provides free health care services to those patients unable to pay all or a portion of their charges and who meet certain eligibility criteria.

The Hospital maintains records to identify and monitor the level of charity care it provides under this policy, which has been applied consistently in 2008 and 2007. Charges forgone for charity service amounted to \$18,350 and \$13,526 in 2008 and 2007, respectively.

Under the Hospital's charity policy, uninsured patients receive services at a discount from the Hospital's established rates. Such discounts, which are reported within net patient service revenue, totaled \$19,995 and \$20,814, respectively, for 2008 and 2007.

In addition to charity care, the Hospital provides care to patients under the Illinois Medicaid program that reimburses the Hospital at rates less than cost (see Note 5). The Hospital provided partially reimbursed care for the years ended September 30, 2008 and 2007, as follows:

	2008	2007
Estimated cost for services provided to Medicaid patients	\$46,996	\$43,088
Less government reimbursement	<u>34,454</u>	<u>33,156</u>
Excess of cost over reimbursement for Medicaid patients before net benefit of Illinois Hospital Assessment Program	12,542	9,932
Net benefit of Illinois Hospital Assessment Program:		
Additional Reimbursement — State of Illinois FY 2006	-	2,406
Additional Reimbursement — State of Illinois FY 2007	-	2,406
Additional Reimbursement — State of Illinois FY 2008	<u>1,604</u>	<u>602</u>
Excess of cost over reimbursement for Medicaid patients	10,738	4,518
Estimated cost associated with charges forgone for charity care service	3,359	2,476
Estimated cost associated with charges forgone for discounts provided to uninsured patients	<u>3,660</u>	<u>3,810</u>
Unreimbursed care — based upon estimated costs	<u>\$17,757</u>	<u>\$10,804</u>

As part of its mission, the Hospital offers a wide variety of free services, including health screenings, counseling, and other programs, to promote good health to its surrounding community. The costs of these services were \$983 and \$1,063 for 2008 and 2007, respectively.

7. PENSION PLAN

Substantially all full-time employees participate in The Evangelical Covenant Church Pension Plan (the "Plan"). This multi-employer plan, administered by the Board of Benevolence, is noncontributory for employees and provides defined benefits based on years of service and remuneration near retirement. Amounts charged to pension expense, representing the Hospital's required contributions to the Plan, were \$2,273 in both 2008 and 2007.

8. RELATED-PARTY TRANSACTIONS

The Hospital has a note receivable due from Life Center on the Green, Inc. of \$1,328 and \$1,469 as of September 30, 2008 and 2007, respectively. The note carries an interest rate of 5.75% per annum, with

principal and interest payable monthly. The Hospital received interest income of \$81 in 2008 and \$89 in 2007. The Hospital rented certain properties from Life Center on the Green, Inc. on a month-to-month basis.

Covenant Ministries of Benevolence charged the Hospital fees of \$2,132 in 2008 and \$2,010 in 2007 for management services and is included as a component of professional fees within the consolidated statements of operations and other changes in unrestricted net assets.

The Hospital combines its Board-designated funds with funds of other Covenant Ministries of Benevolence in a pooled investment fund (see Note 2).

The Hospital has an investment in CPG of \$1,120 recorded in other long-term assets. During fiscal 2006 CPG purchased \$2,122 in equipment from the Hospital, which the Hospital leases back from CPG. The Hospital accounts for this lease as an operating lease. The Hospital paid CPG \$972 in 2008 and \$870 in 2007 for equipment rental and provision of services.

9. STATEMENTS OF CASH FLOWS

Supplemental Information to Statements of Cash Flows — For purposes of the statements of cash flows, all highly liquid debt instruments with purchased maturities of three months or less, excluding assets whose use is limited — investments, are considered to be cash equivalents.

The reconciliation of the change in total net assets to net cash provided by operating activities for the years ended September 30, 2008 and 2007, is as follows:

	2008	2007
(Decrease) increase in total net assets	\$(33,710)	\$ 37,670
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	14,759	13,210
Provision for uncollectible accounts	12,101	5,483
Loss on swap terminations	9,026	-
Change in beneficial interest in investment pool:		
Net realized and unrealized losses (gains) on investments	25,335	(23,262)
Recognized losses on impairment of investments	-	16
Loss on extinguishment of debt	2,865	-
Change in fair market value of swaps — net	(767)	(1,932)
Other nonoperating expense (income)	(286)	464
Permanently restricted contributions	-	(785)
Temporarily restricted contributions and pledges	(115)	(3,506)
Changes in assets and liabilities:		
Patient accounts receivable	(12,090)	2,270
Inventories	(403)	(83)
Other assets and liabilities	4,034	(5,924)
Accounts payable	1,359	1,796
Accrued liabilities	1,499	(326)
Estimated third-party payor settlements	2,039	1,911
Net cash provided by operating activities	<u>\$ 25,646</u>	<u>\$ 27,002</u>

10. FUNCTIONAL EXPENSES

The Hospital provides acute care and is a community teaching hospital. The summary of expenses by function for the years ended September 30, 2008 and 2007, is as follows:

	2008	2007
Health care services	\$ 219,147	\$ 211,412
Management and general	<u>26,533</u>	<u>27,742</u>
Total	<u>\$ 245,680</u>	<u>\$ 239,154</u>

11. PLEDGES RECEIVABLE

Included in pledges receivable is a Galtier Foundation gift of \$3,000 pledged to the Hospital in 1995. The gift is payable over 20 years and is recorded at its net present value, using a discount rate of 6%. The Hospital received \$650 during 2008 and \$200 during 2007. The remaining receipts are expected to be \$200 annually through 2013 and \$100 in 2014. Of the total carrying amount of \$1,400, \$300 is reported in current assets and \$1,100 is reported within other long-term assets.

12. COMMITMENTS AND CONTINGENCIES

Professional Liability Insurance — Since June 1, 1979, the Hospital's primary professional and general liability coverage has been provided through the Chicago Hospital Risk Pooling Program (CHRPP) with 11 other participating hospitals. CHRPP is a self-insured trust that provides coverage, after a nominal deductible, through the use of a fund specific to each participating hospital and two pooled funds that include all CHRPP participating hospitals. Excess insurance coverage is purchased from a commercial insurance company. Required reserves and contributions by participating hospitals are determined annually by an independent actuary based on claim experience, investment performance, and assumed self-insured retentions. The required contributions are subject to future retrospective adjustments.

Effective January 1, 2003, the Hospital changed from occurrence basis coverage to claims made coverage for professional liability insurance. As a result, the Hospital recorded a \$5,650 and \$5,517 tall liability as of September 30, 2008 and 2007, respectively. The professional liability insurance reserve is discounted at 5.5% as of September 30, 2008 and 2007, respectively. Insurance expense includes \$8,906 and \$8,668 of required contributions to CHRPP in 2008 and 2007, respectively. Management believes the expense recorded provides for the full expected cost of coverage and that any retrospective adjustments would not be material to the consolidated financial statements.

Guarantee of Indebtedness — The Hospital has guaranteed up to \$1,000 related to a contract that its PHO has entered into, under certain conditions, as defined in the contract. Concurrently, the partner in the PHO has committed to reimburse the Hospital for up to 50% of any payments required to be made by the Hospital. Since the inception of this contractual arrangement, the Hospital has not been required to make any payments related to the guarantee. As of September 30, 2008 and 2007, the PHO had equity of \$1,134 and \$1,215, respectively.

Asset Retirement Obligation — Effective September 30, 2006, the Hospital adopted the provisions of FASB Statement No. 143 as clarified by FIN No. 47. This standard requires the Hospital to recognize asset retirement obligations in the period in which they are incurred, if a reasonable estimate of fair value can be made. The asset retirement obligations are accreted to their present value at the end of each reporting period. The associated estimated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over its useful life.

The Hospital evaluated its leased and owned properties for potential asset retirement obligations under FASB Statement No. 143. The Hospital has identified conditional asset retirement obligations primarily for the cost of asbestos removal and disposal. The fair value liability for conditional asset retirement obligations was approximately \$1,109 and \$1,042 at September 30, 2008 and 2007, respectively. The liability was estimated using an inflation rate of 4.0% and a discount rate of 6.5%. The expected future liability is approximately \$2,082.

