— ORIGINAL —

12-071

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED
AUG 07 2012
HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Carle Foundation Hospital			
Street Address: 611 West Park Street			
City and Zip Code: Urbana, Illinois 61801			
County: Champaign	Health Service Area	HSA-4	Health Planning Area: D-1

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Carle Foundation Hospital
Address: 611 West Park Street
Name of Registered Agent: James C. Leonard, MD
Name of Chief Executive Officer: James C. Leonard, MD
CEO Address: 611 West Park Street, Urbana IL, 61801
Telephone Number: 217-383-3220

Type of Ownership of Applicant/Co-Applicant

X	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☐	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 DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

Name: Fred Segovich
Title: Manager, Project Management
Company Name: Carle Foundation Hospital
Address: 611 West Park Street, Urbana IL, 61801
Telephone Number: 217-383-3662
E-mail Address: fred.segovich@carle.com
Fax Number: 217-383-3232

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

Name: Kara Friedman
Title: Attorney
Company Name: Polsinelli Shughart
Address: 161 N. Clark Street, Suite 4200, Chicago IL, 60601
Telephone Number: 312-873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number: 312-819-1910

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: The Carle Foundation Hospital
Street Address: 611 West Park Street
City and Zip Code: Urbana, Illinois 61801
County: Champaign Health Service Area HSA-4 Health Planning Area: D-1

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: The Carle Foundation
Address: 611 West Park Street
Name of Registered Agent: James C. Leonard, MD
Name of Chief Executive Officer: James C. Leonard, MD
CEO Address: 611 West Park Street, Urbana IL, 61801
Telephone Number: 217-383-3220

Type of Ownership of Applicant/Co-Applicant

X	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☐	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 DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

Name: Fred Segovich
Title: Manager, Project Management
Company Name: Carle Foundation Hospital
Address: 611 West Park Street, Urbana IL, 61801
Telephone Number: 217-383-3662
E-mail Address: fred.segovich@carle.com
Fax Number: 217-383-3232

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

Name: Kara Friedman
Title: Attorney
Company Name: Polsinelli Shughart
Address: 161 N. Clark Street, Suite 4200, Chicago IL, 60601
Telephone Number: 312-873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number: 312-819-1910

Post Permit Contact

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

Name: Fred Segovich
Title: Manager, Project Management
Company Name: Carle Foundation Hospital
Address: 611 West Park Street, Urbana IL, 61801
Telephone Number: 217-383-3662
E-mail Address: fred.segovich@carle.com
Fax Number: 217-383-3232

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: The Carle Foundation
Address of Site Owner: 611 West Park Street, Urbana IL, 61801
Street Address or Legal Description of Site: 611 West Park Street, Urbana IL, 61801 **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.**

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: Carle Foundation Hospital
Address: 611 West Park Street, Urbana IL, 61801

X	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☐	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.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

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

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

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

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** 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.hfsrb.illinois.gov)**.

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT

1. Project Classification

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

Part 1110 Classification:	Part 1120 Applicability or Classification: [Check one only.]
☐ Substantive	☐ Part 1120 Not Applicable
X Non-substantive	☐ Category A Project
	X Category B Project
	☐ DHS or DVA Project

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms, NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Carle Foundation Hospital (the "Hospital") located at 611 West Park Street in Urbana, Illinois proposes to modernize and expand the Hospital's Emergency Department at a cost of $18,500,000.

The planned expansion will involve a one story addition to the existing facility in the space between the existing Emergency Department and the new bed tower which is currently under construction. In addition to the construction of the addition to provide for a larger Emergency Department, portions of the existing Emergency Department space will be remodeled. The project will include 8,622 gsf of new construction and 5,220 gsf of modernization of existing space.

With specific reference to the bed tower which is currently under consideration pursuant to HFSRB permit number 08-013, the adjacency will be as follows. The addition to the Emergency Department will abut the south side of the new bed tower. Accordingly, rather than finishing this wall of the bed tower as an exterior wall it will connect the Emergency Department addition area of the Hospital to the new bed tower. Further, the corridor previously planned as a connector to the bed tower from the Hospital, will be configured for such ingress and egress but will also accommodate a physician on-call lounge.

The project is a non-substantive project, according to Section 1110.40 of the Administrative Code, because the project is not proposing construction of a new or replacement facility, proposing a new category of service, discontinuing an existing service, or proposing a change in bed capacity.

The project is a Category B project, according to Section 1120.20 of the Administrative Code, because the project cost is above the $2M Category B threshold.

