

11-018

Roate, George

From: Kasparie, Betty [Betty.Kasparie@blessinghealthsystem.org]
Sent: Wednesday, April 20, 2011 12:28 PM
To: Roate, George
Subject: FW: Scanned image from BLESSING HOSPITAL
Attachments: administration@blessinghospital.com_20110420_123904.pdf

George, attached please find the requested information necessary to complete the Blessing Hospital application. If this does not meet the need, please let me know so I am able to respond to you in a timely manner. Thank you for your help and clarification in completing certain sections.

Betty Kasparie
Vice President Corporate Compliance
Blessing Corporate Services
Broadway at 11th, P.O. box 7005
Quincy, Illinois, 62305-7005

217-223-8400 Extension 6808
217-223-6891 Fax

RECEIVED

APR 20 2011

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

-----Original Message-----

From: Administration On Behalf Of administration@
Sent: Wednesday, April 20, 2011 1:39 PM
To: Kasparie, Betty
Subject: Scanned image from BLESSING HOSPITAL

DEVICE NAME: BLESSING HOSPITAL
DEVICE MODEL: MX-M450N
LOCATION: ADMINISTRATION

FILE FORMAT: PDF MMR(G4)
RESOLUTION: 300dpi x 300dpi

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11-018

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

APR 20 2011

This Section must be completed for all projects.

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name: Blessing Hospital at 11th Street
Street Address: 1005 Broadway Street
City and Zip Code: Quincy 62305
County: Adams Health Service Area E-05 Health Planning Area: 03

Applicant /Co-Applicant Identification

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

Exact Legal Name: Blessing Hospital
Address: 1005 Broadway Street
Name of Registered Agent: Maureen A. Kahn
Name of Chief Executive Officer: Maureen A. Kahn
CEO Address: 1005 Broadway Street
Telephone Number: (217) 223-8400, ext. 6807

Type of Ownership of Applicant/Co-Applicant

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

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

APPEND DOCUMENTS AS ATTACHMENTS IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

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

Name: Betty J. Kasparie
Title: Vice President, Corporate Compliance
Company Name: Blessing Corporate Services, Inc.
Address: 1005 Broadway Quincy, Illinois 62305
Telephone Number: (217) 223-8400, ext. 6808
E-mail Address: bkasparie@blessinghealthsystem.com
Fax Number: (217) 223-6891

Additional Contact

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

Name: Jerry R. Jackson
Title: Vice President, Engineering & Facility Development
Company Name: Blessing Corporate Services, Inc.
Address: 1005 Broadway Quincy, Illinois 62305
Telephone Number: (217) 223-8400, ext. 6702
E-mail Address: jjackson@blessinghealthsystem.com
Fax Number: (217) 223-6891

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. Include observation days in the patient day totals for each bed service. Any bed capacity discrepancy from the inventory will result in the application being deemed incomplete.

FACILITY NAME: Blessing Hospital - 11th		CITY: Quincy			
REPORTING PERIOD DATES: From: Jan. 1, 2010 to: Dec. 31, 2010					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	200	8656	38749	(42)	158
Obstetrics	25	1358	2930	0	25
Pediatrics	20	805	2035	0	20
Intensive Care	25	1190	5366	0	25
Comprehensive Physical Rehabilitation	18	394	4788	0	18
Acute/Chronic Mental Illness	—				41
Neonatal Intensive Care	—				
General Long Term Care	20	499	6105	0	20
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
TOTALS:	308	12902	59973	(42)	307

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds - Review Criteria
- Section 1120.130 Financial Viability - Review Criteria
- Section 1120.140 Economic Feasibility - Review Criteria, subsection (a)

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: Indicate the dollar amount to be provided from the following sources:

	a) Cash and Securities - statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: <ol style="list-style-type: none"> 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
	b) Pledges - for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
	c) Gifts and Bequests - verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
	d) Debt - a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: <ol style="list-style-type: none"> 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
	e) Governmental Appropriations - 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, a copy of a resolution or other action of the governmental unit attesting to this intent;
	f) Grants - a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
	g) All Other Funds and Sources - verification of the amount and type of any other funds that will be used for the project.
	TOTAL FUNDS AVAILABLE

APPEND DOCUMENTATION AS ATTACHMENT 39 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) 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. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

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

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT 42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for **ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:**

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.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)	Year	Year	Year
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			

Project Costs and Sources of Funds

USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning costs	\$10,943	\$7,601	\$18,544
Site Survey and Soils Investigation	\$20,064	\$13,936	\$34,000
Site Preparation	\$0	\$2,518,299	\$2,518,299
Off Site Work			
New Construction Contracts	31,734,795	21,287,171	\$53,021,966
Modernization Contracts	\$0	\$754,912	\$754,912
Contingencies	\$2,928,836	\$2,034,286	\$4,963,122
Architectural/Engineering Fees	\$1,808,883	\$1,256,399	\$3,065,282
Consulting and Other Fees	\$194,639	\$135,191	\$329,830
Movable or Other Equipment (not in construction contracts)	\$1,362,530	\$182,470	\$1,545,000
Bond Issuance Expense (project related)	\$342,000	\$258,000	\$600,000
Net Interest Expense During Construction (project related)	\$2,039,852	\$1,538,835	\$3,578,687
Fair Market Value of Leased Space or Equipment			
Other Costs to be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USE OF FUNDS			\$70,429,642
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			\$33,429,642
Pledges			\$ 7,000,000
Gifts and Bequests			
Bond Issues (project related)			\$30,000,000
Mortgages			
Leases (fair market value)			
Government Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			\$70,429,642