Operating Leases — The Hospital leases certain facilities and medical equipment from related (see Note 8) and unrelated parties. Total rental expense related to these leases amounted to \$2,204 and \$1,947 in 2008 and 2007, respectively. Certain of these operating leases contain renewal options, noncancelable terms, and escalation clauses. Future minimum rental commitments for the next five fiscal years at September 30, 2008, for all noncancelable operating leases with original terms of more than one year are as follows:

Years Ending September 30	
2009	\$ 1,879
2010	1,353
2011	501
2012	131
2013	29
Total	<u>\$3,893</u>

13. RESTATEMENT

Subsequent to the issuance of the Hospital's 2007 consolidated financial statements, management determined that certain portions of the Series 2003 A & B Bonds should have been classified as current maturities of long-term debt, based on the repayment terms of the respective reimbursement agreements which provide back-up financing to the Hospital in the event of a failed remarketing of the Bonds. The accompanying September 30, 2007, consolidated statement of financial position has been restated to present current maturities which were contingently payable of \$15,217 relating to the Series 2003 A & B Bonds.

The changes are summarized in the following table:

Consolidated statement of financial position – September 30, 2007:

	As Previously Reported	As Restated
Contingent current portion of long-term debt	\$ -	\$ 15,217
Total current liabilities	37,010	52,227
Long-term debt (excluding current portion)	139,521	124,304
Total liabilities	190,922	190,922

14. SUBSEQUENT EVENTS

As described in Note 3, \$54,000 of Series 2008A Bonds were successfully remarketed in October 2008, and the proceeds from the remarketing were used to repay all of the outstanding borrowings on the letter of credit.

On October 1, 2008, \$6,546 was drawn on the Series 2003A letter of credit due to the failed remarketing of the Series 2003A Bonds. Those Bonds were subsequently remarketed later in October 2008, and the proceeds from the remarketing were used to repay all of the outstanding borrowings on the letter of credit.

As of December 2008 the variable rates for the Series 2008A, 2008B, and 2003A & B debt issuances were 1.15%, 1.30%, and 1.15%, respectively.

As a consequence of a decrease in long-term LIBOR interest rates, the Hospital received margin calls in November and December 2008 and deposited funds in the Merrill Lynch & Co. in accordance with the terms of its swap agreements. In December 2008 the Hospital terminated the \$42,500 Series 2008B 10-year swap agreement, with a realized loss of \$4,588, and the \$19,000 Series 2003 28-year swap agreement, with a realized loss of \$5,431.

The total fair value of the Hospital's investments declined following September 30, 2008, consistent with declines in a majority of financial market metrics. As of November 30, 2008, the most recent date for which information was available to the Hospital, the estimated fair value of the investments was \$102,700 (unaudited) compared to \$119,248 at September 30, 2008.

During December 2008, the Hospital increased its unsecured line of credit from \$5,000 to \$10,000.

As described in Note 5, in December 2008 CMS approved the Illinois Hospital Assessment Program for the state fiscal year beginning July 1, 2009.

SUPPLEMENTAL SCHEDULE

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SCHEDULE I

SWEDISH COVENANT HOSPITAL

SCHEDULE OF MAXIMUM ANNUAL DEBT SERVICE COVERAGE RATIO (1)
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(Dollars in thousands)

NET INCOME AVAILABLE FOR DEBT SERVICE:	
Total revenues	<u>\$245,051</u>
Total expenses	229,575
Less (2):	
Interest and amortization of financing costs	7,087
Depreciation and amortization expense	<u>14,699</u>
Total	<u>207,789</u>
NET INCOME AVAILABLE FOR DEBT SERVICE (A)	<u>\$ 37,262</u>
MAXIMUM ANNUAL DEBT SERVICE (B)	<u>\$ 21,369</u>
MAXIMUM ANNUAL DEBT SERVICE COVERAGE RATIO (A/B)	<u>1.74</u>

(1) The schedule was calculated in accordance with Sections 409 and 414(B) of the Master Trust Indenture dated May 15, 1993, as amended through June 17, 2008, between the Obligated Group and US Bank National Association as Successor Trustee to LaSalle Bank National Association.

(2) Amounts are excluded from the calculation in accordance with the Master Trust Indenture.

Appendix B

Regent Development and Management Agreement

DEVELOPMENT AND MANAGEMENT SERVICES AGREEMENT

THIS DEVELOPMENT AND MANAGEMENT SERVICES AGREEMENT ("Agreement") is made as of the ____ day of _____, ____ (the "Effective Date") by and between Swedish Covenant Surgery Center, LLC, an Illinois limited liability company ("Surgery Center"), as an affiliate of Swedish Covenant Hospital, an Illinois not for profit corporation (the "Hospital"), and Regent Surgical Management, L.L.C., a Nevada limited liability company ("Management Company").

WHEREAS, Management Company is engaged in the business of consulting with individuals and entities engaged in the entrepreneurial development of freestanding outpatient ambulatory surgical centers, providing and/or consulting with regard to outpatient surgery architectural design and providing ongoing management services to ambulatory surgery centers;

WHEREAS, Surgery Center desires to develop and then own and operate a Medicare-certified ambulatory surgical center in Chicago, Illinois (the "Facility");

WHEREAS, Surgery Center desires to retain Management Company to provide such consulting and management services under the terms and conditions stated herein;

WHEREAS, Management Company desires to be so retained by Surgery Center under the terms and conditions stated herein; and

WHEREAS, it is the intention of both parties that Surgery Center control and be fully responsible for all medical services to be provided by the Facility; provided, however, that Surgery Center shall not interfere with the independent medical decision-making of physicians performing procedures at Surgery Center.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises and conditions set forth herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Surgery Center and Management Company hereby agree as follows:

1. Appointment of Management Company. Surgery Center hereby appoints and retains Management Company as Surgery Center's development, management, consulting, and administration company, and Management Company hereby accepts such appointment, to provide to Surgery Center development, management, administrative, and consulting services required to develop and manage Surgery Center's business operations, including but not limited to, financial administration, billing, operational administration, information systems management, facility administration, surgeon recruitment and retention and other general administrative services related to the day-to-day business operations of Surgery Center and the Facility.

2. Ownership and Control of Surgery Center.

A. Surgery Center's Reserved Powers. Management Company shall perform the duties and functions provided for in this Agreement in accordance with the policies, directives, and regulations adopted by the Board of Managers of Surgery Center. Surgery Center shall not delegate to Management Company any of the powers, duties, and responsibilities

required by law or regulation to be retained by Surgery Center, including those powers reserved to the Hospital in Section ___ of the Surgery Center's Operating Agreement, as set forth on Exhibit C and incorporated herein by reference. Management Company may, however, implement policies and procedures for the Facility that do not conflict with these reserved powers.

B. Licenses. Surgery Center shall be the owner and holder of licenses, permits, accreditation certificates, and contracts that are necessary for the operation of the Facility.

C. Ownership of Revenues. The Facility shall be operated for the benefit of Surgery Center. All income or other monies received from the operations of the Facility, together with all accounts and other receivables and all other assets and property generated, created, or that shall accrue from the operations of the Facility, shall belong solely to Surgery Center.

3. Qualifications. Surgery Center hereby covenants that it is and will remain a limited liability company and, during the Management Term (as defined in Section 15B hereof), will remain a Medicare-certified ambulatory surgical center, duly organized and existing under the laws of the State of Illinois.

4. Duties and Responsibilities of Management Company.

A. Development Services. During the Development Term (as defined in Section 15A hereof), Management Company, through its duly appointed representative or representatives, shall provide Surgery Center with all of the development, administrative and consulting services (the "Development Services") necessary or appropriate to develop the Facility. The Development Services shall include, but not be limited to, the following:

Management Company shall:

- (i) Manage relationships with the architect and the construction contractor for the Facility;
- (ii) Assist in the recruitment, hiring and pre-opening supervision of the Facility's administrator (the "Administrator");
- (iii) Assist in the negotiation of third-party payor relationships and fees;
- (iv) Assist in the development of operating systems;
- (v) Develop, provide, and advise Surgery Center regarding the production of necessary procedure manuals, including intellectual property procedure manuals, OSHA manuals, operational policy manuals, equipment repair protocols, and similar activities;
- (vi) Assist in the recruitment, hiring and training of nursing and medical staff;

(vii) Coordinate activities, including seeking advice of legal counsel, regarding the creation of any and all documents associated with licensure;

(viii) Coordinate contractual relationships with various external organizations, such as contractors, governmental agencies and other contract sources related to Surgery Center;

(ix) Advise Surgery Center regarding the purchase of computer hardware and software, supplies and capital equipment, assist in negotiations for such items, and review Surgery Center's inventory management system;

(x) Assist Surgery Center in obtaining all relevant permits, licenses and all other necessary certifications for operation of the Facility; and

(xi) Review and provide input on and support of Certificate of Need application for submission to the Illinois Health Facilities Planning Board in conjunction with the development of the Facility.