Project Costs and Sources of Funds

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-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	150,000	0	150,000
Site Survey and Soil Investigation	25,000	0	25,000
Site Preparation	250,000	0	250,000
Off Site Work	0	0	0
New Construction Contracts	5,668,200	0	5,668,200
Modernization Contracts	2,101,100	0	2,101,100
Contingencies	1,000,000	0	1,000,000
Architectural/Engineering Fees	835,755	0	835,755
Consulting and Other Fees	429,945	0	429,945
Movable or Other Equipment (not in construction contracts)	8,040,000	0	8,040,000
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	0	0
Acquisition of Building or Other Property (excluding land)	0	0	0
TOTAL USES OF FUNDS	18,500,000	0	18,500,000
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	1,850,000	0	1,850,000
Pledges	0	0	0
Gifts and Bequests	0	0	0
Bond Issues (project related)	16,650,000	0	16,650,000
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	18,500,000	0	18,500,000

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 ☐ Yes ☒ No
Purchase Price: $_____
Fair Market Value: $_____

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ 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 $ _____.

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary
☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): _12/31/14_____

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
☒ Project obligation will occur after permit issuance.

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

State Agency Submittals

Are the following submittals up to date as applicable:
☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. 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.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Emergency Dept	9,593,121	4,242	10,277	6,035	4,242	0	0
Diagnostic Radiology	5,870,989	978	2,703	1,725	978	0	0
MRI	3,035,890	0	862	862	0	0	0
Total Clinical	18,500,000	5,220	13,842	8,622	5,220	0	0
NON REVIEWABLE							
Total Non-clinical	18,500,000	5,220	13,842	8,622	5,220	0	0
TOTAL	18,500,000	5,220	13,842	8,622	5,220	0	0

APPEND DOCUMENTATION AS ATTACHMENT-9, 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. 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: Carle Foundation Hospital		**CITY: Urbana, Illinois**			
REPORTING PERIOD DATES:		**From: January 1, 20111**		**to: December 31, 2011**	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	205	13,160	57,966	0	0
Obstetrics	28	2,713	7,379	0	0
Pediatrics	20	876	2,476	0	0
Intensive Care	32	881	7,079	0	0
Comprehensive Physical Rehabilitation	15	397	4,564	0	0
Acute/Chronic Mental Illness	0	0	0	0	0
Neonatal Intensive Care	25	491	6,298	0	0
General Long Term Care	0	0	0	0	0
Specialized Long Term Care	0	0	0	0	0
Long Term Acute Care	0	0	0	0	0
Other ((identify)	0	0	0	0	0
TOTALS:	325	18,518	85,762	0	0

CERTIFICATION

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

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

This Application for Permit is filed on the behalf of _____The Carle Foundation 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.

SIGNATURE

James C. Leonard, MD
PRINTED NAME

President and CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 2nd day of August 2012

Signature of Notary

Seal "OFFICIAL SEAL" MOLLY JACKSON Notary Public, State of Illinois My commission expires 03/23/15

SIGNATURE

John Snyder
PRINTED NAME

Executive Vice President and COO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 2nd day of August 2012

Signature of Notary

Seal "OFFICIAL SEAL" MOLLY JACKSON Notary Public, State of Illinois My commission expires 03/23/15

*Insert EXACT legal name of the applicant

CERTIFICATION

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

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

This Application for Permit is filed on the behalf of The Carle Foundation* 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

James C. Leonard, MD
PRINTED NAME

President and CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 2nd day of August 2012

Signature of Notary

Seal "OFFICIAL SEAL"
MOLLY JACKSON
Notary Public, State of Illinois
My commission expires 03/23/15

SIGNATURE

John Snyder
PRINTED NAME

Executive Vice President and COO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 2nd day of August 2012

Signature of Notary

Seal "OFFICIAL SEAL"
MOLLY JACKSON
Notary Public, State of Illinois
My commission expires 03/23/15

*Insert EXACT legal name of the applicant

SECTION II. DISCONTINUATION (Not Applicable)

This Section is applicable to any project that involves discontinuation of a health care facility or a category of service. **NOTE:** If the project is solely for discontinuation and if there is no project cost, the remaining Sections of the application are not applicable.

Criterion 1110.130 - Discontinuation

READ THE REVIEW CRITERION and provide the following information:

GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that is to be discontinued.
2. Identify all of the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued, and the length of time the records will be maintained.
6. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 60 days following the date of discontinuation.

REASONS FOR DISCONTINUATION

The applicant shall state the reasons for discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.130(b) for examples.

IMPACT ON ACCESS

1. Document that the discontinuation of each service or of the entire facility will not have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.
3. Provide copies of impact statements received from other resources or health care facilities located within 45 minutes travel time, that indicate the extent to which the applicant's workload will be absorbed without conditions, limitations or discrimination.

APPEND DOCUMENTATION AS ATTACHMENT-10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

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

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

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

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

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 **as appropriate**.