B BLESSING HOSPITAL

www.blessinghealthsystem.org

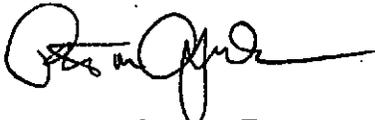
April 18, 2011

Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Blessing Hospital Category B Project Application

Per Section 1120.140 (B.) "Conditions of Debt Financing", of the Blessing Hospital Category B Project Application, I attest that the selected form of debt financing for the project will be at the lowest net cost available.

Sincerely,



Patrick M. Gerveler, Treasurer
Blessing Hospital

Economic Feasibility

C. Reasonableness of Project and Related Costs

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department	A	B	C	D	E	F	G	H	Total
	Cost/Square Foot		Gross Sq. Ft.		Gross Sq. Ft.		Const. \$	Mod. \$	Cost
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Med-Surg Units	339	-	49,960	38%	-	-	16,941,979	-	16,941,979
Psych Units	404	-	34,490	38%	-	-	13,927,282	-	13,927,282
Infusion Area	273	-	3,170	29%	-	-	865,523	-	865,523
Public space/circulation/elevators	277	132	18,160	100%	450	100%	6,025,257	59,297	6,084,554
Mechanical	207	-	23,570	0%	-	-	4,889,973	-	4,889,973
Storage	252	-	2,847	20%	-	-	717,424	-	717,424
Purchasing & Central Stores	222	-	3,453	20%	-	-	768,235	-	768,235
Housekeeping	222	-	127	20%	-	-	28,255	-	28,255
Food & Nutrition/ Dining	327	-	3,640	20%	-	-	1,191,514	-	1,191,514
Info. Systems/Telecomm.	-	38	-	-	2,000	29%	-	75,075	75,075
College of Nursing	310	132	1,155	29%	3,000	29%	358,551	395,315	753,866
Shell Space/ Unassigned	189	-	17,600	0%	-	-	3,331,596	-	3,331,596
Light Wells/ Open to Below	206	-	2,065	0%	-	-	424,639	-	424,639
Exterior walls/partitions	181	-	12,453	0%	-	-	2,258,653	-	2,258,653
Site Development							2,518,289	-	2,518,289
Total Construction			172,680		6,450		53,247,191	529,687	53,776,878
Contingency (8.23%)									4,863,122
TOTALS									58,740,000

D. Projected Operating Costs

2015
\$1,086.00

E. Total Effect of the Project on Capital Costs

2015
\$118.00

Comparisons to Appendix A

Section 1120. Appendix A Financial and Economic Review Standards

a.1	Preplanning Costs		Cost plus Cont	Equipment	Total	Preplanning costs
	Not to exceed	1.80%	\$58,740,000	\$1,545,000	\$60,285,000	\$1,085,130
	Actual Costs					\$18,544
a.2	Site survey and preparation costs					Site Survey & Prep Costs
	Not to exceed	5.00%	\$58,740,000			\$2,937,000
	Estimated/Actual costs	survey	\$34,000	budget \$	\$2,518,299	\$2,552,299
a.3	New Construction and Moderization Costs per GSF				Costs	per GSF
	3rd Quartile Means					
	Estimated	\$53,776,878	178,130	GSF	\$302	per GSF
a.4	Contingencies					
	Allowable	10.00%				
	Proposed Contingency	9.23%				
a.5	New Construction or Moderrnization Fees & Arch/Eng Fees					
	A New Construction					
	allowable	4.86-7.30%				
	fees	6.31%				
	B Modernization					
	allowable	4.95-7.43%				
	fees	6.31%				
a.6	Capital Equipment					
		Not applicable				
a.7	Net Interest Expense					
		\$3,578,687				

Safety Net Impact Statement

1. The project as proposed will not materially impact the safety net services provided in our community.
2. The project as proposed will not materially impact the cross-subsidizing of safety net services provided in our community.
3. As long as the Board approves the project as proposed, close the 14th Street services and establish mental health at the 11th Street Campus, there would be no material impact to the remaining safety net providers in our community.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	2010	2009	2008
Inpatient	642	281	290
Outpatient	2,199	960	1,211
Total	2,841	1,241	1,501
Charity (cost in dollars)			
Inpatient	3,489,684	1,547,563	1,712,620
Outpatient	1,872,110	917,685	978,215
Total	5,361,794	2,465,248	2,690,835
MEDICAID			
Medicaid (# of patients)	2010	2009	2008
Inpatient	2,426	2,426	2,259
Outpatient	26,488	26,488	23,431
Total	28,914	28,914	25,690
Medicaid (revenue) NET			
Inpatient	3,583,136	6,033,747	4,340,825
Outpatient	14,021,126	13,564,929	6,584,598
Total	17,604,262	19,598,676	10,925,423