B. Management Services. During the Management Term (as defined in Section 15B hereof), Management Company, through its duly appointed representative or representatives, shall provide Surgery Center with all management, administrative, and consulting services (the "Management Services") necessary or appropriate for the efficient operation of the Facility, except as provided herein and except that any and all activities constituting the practice of medicine shall remain under the exclusive supervision and control of a medical doctor. Management Company shall, in the performance of its duties hereunder, be responsible for the overall day-to-day business affairs of the Facility and, subject to the overall governance of the Facility by the Surgery Center, for directing the business operations of the Facility and assisting the Facility in meeting the standard of care that is established by licensure, regulatory and accreditation requirements and policies and procedures adopted by Surgery Center. The Management Services shall include, but not be limited to, the following:

Management Company shall:

(i) Provide ongoing support to maintain the Facility's compliance with the requirements of all applicable statutes, ordinances, laws, rules, regulations and orders of any governmental or regulatory body having jurisdiction over the Facility, including the Facility's Medicare and Medicaid certification status;

(ii) Advise Surgery Center regarding the purchase of supplies, capital equipment and other materials required for the maintenance and operation of the Facility, assist in negotiations for the purchase of such items, review Surgery Center's inventory management system, and provide ongoing monitoring of cost and quality objectives;

(iii) Assist Surgery Center in applying for, obtaining, maintaining and monitoring all relevant permits, licenses, accreditations and all other necessary certifications for the operation of the Facility, including, at Surgery Center's request, attending any relevant hearings and other public meetings regarding the same and using outside assistance, as approved by Surgery Center in advance, at Surgery Center's reasonable cost and expense;

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(iv) Solicit written proposals, check references, and assist Surgery Center to obtain appropriate malpractice and general liability insurance for the Surgery Center as necessary;

(v) Develop, provide, and advise Surgery Center regarding the production and updating of necessary policy and procedure manuals that are compliance with all legal and regulatory requirements, including intellectual property procedure manuals, OSHA manuals, operational policy manuals, equipment repair protocols, and similar activities, and assist Surgery Center in ensuring that such policies and procedures are followed. Policies and procedures shall be subject to the prior approval of the Board of Managers of Surgery Center, which shall be given on a timely basis unless reasonable cause may be shown to deny approval;

(vi) Assist Surgery Center, in conjunction with the Administrator, in protecting the confidentiality of all records, files, policies, and procedures of the Facility and Surgery Center and comply with all applicable federal, state, and local laws and regulations relating to such records, files, policies, and procedures, with the understanding that all records and files of the Facility and Surgery Center and all policies and procedures implemented by the Management Company on behalf of Surgery Center shall be the property of Surgery Center;

(vii) Coordinate activities, including seeking advice of legal counsel as approved by Surgery Center in advance, regarding the creation of any documents associated with licensure and the continuing operations of the Facility;

(viii) Cooperate with and assist legal counsel, accounting and other professionals retained by Surgery Center;

(ix) Implement and supervise billing and collection, accounts receivable and accounts payable processing procedures and systems; provided that Management Company shall not provide billing or collection services (such services shall be provided directly by Surgery Center); provided, further, no party shall direct or encourage inappropriate billing actions, bill for services improperly, upcode or take any other actions regarding billing which are not wholly appropriate;

(x) Develop and advise Surgery Center on the development of health service products, fee schedules for risk-sharing, fee-for-service, and appropriate payor contracts and contracts with managed care payors, and use reasonable best efforts to obtain such contracts;

(xi) Advise Surgery Center with respect to any joint venture agreements or other arrangements between Surgery Center and third parties;

(xii) Assist in the formation, implementation and ongoing monitoring of utilization management and risk management/quality assurance procedures, protocols, and software management systems;

(xiii) In conjunction with the Administrator, negotiate, contract for, and supervise such repairs, alterations, acquisition and replacement of physical property, and equipment of the Facility, in accordance with a budget prepared by Management Company and approved by the Board of Managers of Surgery Center;

(xiv) Assess, in conjunction with the Administrator, Surgery Center property, facilities, and equipment on an ongoing basis and report to Surgery Center the need for any unbudgeted repairs, maintenance, alterations, or equipment purchases or replacements needed to maintain the Facility in good working order and maintain a written log of repairs and maintenance, which shall be the property of Surgery Center if required by the Surgery Center's accreditation body;

(xv) Assist in human resources administration, including advising Surgery Center on recruiting, hiring, training, promoting, assigning, utilizing, setting compensation levels, performing appraisals and salary reviews of and discharging all administrative, operating and service personnel necessary for the proper operation and maintenance of the Facility, and hiring and supervising the Administrator of the Facility (the "Administrator") in accordance with the directives, policies and procedures of the Board of Managers of the Surgery Center;

(xvi) Coordinate, in conjunction with the Administrator, contractual relationships with various external organizations, such as contractors, governmental agencies, third-party payors, including managed care entities within the parameters established by the Board of Managers of the Surgery Center and other contract sources related to the Facility;

(xvii) Assist in developing a proposed capital operating budget for the Facility which will reflect appropriate levels of expenditures and realistic revenues, and maintain and establish appropriate accounting procedures and controls and systems for the timely generation and preparation of all financial records and reports needed for the efficient administration, supervision, review and planning of operations and affairs of the Facility, including, but not limited to, maintaining all accounting and payroll systems, procedures and practices appropriate to the business operation of the Facility; provided neither Surgery Center, nor Management Company shall be liable for the Facility's failure to achieve such projections (it being further understood by such parties and their individual members as applicable, that revenues, expenses, cases, reimbursement, labor costs, rent and other costs are all subject to uncertainty);

(xviii) Provide reports to Surgery Center on a regular basis and on request by Surgery Center concerning the financial operations of the Facility, the services being provided by Management Company hereunder, clinical and quality-related reports (in conjunction with the Surgery Center's medical executive committee) and other information and data reasonably requested pertaining to the operations and administration of the Facility;

(xix) Allow the officers, Board of Managers and members of Surgery Center ("Members") reasonable access to all books and records of Management Company (solely with respect to Surgery Center) and the Surgery Center for purposes of audit, review and verification;

(xx) Develop, in conjunction with the Administrator, short, medium, and long-range plans, objectives, and goals for Surgery Center and present the plans, objectives, and goals to the Board of Managers of Surgery Center for review and approval;

(xxd) Assist Surgery Center in the preparation of (a) an annual financial report and annual report of operations (including cost reports), within ninety (90) days of year-end, (b) monthly financial reports and reports of operations identifying activity for each month and cumulatively for the year, within thirty (30) days of month-end, and (c) such other reports as may be reasonably requested by Surgery Center; provided the actual costs of any third-party accounting firm shall be at the expense of Surgery Center including, but not limited to, the costs of annually preparing the applicable income tax information and audited or compiled financial statements; and

(xxii) Perform such other consulting and/or administrative duties as may be reasonably requested from time to time by Surgery Center on mutually acceptable terms.

C. Required Personnel. The Administrator and all billing, coding and collection clerks and all staff personnel shall be Surgery Center employees and paid by Surgery Center.

D. Bulk Purchase of Supplies and Equipment. Management Company may purchase materials, supplies and equipment on a bulk basis with other surgery centers owned or managed by the Management Company or its affiliates in order to reduce Surgery Center's costs of such materials, supplies, and equipment. In such event, Management Company shall allocate the cost of such materials, supplies and equipment to Surgery Center based on the actual materials, supplies and equipment used by the Facility.

5. Duties and Responsibilities of Surgery Center. During the Term of this Agreement, Surgery Center shall cooperate with Management Company and shall provide timely responses to Management Company's requests to enable Management Company to perform its services hereunder. Surgery Center agrees not to undertake any actions or activities, or fail to undertake any actions or activities such that Management Company would be precluded from the due observance or performance of its duties and responsibilities hereunder. All Members of Surgery Center shall fully cooperate with Management Company in the fulfillment of its duties hereunder, including, without limitation, attending (or sending representatives to attend) committee meetings, providing input to Management Company, being available for consulting and signing documents and providing information with regard to Medicare certification and state licensing. Further, Surgery Center shall provide Management Company with sufficient working space and other physical accommodations, as well as access to telephones and facsimile machines, to enable Management Company to fulfill its duties and responsibilities hereunder. Surgery Center shall be solely responsible for all expenses and costs of operating and establishing the Facility.

6. Exclusivity. During the Term of this Agreement, Surgery Center agrees not to engage any other party to perform the Development Services and the Management Services to be provided by Management Company hereunder; provided, however, that Surgery Center may appoint a firm to review or audit the Surgery Center's or Management Company's performance under this Agreement.

7. Performance Standards. Management Company shall use its reasonable best business efforts to perform its duties and responsibilities hereunder in a diligent, professionally responsible and efficient manner and in accordance with all applicable statutory and regulatory

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requirements and industry standards. Management Company agrees to cooperate with Surgery Center in developing timely responses in support of the business needs of Surgery Center. Notwithstanding anything to the contrary contained herein, Management Company shall not be liable to Surgery Center for the failure to achieve or obtain a desired result, or for any error or loss, if Management Company acted with reasonable efforts, care and diligence and in a manner reasonably believed to be in the best interests of Surgery Center.