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

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

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

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

SECTION 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. **This must be a narrative.**

2. If the gross square footage exceeds the BGSF/DGSF 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 space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	**PROPOSED BGSF/DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**
Emergency Department				Yes

APPEND DOCUMENTATION AS ATTACHMENT-14, 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. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	**HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.**	**PROJECTED UTILIZATION**	**STATE STANDARD**	**MET STANDARD?**
YEAR 1					
YEAR 2					

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

UNFINISHED OR SHELL SPACE: (Not Applicable)

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-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES: (Not Applicable)

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-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION V. - MASTER DESIGN AND RELATED PROJECTS (Not Applicable)

This Section is applicable only to proposed master design and related projects.

Criterion 1110.235(a) - System Impact of Master Design

Read the criterion and provide documentation that addresses the following:

1. The availability of alternative health care facilities within the planning area and the impact that the proposed project and subsequent related projects will have on the utilization of such facilities;

2. How the services proposed in future projects will improve access to planning area residents;

3. What the potential impact upon planning area residents would be if the proposed services were not replaced or developed; and

4. The anticipated role of the facility in the delivery system including anticipated patterns of patient referral, any contractual or referral agreements between the applicant and other providers that will result in the transfer of patients to the applicant's facility.

Criterion 1110.235(b) - Master Plan or Related Future Projects

Read the criterion and provide documentation regarding the need for all beds and services to be developed, and also, document the improvement in access for each service proposed. Provide the following:

1. The anticipated completion date(s) for the future construction or modernization projects; and

2. Evidence that the proposed number of beds and services is consistent with the need assessment provisions of Part 1100; or documentation that the need for the proposed number of beds and services is justified due to such factors, but not limited to:

   a. limitation on government funded or charity patients that are expected to continue;
   b. restrictive admission policies of existing planning area health care facilities that are expected to continue;
   c. the planning area population is projected to exhibit indicators of medical care problems such as average family income below poverty levels or projected high infant mortality.

3. Evidence that the proposed beds and services will meet or exceed the utilization targets established in Part 1100 within two years after completion of the future construction of modernization project(s), based upon:

   a. historical service/beds utilization levels;
   b. projected trends in utilization (include the rationale and projection assumptions used in such
   c. projections);
   d. anticipated market factors such as referral patterns or changes in population characteristics (age, density, wellness) that would support utilization projections; and
   anticipated changes in delivery of the service due to changes in technology, care delivery techniques or physician availability that would support the projected utilization levels.

Criterion 1110.235(c) - Relationship to Previously Approved Master Design Projects

READ THE CRITERION which requires that projects submitted pursuant to a master design permit are consistent with the approved master design project. Provide the following documentation:

1. Schematic architectural plans for all construction or modification approved in the master design permit;

2. The estimated project cost for the proposed projects and also for the total construction/modification projects approved in the master design permit;

3. An item by item comparison of the construction elements (i.e. site, number of buildings, number of floors, etc.) in the proposed project to the approved master design project; and

4. A comparison of proposed beds and services to those approved under the master design permit.

APPEND DOCUMENTATION AS ATTACHMENT-18, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VI - MERGERS, CONSOLIDATIONS AND ACQUISITIONS/CHANGES OF OWNERSHIP (Not Applicable)

This Section is applicable to projects involving merger, consolidation or acquisition/change of ownership.

NOTE: For all projects involving a change of ownership THE TRANSACTION DOCUMENT must be submitted with the application for permit. The transaction document must be signed dated and contain the appropriate contingency language.

A. Criterion 1110.240(b), Impact Statement

Read the criterion and provide an impact statement that contains the following information:

1. Any change in the number of beds or services currently offered.
2. Who the operating entity will be.
3. The reason for the transaction.
4. Any anticipated additions or reductions in employees now and for the two years following completion of the transaction.
5. A cost-benefit analysis for the proposed transaction.

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

1. The current admission policies for the facilities involved in the proposed transaction.
2. The proposed admission policies for the facilities.
3. A letter from the CEO certifying that the admission policies of the facilities involved will not become more restrictive.

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

1. Explain what the impact of the proposed transaction will be on the other area providers.
2. List all of the facilities within the applicant's health care system and provide the following for each facility.
   a. the location (town and street address);
   b. the number of beds;
   c. a list of services; and
   d. the utilization figures for each of those services for the last 12 month period.
3. Provide copies of all present and proposed referral agreements for the facilities involved in this transaction.
4. Provide time and distance information for the proposed referrals within the system.
5. Explain the organization policy regarding the use of the care system providers over area providers.
6. Explain how duplication of services within the care system will be resolved.
7. Indicate what services the proposed project will make available to the community that are not now available.