8. Fees.

A. Development Fee. As compensation for the Development Services rendered by Management Company under this Agreement, Surgery Center shall pay Management Company an aggregate development fee (the "Development Fee") of _____ Dollars (\$ _____) in monthly installments of _____ Dollars (\$ _____) during the Development Term (as defined in Section 15A hereof). All payments to date under the Consulting Agreement related hereto shall count towards aggregate amount of the Development Fee.

B. Management Fee. As compensation for Management Services rendered by Management Company under this Agreement, Surgery Center shall pay Management Company during the Management Term a monthly fee (the "Management Fee") of ___ percent (___%) of Surgery Center's monthly collections actually received, reduced by refunds, returns and other contractual allowances ("Net Collections"), as reasonably determined by Management Company and subject to review and audit by Surgery Center. For each year during the Term of this Agreement, Surgery Center shall pay Management Company an additional ___ percent (___%) of Net Collections up to an aggregate annual amount of \$ _____ (the "Performance Fee") within thirty (30) days of the end of the then applicable year, if Management Company has satisfied all the performance criteria set (the "Performance Criteria") forth in Exhibit B attached hereto. Each of the seven (7) Performance Criteria shall be equally counted toward payment of the Performance Fee that will be paid to Management Company if certain criteria are satisfied. If Management Company satisfies one or more, but not all, of the criteria, it will be entitled to the percentage of the Performance Fee that represents the number of criteria satisfied out of the seven. For example, if one of the seven criteria is satisfied Management Company will receive 1/7th of the Performance Fee. In addition, Surgery Center shall reimburse Management Company for all direct costs reasonably incurred by Management Company on Surgery Center's behalf for the benefit of Surgery Center (provided, if specific identifiable costs are related to Surgery Center and another effort, the costs shall be reasonably and proportionately shared by Surgery Center) in fulfilling its duties and responsibilities hereunder, including organizational costs, transportation costs and all related costs, per monthly itemized invoices from Management Company reflecting such costs. Management Company shall use commercially reasonable efforts to keep such costs reasonable and shall provide supporting written documentation for all costs for which it seeks reimbursement. Such costs shall not include an allocation of Management Company's management team salaries, benefits or its central business office overhead. Surgery Center's obligation to pay the Management Fee shall commence on the Commencement Date (as defined in Section 15A).

C. Payment of Fees. The Development Fee and the Management Fee (other than the potential ___ percent (___%)/_____ dollar (\$ _____) annual payment), as applicable, are payable by Surgery Center within fifteen (15) days of the end of each month,

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without any deductions or offset whatsoever. Payments for cost reimbursement in accordance with Section 9B shall be made within fifteen (15) days of receipt of an itemized invoice, less payment for any reasonably contested costs, which the parties shall mutually work through in a timely manner to determine whether a full, partial or no reimbursement will apply per the terms of this Agreement. Surgery Center hereby agrees that in the event that any Development Fee or Management Fee is not timely paid, in whole or in part (except in the event of a good faith dispute), interest shall accrue on the unpaid balance at the [prime rate plus two percent (2%)] per annum. Surgery Center further agrees that in the event that Management Company is required to file suit to collect any unpaid balance, and such balance is not subject to reasonable dispute, Management Company shall be entitled to recover, and any judgment entered in favor of Management Company shall include, the reasonable attorneys' fees and costs incurred by Management Company in collecting the monies due Management Company hereunder.

D. Negotiations of Fees. The Development Fee and the Management Fee to be paid by Surgery Center to Management Company hereunder have been determined by the parties through good-faith and arms-length bargaining and are intended to be consistent with the fair market value of the services to be provided hereunder by Management Company. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by Management Company (or its affiliates) to the Facility. In addition, neither the Development Fee nor the Management Fee provided for herein include any discount, rebate, kickback, or other reduction in charge in exchange for referrals to the Facility or otherwise. Management Company represents and warrants that such fees are reasonable and shall constitute fair market value for purposes of any regulatory agency audit.

E. Payment of Taxes. Management Company shall be solely responsible for payment of any and all taxes of any kind which may be due or assessed by any governmental entity or agency as a result of monies earned, collected, charged by and paid to Management Company as a result of this Agreement and shall hold harmless and indemnify Surgery Center from any such taxes, penalties, assessments, or interest.

9. Regulatory Matters. Notwithstanding any provisions to the contrary in this Agreement, there has been no delegation of the responsibilities reserved to Surgery Center by applicable law, and Surgery Center shall retain the ultimate authority and responsibility for the operation of the Facility, including, without limitation, the following:

A. Surgery Center shall retain the ultimate authority regarding all services provided at the Facility, including the supervision of all physicians, nurses, technicians and other professional and non-professional staff. Facility physicians shall at all times be free, in their sole discretion, to exercise their professional/medical judgment on behalf of their patients. No provision of this Agreement is intended, nor shall it be construed, to permit Management Company to affect or influence the professional/medical judgment of any of Surgery Center's physicians. To the extent that any act or service required of or permitted to be taken by Management Company by any provision of this Agreement may be construed or deemed to constitute the practice of medicine, the ownership or control of a medical practice, or the operation of a medical or health care facility, said provision of this Agreement shall be void *ab initio* and the performance of said act or service by Management Company shall be deemed waived by Surgery Center.

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B. Nothing in this Agreement is intended to delegate to Management Company any of the powers, duties or responsibilities vested exclusively in Surgery Center by law. Surgery Center expressly retains authority: (i) to hire and remove the President of Surgery Center and to reasonably approve of other key officers and management employees, including the Administrator (provided, Surgery Center cannot unreasonably withhold consent to an Administrator candidate or a change therein); (ii) over maintenance and control of the books and records of Surgery Center; (iii) over the disposition of assets and the incurring of non-ordinary course liabilities on behalf of Surgery Center; and (iv) over the adoption and enforcement of policies regarding the operation of Surgery Center.

C. In providing development, administrative and consulting services to Surgery Center and performing its obligations hereunder, Management Company shall: (i) act in accordance with all applicable federal, state and local statutes, rules, regulations and ordinances and standards for accreditation; and (ii) act in good faith.

10. Facility Insurance. Surgery Center hereby agrees that, during the Term of this Agreement, it shall maintain, at its own expense, with a carrier of recognized responsibility: (a) liability insurance covering Surgery Center with limits of no less than One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate or such other amounts as may be required to comply with any regulatory or contractual requirements to which Surgery Center may be subject (during the Management Term only); and (b) comprehensive liability and property damage insurance covering Surgery Center with limits and in a form reasonably acceptable to Management Company. All such policies shall require that Management Company shall receive at least ten (10) days' written notice prior to any cancellation, termination, reduction or modification of the policy. A duplicate of such policies shall be maintained by Surgery Center on file with Management Company, together with certificates of insurance thereof and evidence by stamping or otherwise of the payment of premiums thereon.

11. Management Company Insurance. Management Company shall maintain in full force and effect general business liability insurance covering Management Company's officers, agents, employees, and independent contractors ("Insured Parties") with limits of liability as is customary in the industry, covering the Insured Parties for acts or omissions in connection with this Agreement. Management Company shall provide Surgery Center with thirty (30) days' prior written notice of material change of cancellation.

12. Indemnification.

A. By Surgery Center. Surgery Center shall, net of any insurance recovery, defend, indemnify and save Management Company harmless from any and all liabilities, claims, actions, losses, damages, expenses and costs (including reasonable attorneys' fees) arising directly or indirectly out of or in connection with the operation of the Facility, or Surgery Center's breach of a material provision of this Agreement (other than with respect to any liability, claim, action, damage, expense or cost which was incurred by reason of Management Company's gross negligence or willful misconduct).

B. By Management Company. Management Company shall, net of any insurance recovery, defend, indemnify and save Surgery Center harmless from any and all

liabilities, claims, actions, losses, damages, expenses and costs (including reasonable attorneys' fees) caused by or arising from the negligence or willful misconduct of Management Company in performing its duties hereunder, or Management Company's breach of a material provision of this Agreement, (other than with respect to any liability, claim, action, damage, expense or cost which was incurred by reason of Surgery Center's gross negligence or willful misconduct).

13. Confidentiality, Ownership of Documents and Records.

A. Confidentiality. As the parties perform their obligations hereunder, each party acknowledges that certain information that it shall acquire from the other party is of a special and unique character and constitutes "Confidential Information." Confidential Information shall include: (a) all documents and other materials, including but not limited to, all memoranda, clinical manuals, handbooks, production books, educational material and audio or visual recordings, that contain information relating to the operation of Surgery Center and/or the Management Company; and (b) all methods, techniques and procedures utilized in providing services to patients in the Facility not readily available through sources in the public domain. Having acknowledged the foregoing, each party agrees: (a) to exercise the same degree of care and protection with respect to the other party's Confidential Information that it exercises with respect to its own Confidential Information, but in no event less than a reasonable degree of care; and (b) not to directly or indirectly disclose, copy, distribute, republish or allow any third party to have access to any Confidential Information of the other party. Notwithstanding the above: (a) Surgery Center may disclose Management Company's Confidential Information to Surgery Center's employees and authorized agents who have a need to know; (b) Management Company may disclose Surgery Center's Confidential Information to its authorized employees who have a need to know or to any potential physician investor in Surgery Center in connection with such physician's potential investment in Surgery Center, as appropriate; and (c) either party may disclose Confidential Information if so required by law (including court order or subpoena), provided that the owner of the Confidential Information may require the disclosing party to request the appropriate court or governmental body to seal the record that shall contain such Confidential Information. Unless otherwise authorized, upon the earlier of termination of this Agreement or request of the disclosing party, the receiving party shall promptly return to the other party that other party's Confidential Information. In addition, neither party hereto shall be liable for the reproduction, disclosure or use of any Confidential Information if such information is (a) publicly available or later becomes available other than through a breach of this Agreement; (b) known to Surgery Center, Management Company or their respective employees, agents or representatives prior to such disclosure or is independently developed by Surgery Center, Management Company or their respective employees, agents or representatives subsequent to such disclosure; or (c) subsequently lawfully obtained by Surgery Center, Management Company or their respective employees, agents or representatives from a third party without obligations of confidentiality.

B. Notification Obligation. The parties shall, upon learning of: (a) any unauthorized disclosure or use of the other party's Confidential Information; or (b) any requirement that a party disclose the other party's Confidential Information by operation of law, regulation or other legal process, notify such party promptly and in writing, and cooperate fully with such other party to protect such party's Confidential Information.

C. Ownership of Surgery Center's Documents and Records. With the exception of all trademarks, trade names, service marks or protected software of the

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Management Company and their related data fields, which shall at all times remain the exclusive property of the Management Company, all documents, records and files of the Surgery Center shall be the exclusive property of the Surgery Center. All policies and procedures implemented by the Management Company on behalf of the Surgery Center shall be the property of the Surgery Center. The parties acknowledge that all policies, procedures and other information used by the Surgery Center are provided exclusively for use in the Facility. The Surgery Center will not distribute, reproduce or sell to any third party, and shall not use such at any time at another ambulatory surgery or diagnostic facility without the prior written approval of the Management Company. Notwithstanding the foregoing, the Management Company shall have the right to use, on an anonymous basis, the technical and business expertise obtained during the course of its engagement hereunder and after the course of such engagement in connection with its management of other facilities, including, without limitation, other surgery centers.

D. Injunctive Relief. The parties acknowledge and agree that any breach of the terms of this Section 14 will result in irreparable harm to the other party, that such party cannot be reasonably or adequately compensated in damages for such breach and that such party shall therefore be entitled, in addition to any other remedies that may be available to such party, to seek any and all equitable remedies including, without limitation, injunctive relief, to prevent such breach and to secure the enforcement thereof.

E. Survival. The terms of this Section 14 shall survive the termination or expiration of this Agreement.

14. Medical and Other Records.

A. All medical and other records or documents prepared by Surgery Center in connection with the care and services it renders to its patients shall be and remain the property of Surgery Center and shall be treated as confidential pursuant to applicable federal and state law; provided, however, that to the extent permissible under applicable law, Management Company shall be permitted (i) reasonable access to such records to enable Management Company to perform its duties hereunder and for any and all other reasonable purposes, and (ii) to copy any and all records for its reasonable business and legal purposes. All records shall remain on file for not less than six (6) years.

B. Surgery Center shall prepare and maintain such medical records in such form and detail as is consistent with accepted medical standards and the requirements of the State of Illinois and shall, to the extent permitted by law, including but not limited to the requirements of the Health Insurance Portability and Accountability Act of 1996, and its corresponding regulations, (collectively, "HIPAA") and professional ethics regarding confidentiality and disclosure of medical information, make such information available to Management Company to the extent permissible to enable Management Company to revise and update Surgery Center's HIPAA compliance plan and to perform its duties hereunder and for any and all other reasonable purposes. For the purposes of this Section 15, Management Company shall be referred to as Surgery Center's Business Associate ("Business Associate"). As a Business Associate, Management Company agrees to enter into a Business Associate Agreement Addendum with Surgery Center, in the form attached hereto as Exhibit A and incorporated herein.

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15. Term and Termination.

A. Development Term. The development term (the "Development Term") of this Agreement shall commence upon the Effective Date and shall continue through the date on which the Facility obtains its state licensure (the "Commencement Date") unless sooner terminated in accordance with this Section 15.

B. Management Term. The Management Term (the "Management Term") of this Agreement shall commence on the Commencement Date and shall continue for five (5) years unless earlier terminated pursuant to this Section 15. Thereafter, the Management Term shall automatically renew for subsequent terms of two (2) years each unless either party gives notice to the other of its election of non-renewal at least ninety (90) days prior to the expiration of the then-current term. The Management Term and the Development Term may be referred to collectively herein as the "Term."

C. Termination. Either party may terminate this Agreement upon the occurrence of any of the following events:

(i) Mutual written agreement of the parties.

(ii) By either party in the event of a material breach of any term or condition hereof by the other party. In such event, the non-breaching party shall notify the breaching party in writing of the specific nature of the breach and shall request that it be cured. If the breaching party does not cure the breach to the reasonable satisfaction of the non-breaching party within thirty (30) days after notice has been given, or such breach is of a nature that it cannot be cured within such thirty (30)-day period, the breaching party has not taken commercially reasonable steps to begin curing such breach and does not thereafter proceed to cure such breach in a diligent manner using its best efforts, the non-breaching party may terminate this Agreement. Such termination shall not preclude the non-breaching party from pursuing any and all additional remedies it may have in law or at equity.

(iii) If either party shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or a substantial part of its assets, or file a voluntary petition in bankruptcy, or admit in writing of its inability to pay its debts as they become due, make a general assignment for the benefit of creditors, file a petition or answer seeking reorganization or arrangement with creditors or take advantage of any insolvency law, or if an order, judgment or decree shall be entered by a court of competent jurisdiction or an application of a creditor, adjudicating such party to be bankrupt or insolvent, or approving a petition seeking reorganization of such party or appointing a receiver, trustee, or liquidator of such party or a substantial part of its assets, and such order, judgment or decree shall continue in effect and unstayed for ninety (90) consecutive calendar days, then the other party may terminate this Agreement upon ten (10) business days' prior written notice to such party in accordance with Section 16C of this Agreement.

D. Termination for Cause.

(i) Notwithstanding anything to the contrary herein, this Agreement will be terminated upon the following events, provided the party seeking termination pursuant to this subsection D must provide the other party with thirty (30) days' prior notice, during which thirty (30) day period the party shall have the opportunity to cure the breach: (a) the suspension or revocation of the license, certification or other legal credential authorizing Surgery Center to provide services hereunder; (b) termination of Surgery Center or Facility's participation in or exclusion from any federal or state health program for reasons related to fraud or failure to comply with certification standards in the rendering of health services; (c) the cancellation or termination of the professional liability insurance required for each party under this Agreement without replacement coverage having been diligently pursued.

(ii) Hospital may terminate this Agreement in whole or in part upon thirty (30) days' prior written notice to Management Company in the event that any of the following does not occur on or before October 31, 2010: (a) Surgery Center accepts subscriptions for membership in the Surgery Center from at least ten (10) qualified physician investors; (b) Surgery Center obtains a Certificate of Need from the Illinois Health Facilities Planning Board; (c) the Board of Managers approves this Agreement, ratifying its execution on behalf of Surgery Center; and (d) Hospital's Board of Directors approves its capitalization of the Surgery Center.

E. Amendment or Termination upon Legal Prohibition of Relationship.

(i) If, in the opinion (the "Opinion") of nationally recognized health care counsel selected by the affected party, it is determined that applicable legislation, regulations, rules or procedures, including judicial or regulatory interpretations or published guidances (collectively referred to herein as a "Law") then in effect or to become effective as of a specified date, would have the effect of: (i) subjecting either party or a member of the Surgery Center to civil or criminal prosecution under state and/or federal laws; (ii) endangering or jeopardizing the exemption of any exempt member of the Surgery Center from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; (iii) endangering or jeopardizing the status of the Surgery Center or any of its members, as providers of health services under the Medicare or Medicaid Sections (or their successors); or (iv) subjecting Surgery Center or any of its members to a material risk of adverse disciplinary action with respect to medical licensure; each on the basis of the continued enforcement of the terms and conditions of this Agreement (each, an "Adverse Legal Effect"); or

(ii) If either party or a member of the Surgery Center receives notice (the "Notice") of an actual or threatened decision, finding, or action by any governmental or private agency or court which is directly applicable to a party to this Agreement in that such party is a direct or indirect party to such action (collectively referred to herein as an "Action"), which Action, if or when implemented, would have an Adverse Legal Effect;

(iii) Then, the Surgery Center or Management Company, as applicable, shall provide to the other party the Opinion or Notice (or a summary of such Opinion or Notice, which summary shall contain all citations of applicable law).

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(iv) The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with the Law or to avoid the Action while preserving, to the extent possible, the economic and governance relationships set forth herein, as applicable, and shall use mutually agreed upon joint legal counsel to the extent practicable. If, within thirty (30) days after providing the Opinion or the Notice to the other party, the parties, acting in good faith, are unable to mutually agree upon amendments to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that amendments to the requirements are impossible or unfeasible, then this Agreement shall automatically terminate upon the earlier of the date sixty (60) days subsequent to the date upon which either party gives the Opinion or the Notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement, and any amounts then due under the Agreement shall be paid to the extent not otherwise precluded by the Law. Any dispute as to whether requirements apply, or are impossible or infeasible shall be subject to mediation and binding arbitration as set forth below in Section 16Q.

F. Effect of Termination. Termination of this Agreement shall not release or discharge either party from any obligation, debt or liability that shall have previously accrued and remain to be performed upon the date of termination.

16. Miscellaneous.

A. Status of Parties. In the performance of the work, duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other party and that no relationship of partnership, joint venture or employment is created by this Agreement. It is expressly understood that both parties shall be responsible for their own employees and shall make no claims to the other for work and vacation pay, sick leave, retirement benefits, social security, worker's compensation, disability or unemployment insurance benefits or employee benefits of any kind. Except as otherwise expressly provided for herein, each party to this Agreement shall be liable only for its own debts and neither party shall be liable for the debts or obligations of the other.

B. Force Majeure. Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith (and be bound by the Limited Renegotiation procedures set forth below) with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.

C. Notices. Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses designated by the parties in writing.

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D. Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement.

E. Amendment. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.

F. No Rights or Liabilities in Third Parties. Except with respect to the protection of Section 16E, this Agreement is not intended to, nor shall it be construed to, create any rights or liabilities in any third parties, including, without limitation, in any physicians employed or engaged by Surgery Center.

G. Governing Law. This Agreement and all questions arising hereunder shall be determined in accordance with the laws of the State Illinois. The site of any such arbitration or dispute resolution (including any litigation) shall be in Chicago, Illinois.

H. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

I. Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to enforce that term or any other term of this Agreement. No amendment, supplement or termination of this Agreement shall affect or impair any rights or obligations which shall have theretofore matured hereunder.

J. Interpretation. All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.

K. Further Actions. Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

L. Assignment and Successors. Neither party hereto may assign this Agreement except with the prior written approval of the other party; provided, however, that any approval of Surgery Center shall be obtained in compliance with its Operating Agreement and conflict of interest policy. This Agreement shall be binding upon and shall inure to the benefit of the parties and their permitted heirs, executors, administrators and assigns.

M. Non-Discrimination. Both parties shall comply with all applicable federal, state and local laws and regulations prohibiting discrimination against employees or patients. Without limiting the generality of the foregoing, (a) neither party shall discriminate against any patient on the basis of age, race, color, sexual orientation, marital status, religion, sex, national origin or sponsor, and (b) both parties shall employ personnel without regard to age, race, color, sexual orientation, religion, sex or national origin.

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N. Access to Books and Records. Management Company shall retain and make available, upon written request of the Secretary of Health and Human Services ("HHS"), the Comptroller General or any of their duly authorized representatives, this Agreement and the books, documents and records necessary to verify the nature and extent of the costs incurred under this Agreement. Management Company shall keep and maintain such books, documents and records until the expiration of six (6) years after the termination of this Agreement. In any subcontract with a value of Ten Thousand Dollars (\$10,000) or more over a twelve (12)-month period which Management Company may enter into with a related organization in order to fulfill its obligations under this Agreement, Management Company agrees to include a provision providing that the subcontractor shall retain and make available, upon request of the Secretary of HHS, the Comptroller General or any of their duly authorized representatives, the subcontract and the books, documents and records necessary to verify the nature and extent of the costs incurred under the subcontract. The subcontractor shall keep and maintain such books, documents and records until the expiration of six (6) years after the termination of the subcontract.

O. Compliance with Regulations. Notwithstanding any other provision in this Agreement to the contrary, Surgery Center shall remain responsible for ensuring that any service provided by the Facility complies with all pertinent provisions of federal, state and local statutes, rules and regulations; provided, however, that it may reasonably rely on guidance, policies, procedures or other direction provided by Management Company pursuant to this Agreement.

P. Survival. Provisions of this Agreement which, by their terms or by reasonable implication, are to be performed after the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement.

Q. Limited Renegotiation; Disputes; Mediation; Binding Arbitration. This Agreement shall be construed to be in accordance with any and all federal and state statutes, including Medicare, Medicaid and all federal and state rules, regulations, principles and interpretations applicable to Surgery Center and Management Company. Section 16E addresses legal developments.

Right to Mediate; Binding Arbitration. Any dispute between the parties relating to this Agreement must first be submitted to non-binding mediation in accordance with procedures agreed upon by the parties. If the dispute is not resolved through mediation within forty-five (45) days of the initial request for mediation or within a time frame otherwise mutually agreed upon by the parties, then the dispute must be submitted for binding arbitration in accordance with this subsection.

Pre-Arbitration Procedure.

I. A dispute shall be submitted to arbitration by notifying the other party hereto in writing of the submission of such dispute to arbitration (the "Arbitration Notice"). The party delivering the Arbitration Notice shall specify therein, to the fullest extent then possible, its version of the facts surrounding the dispute and the amount of any damages and/or the nature of any injunctive or other relief such party claims.

2. The party receiving such Arbitration Notice shall respond within thirty (30) days after receipt thereof in writing (the "Arbitration Response"), stating its version of the facts to the fullest extent then possible and, if applicable, its position as to damages or other relief sought by the party initiating arbitration.

3. The parties shall then endeavor, in good faith, to resolve the dispute outlined in the Arbitration Notice and Arbitration Response. In the event the parties are unable to resolve such dispute within thirty (30) days after receipt of the Arbitration Response, the parties shall initiate the arbitration procedure outlined below.

Arbitration Procedure.

1. If the parties hereto are unable to resolve the dispute within thirty (30) days after receipt of the Arbitration Response as set forth above, then the parties must submit the dispute to binding arbitration in accordance with the American Health Lawyers arbitration program. If the parties are unable to agree on an arbitrator within thirty (30) days after receipt of the Arbitration Response, each of the parties shall, within thirty (30) days after receipt of the Arbitration Response, choose an arbitrator selector ("Selector"). The Selectors shall then have twenty (20) days to select an arbitrator who shall serve as the final arbitrator for the dispute. (The arbitrator chosen by the parties hereto or by the Selectors, as the case may be, shall hereinafter be referred to as the "Arbitrator"). The Arbitrator shall not be an Affiliate of any of the parties hereto.

2. The arbitration shall be held in Chicago, Illinois. The parties shall submit to the Arbitrator the Arbitration Notice and the Arbitration Response and any other facts regarding the dispute of which any party desires to submit.

3. The Arbitrator shall apply the arbitration rules set forth below in making his or her decision. The decision of the Arbitrator shall be rendered within thirty (30) days of the close of the hearing record, shall be in writing and shall contain findings of fact and conclusions of law.

Arbitration Rules.

4. The Arbitrator selected in accordance with the provisions of this subsection Q will be asked, with respect to addressing any Law or Action, to determine the following: (a) whether there is a bona fide Law or Action; (b) if so, are there modifications to the affected term or terms of this Agreement (the "Modifications") that will resolve the Dispute in a manner that substantially maintains the then-existing economic relationships of the parties; and (c) the specific Modifications, if any, to each affected term of the Agreement. Any other dispute will be handled as follows.

5. The Arbitrator shall allow reasonable discovery, which he or she determines is necessary for determination of the issues presented.

6. The Arbitrator shall resolve all factual disputes prior to resolving legal disputes.

7. The Arbitrator shall be guided by, and shall substantially comply with, the then-applicable Federal Rules of Evidence.

8. The Arbitrator is empowered to include in any award made hereunder such relief as the Arbitrator deems appropriate (other than punitive damages), including, without limitation, (i) injunctive relief in addition to or in lieu of monetary damages and (ii) reasonable attorneys' fees and expenses.

9. Should any party refuse or neglect to appear or participate in the arbitration proceedings, including the procedures relating to the selection of an Arbitrator, the participating party may select the Arbitrator and the Arbitrator is empowered to decide the controversy in accordance with whatever evidence is presented.

10. The Arbitrator's award shall be in a form sufficient to clearly inform the parties of the Arbitrator's decision.

Arbitrator's Award Binding. The award of the Arbitrator shall be binding on the parties.

R. Waiver of Trial by Jury. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN CONNECTION WITH ANY ACTION OR PROCEEDING INSTITUTED UNDER OR RELATING TO THIS AGREEMENT, OR ANY OTHER DOCUMENT EXECUTED PURSUANT HERETO, OR IN CONNECTION WITH ANY COUNTERCLAIM RESULTING FROM ANY SUCH ACTION OR PROCEEDING.

* * * * *

S. Representations and Warranties.

Representation and Warranties of Surgery Center. Surgery Center hereby represents and warrants to Management Company that Surgery Center is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Illinois and has full power and authority to carry on its business as it is now being conducted, to own or hold under lease the properties and assets it now owns or holds under lease and to enter into and perform its obligations under this Agreement and under the other agreements, instruments or documents to be entered into under this Agreement.

Representations and Warranties of Management Company. Management Company hereby represents and warrants to Surgery Center that Management Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Nevada, and has full power and authority to carry on its business as it is now being conducted, and to enter into and perform its obligations under this Agreement and under the other agreements, instruments or documents to be entered into pursuant to or in connection with this Agreement. Management Company is not the subject of any lawsuit which if adversely determined, could adversely affect Management Company's ability to perform under this Agreement, nor are there any such actions threatened and Management Company has not received notice of any violation of any federal, state or local laws, regulations or rules.

DRAFT 3-16-10

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement.

SWEDISH COVENANT SURGERY CENTER, LLC

By: _____

Its: _____

REGENT SURGICAL MANAGEMENT, L.L.C.

By: _____

Its: _____

EXHIBIT A

BUSINESS ASSOCIATE AGREEMENT ADDENDUM

THIS BUSINESS ASSOCIATE AGREEMENT ADDENDUM ("Addendum") supplements that certain Development and Management Services Agreement ("Agreement") made and entered into on _____, _____ by and between Swedish Covenant Surgery Center, LLC ("Covered Entity") and Regent Surgical Management, L.L.C. ("Business Associate") (Covered Entity and Business Associate each referred to herein as a "Party," and collectively as the "Parties"), and is effective the _____ day of _____, _____ (the "Effective Date").

WHEREAS

A. The Covered Entity operates a free-standing ambulatory surgery center and, as a "covered entity" is subject to, and must comply with, the provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") as amended from time to time including Sections 13400 through 13424 of the Health Information Technology for Economic Clinical Health Act (the "HITECH Act") and the corresponding Standards for Privacy of Individually Identifiable Health Information (the "Privacy Rule") and Security Standards (the "Security Rule").

B. Business Associate is a contractor that provides development and management services to the Covered Entity that the Covered Entity deems to be a "business associate" under the Privacy Rule and/or Security Rule, and Business Associate wishes to commence or continue its business relationship with the Covered Entity under the Agreement.

C. Business Associate acknowledges that the Covered Entity must comply with HIPAA and its corresponding regulations, and that in order to achieve such compliance, the Agreement must contain certain satisfactory assurances that Business Associate will appropriately safeguard Protected Health Information and Electronic Protected Health Information (collectively referred to herein as "PHI") that it receives from, or creates or receives on behalf of, the Covered Entity.

D. The Covered Entity seeks certain assurances from Business Associate, and Business Associate wishes to provide such assurances to the Covered Entity, to achieve and maintain compliance with the Privacy Rule and Security Rule.

E. By this Addendum, the Covered Entity and Business Associate wish to supplement the terms and conditions of the Agreement to include provisions required by the Privacy Rule and Security Rule in order to bring the relationship between the Parties into compliance therewith.

Now therefore, for and in consideration of the mutual covenants and agreements contained herein, the Covered Entity and Business Associate agree as follows:

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ARTICLE I
DEFINITIONS

Unless otherwise defined herein, terms used in this Addendum shall have the same meaning as those terms defined in the Privacy Rule (45 C.F.R. 160.103 and 164.501) and Security Rule (45 C.F.R. Parts 160, 162 and 164).

ARTICLE II
PERMITTED USES AND DISCLOSURES OF PHI

Pursuant to the Agreement, Business Associate provides management and development services ("Services") for the Covered Entity that involve the use and/or disclosure of PHI. Except as otherwise specified herein, Business Associate may only use or disclose PHI in accordance with the Privacy Rule and Security Rule (as applicable) and only to perform those functions, activities or services for, or on behalf of, the Covered Entity as specified in the Agreement, provided that such use or disclosure would not violate (i) the Privacy Rule or Security Rule if done by the Covered Entity or (ii) the minimum necessary policies and procedures of the Covered Entity.

ARTICLE III
RESPONSIBILITIES OF BUSINESS ASSOCIATE

With regard to its use and/or disclosure of PHI, Business Associate agrees to do the following.

3.1 *Use.* Business Associate agrees to use and/or disclose PHI only as permitted or required by this Addendum or as otherwise required by law.

3.2 *Safeguards.* Business Associate shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the PHI that it creates, receives, maintains or transmits on behalf of Covered Entity, and prevent the use or disclosure of such PHI other than as provided for herein.

3.3 *Reporting to Covered Entity.* Business Associate will immediately report to the Covered Entity any security incident or use or disclosure of PHI of which it becomes aware that is not permitted or required by this Addendum. Such notification shall include the names and contact information of the patients of Covered Entity involved.

3.4 *Mitigation.* In the event that Business Associate uses or discloses PHI in a manner other than as permitted under this Agreement, Business Associate will use its best efforts to mitigate the effects of the use or disclosure. These efforts will include, but not be limited to, ensuring that the improper use of PHI is discontinued immediately, seeking return or destruction of the improperly disclosed PHI, and ensuring that any person to whom PHI was improperly disclosed will not re-disclose such information.

3.5 Agents. Business Associate agrees to require all of its subcontractors and agents that receive, use or have access to PHI under the Agreement to agree, in writing, to adhere to the same restrictions and conditions on the use and/or disclosure of PHI and to implement the same safeguards to protect PHI that apply to Business Associate, and to make such documentation available to Covered Entity at its reasonable request.

3.6 Access to Records. Business Associate agrees to make available all records, books, agreements, policies and procedures relating to the safeguards implemented and the use or disclosure of PHI to the Covered Entity, or at the request of the Covered Entity to the Secretary of the Department of Health and Human Services (the "Secretary"), in a time and manner designated by the Covered Entity or the Secretary, for the purpose of determining the Covered Entity's compliance with the Privacy Rule and/or Security Rule.

3.7 Documentaton of Disclosures. Business Associate agrees to document such disclosures of PHI and information related to such disclosures as would be required for the Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. 164.528. The documentation shall include: (i) the date of the disclosure; (ii) the name of the person receiving the PHI, and, in known, the address of such person; and, (iii) a brief statement of the purpose of the disclosure or, instead of such statement, a copy of the request for disclosure. Business Associate agrees to provide the Covered Entity with documentation of all of Business Associate's disclosures of PHI as may be reasonably requested by Covered Entity to permit the Covered Entity to respond to an Individual's request for an accounting of the disclosures of PHI in accordance with 45 C.F.R. 164.528.

3.8 Access to Designated Record Set. Business Associate agrees to provide access to the Covered Entity, or to an individual as directed by the Covered Entity, to PHI contained in a Designated Record Set in the time and manner designated by the Covered Entity.

3.9 Amendments to Designated Record Set. Business Associate agrees to make any amendment(s) to PHI contained in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 C.F.R. 164.526.

3.10 Minimum Necessary. Business Associate agrees to request from the Covered Entity, and disclose to its subcontractors, agents or applicable third parties, only the minimum PHI necessary to fulfill a specific function required or permitted hereunder.

3.11 Business Associate Red Flags Rule Warranty. As applicable, Business Associate warrants that it (i) has implemented a Red Flags Program in accordance with Federal Trade Commission's Identity Theft Prevention Red Flags Rule, 16 C.F.R. § 681.1 *et seq.*, which also addresses the protection of certain information included in PHI, or (ii) agrees to comply with Covered Entity's Red Flags Program, which also addresses certain information included in PHI.

ARTICLE IV
RESPONSIBILITIES OF THE COVERED ENTITY

With regard to the use or disclosure of PHI by Business Associate, the Covered Entity hereby agrees to do the following.

- a. Provide Business Associate with the notice of privacy practices that the Covered Entity produces in accordance with 45 C.F.R. 164.520, as well as inform Business Associate of any changes to such notice.
- b. Inform Business Associate of any changes in, or revocation of, an individual's consent or authorization to use or disclose PHI, if such changes affect Business Associate's permitted or required uses and disclosures.
- c. Notify Business Associate of any restriction to the use or disclosure of PHI in its notice of privacy practices to the extent that such restriction may affect Business Associate's use or disclosure of PHI.
- d. Request Business Associate to use or disclose PHI only in a manner permissible under the Privacy Rule or Security Rule if done by the Covered Entity.

ARTICLE V
TERM AND TERMINATION

5.1 Term. This Addendum shall become effective on the Effective Date and shall continue in effect until all of the PHI provided by the Covered Entity to Business Associate, or created or received by Business Associate on behalf of the Covered Entity, is (i) destroyed and documentation of such destruction is provided to the Covered Entity, (ii) returned to the Covered Entity or (iii) if it is infeasible to return or destroy such PHI, until protections are extended to such information in accordance with Section 5.3.

5.2 Termination by the Covered Entity for Cause. Upon the Covered Entity's knowledge of a material breach of this Addendum by Business Associate with respect to the Privacy Rule, the Covered Entity shall provide Business Associate an opportunity to cure the breach or end the violation and terminate this Addendum and the Agreement if Business Associate does not cure the breach or end the violation within the time period specified by the Covered Entity, or immediately terminate this Addendum and the Agreement if Business Associate has breached a material term of this Addendum and cure is not possible. If neither cure nor termination is feasible, the Covered Entity shall report the violation to the Secretary. If the Covered Entity determines that Business Associate has violated a material term of the Addendum with respect to the Security Rule, the Covered Entity may immediately terminate this Addendum and the Agreement without providing Business Associate an opportunity to cure the breach.

5.3 Effect of Termination. Except as otherwise provided in this Section 5.3, Business Associate agrees to return or destroy all PHI received from the Covered Entity, or created or received by Business Associate on behalf of the Covered Entity, upon termination of

this Addendum for any reason. Business Associate also agrees to provide the Covered Entity with documentation of the destruction of PHI. This provision shall also apply to PHI that is in the possession of subcontractors or agents of Business Associate. In the event that Business Associate determines that returning or destroying PHI is infeasible, Business Associate shall provide the Covered Entity with notification of the conditions that make return or destruction infeasible. Upon the mutual agreement of the Parties that the return or destruction of PHI is infeasible, Business Associate shall extend the protections of this Addendum to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.

ARTICLE VI
INDEMNIFICATION AND LIMITATION OF LIABILITY

6.1 *Indemnification.* Business Associate shall defend, indemnify and hold harmless the Covered Entity, its affiliates, officers, directors, employees and agents, from and against any claims or liabilities, and shall pay all losses, damages, liabilities, claims and actions, and all related expenses (including reasonable attorneys' fees and expenses) based on or arising out of any breach or alleged breach by Business Associate or any agent of Business Associate (including, but not limited to, subcontractors) of any duty or obligation of the Agreement or this Addendum that pertains in any way, directly or indirectly, to PHI or the protection of the confidentiality thereof.

6.2 *Patient Notifications Indemnification.* In the event Covered Entity is required, pursuant to HIPAA (the HITECH Act requirements), to notify Individuals that their PHI has been impermissibly disclosed due to a breach of this Addendum, Business Associate further agrees to indemnify Covered Entity for all reasonable costs, expenses, and fees related to the breach notification.

6.3 *Limitation of Liability.* The indemnification provisions of Article VI shall in no event be subject to any limitation of liability or damages set forth in the Agreement, and no express or implied agreement or arrangement between the Parties shall in any way reduce or limit Business Associate's liability therefor.

ARTICLE VII
MISCELLANEOUS

7.1 *Regulatory References.* References in this Addendum to a section in the Privacy Rule and/or Security Rule shall refer to the section in effect or as amended.

7.2 *Survival.* The respective rights and obligations of Business Associate and the Covered Entity under the provisions of this Addendum shall survive termination of this Addendum.

7.3 *Changes, Modifications or Alterations.* The Parties agree to take such action to amend this Addendum from time to time as is necessary for the Covered Entity to comply with the Privacy Rule and/or Security Rule. No changes or modifications of this Addendum shall be

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valid unless the same shall be in writing and signed by both Covered Entity and Business Associate.

7.4 *Counterparts.* This Addendum may be executed in any number of counterparts, each of which shall be deemed original, but all such counterparts together shall constitute one and the same instrument. Facsimile copies hereof shall be deemed to be originals.

7.5 *Interpretation.* Any ambiguity in this Addendum shall be resolved in favor of a meaning that permits the Covered Entity to comply with the Privacy Rule, Security Rule and the HITECH Act.

7.6 *Governing Law.* This Addendum has been executed and delivered in, and shall be interpreted, construed and enforced pursuant to and in accordance with the laws of the State of Illinois, without regard to its conflicts of law principles.

7.7 *Notices.* Any notice required or permitted to be given hereunder shall be in writing and shall be (i) personally delivered, (ii) transmitted by postage pre-paid first class certified United States mail, (iii) transmitted by pre-paid, overnight delivery with delivery tracking service, or (iv) transmitted by facsimile transmission. All notices and other communications shall be deemed to have been duly given, received and effective on (i) the date of receipt if delivered personally, (ii) three (3) business days after the date of posting if transmitted by mail, (iii) the business day after the date of transmission if by overnight delivery with proof of delivery, or (iv) if transmitted by facsimile transmission, the date of transmission with confirmation by the originating facsimile transmission machine of receipt by the receiving facsimile machine of such transmission, addressed to the Parties at the addresses below:

Covered Entity:	Business Associate:
<hr/> <hr/> <hr/> <hr/>	Regent Surgical Management, LLC 4 Westbrook Corporate Center, Suite 440, Westchester, Illinois 60154

or to such other address, or to the attention of such other person(s) or officer(s), as either Party may designate by written notice to the other Party.

7.8 *Incorporation.* Any provisions now or hereafter required to be included in this Addendum by applicable state or federal law, including without limitation, the Privacy Rule, the Security Rule and the HITECH Act, or by the Department of Health and Human Services or the Centers for Medicare and Medicaid Services shall be binding upon and enforceable against the Parties and be deemed incorporated herein, irrespective of whether or not such provisions are expressly set forth in this Addendum or elsewhere in the Agreement.

7.9 *Severability.* The provisions of this Addendum shall be deemed severable, and, if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of the Addendum shall be effective and binding upon the Parties.

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7.10 Waiver. A waiver of any provision of this Addendum must be in writing, signed by the Parties hereto. The waiver by either Party of any provision of this Addendum or the failure of any Party to insist on the performance of any of the terms or conditions of this Addendum shall not operate as, nor be construed to be, a waiver or the relinquishment of any rights granted hereunder and the obligation of the Parties with respect thereto shall continue in full force and effect.

7.11 Force and Effect. The Parties acknowledge and agree that this Addendum shall be of no force and effect unless and until a duly authorized representative of each party has signed the following signature page where indicated.

[signature page attached]

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IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the day herein first above written.

SWEDISH COVENANT SURGERY CENTER, LLC

By: _____

Its: _____

REGENT SURGICAL MANAGEMENT, L.L.C.

By: _____

Its: _____

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EXHIBIT B
PERFORMANCE CRITERIA

<u>Performance Category</u> [THESE ARE EXAMPLES - TO BE DETERMINED]	<u>Target***</u>
Aging of Accounts Receivable (days of revenue in A/R)	To be determined
Supply Costs Per Case (not incl. implants)**	To be determined
Labor Costs Per Case (all)**	To be determined
Total Expenses Per Case (no interest or depreciation)**	To be determined
Patient Satisfaction**	To be determined
Employee Turnover	To be determined
Case Volume	To be determined

Each of the seven (7) criteria shall be equally counted toward payment of the Performance Fee that will be paid to Management Company if certain criteria are satisfied. If Management Company satisfies one or more, but not all, of the criteria, it will be entitled to the percentage of the Performance Fee that represents the number of criteria satisfied out of the seven. For example, if one of the seven criteria is satisfied, Management Company will receive 1/7th of the Performance Fee.

** RSH will provide suggestions and recommendations to the Board of Managers regarding these items. However, the actual results depend largely on the decision and action of the Members and users of the Surgical Center.

*** The actual targets shall be mutually agreed to in good faith by RSH and the Company on a periodic basis.

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EXHIBIT C

SECTION _ OF OPERATING AGREEMENT

[To Come]

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