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

SECTION VII - SERVICE SPECIFIC REVIEW CRITERIA (See Section R, others Not Applicable)

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:

R. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:
2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
Emergency Department	**16 Acute ED**	**32 Acute ED**
Emergency Department	**6 Trauma**	**7 Trauma**
Emergency Department	**1 Safe**	**2 Safe**
Emergency Department	**1 Gynecology**	**1 Gynecology**
Emergency Department	**9 Low Acuity**	**9 Low Acuity**

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) –	Need Determination – Establishment
Service Modernization	(c)(1) –	Deteriorated Facilities
		and/or
	(c)(2) –	Necessary Expansion
		PLUS
	(c)(3)(A) –	Utilization – Major Medical Equipment
		Or
	(c)(3)(B) –	Utilization – Service or Facility

APPEND DOCUMENTATION AS ATTACHMENT-37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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 (Not Applicable)

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: 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: 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.

IX. 1120.130 - Financial Viability (Not Applicable)

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. **All of the projects capital expenditures are completely funded through internal sources**
2. **The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent**
3. **The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.**

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

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.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility (Not Applicable)

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	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. 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 (Not Applicable)

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)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

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

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	2011	2010	2009
Net Patient Revenue	$395,467,000	$371,429,000	$329,988,000
Amount of Charity Care (charges)	$70,120,870	$31,462,685	$23,295,071
Cost of Charity Care	$15,232,826	$8,937,069	$7,800,807

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

File Number 5274-755-4

STATE OF ILLINOIS

OFFICE OF THE 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

THE CARLE FOUNDATION HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 28, 1982, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 24TH *day of* JULY *A.D.* 2012 .

Jesse White

SECRETARY OF STATE

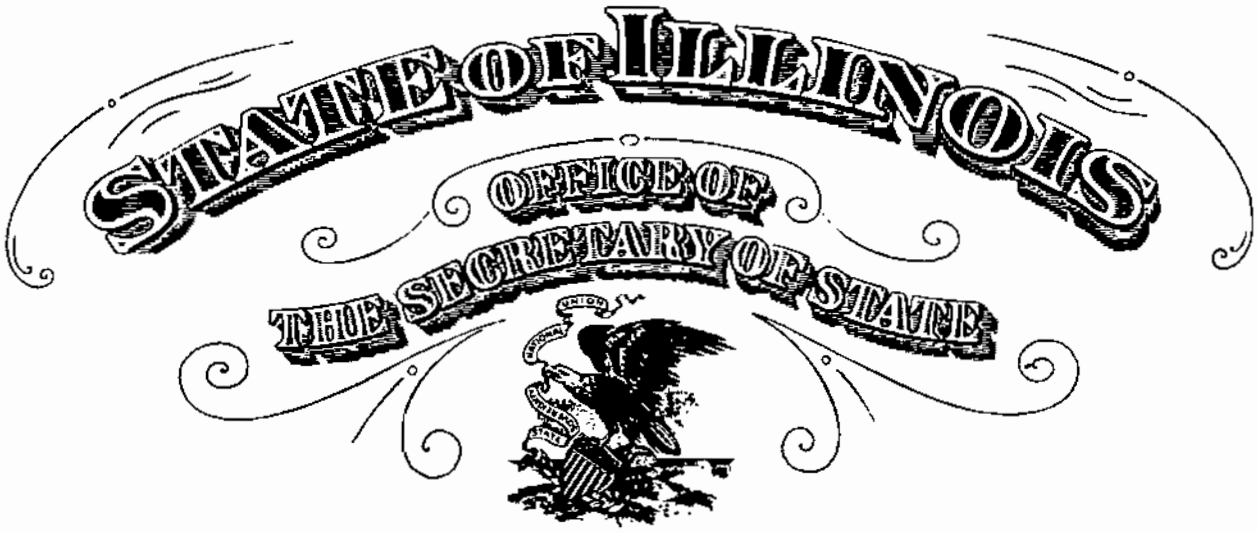
Authentication #: 1220601604

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

27

ATTACHMENT-1

File Number 2932-580-4



To all to whom these Presents Shall Come, Greeting:

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

THE CARLE FOUNDATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 06, 1946, 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 #: 1220601592

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* 24TH *day of* JULY *A.D.* 2012 .

Jesse White

SECRETARY OF STATE

ATTACHMENT - 1

1977 Bond f

Chicago Title Insurance Company

ATTACH THIS TO 2813

To: Mr. Stuart Mamer
30 Main Street
Champaign
Illinois 61820

COMMITMENT FOR TITLE INSURANCE

CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, herein called the Company, for a valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor, all subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

NOTE: This Commitment shall not be valid or binding until signed by an authorized signatory.

SCHEDULE A

Number	Effective Date	Refer Inquiries To
29382, AC	January 31, 1977	Associated Abstract Company 17 Taylor Street Champaign, IL 61820

1. Owners Policy to be issued:
   Amount: $30,650,000.00
   Proposed Insured: The Carle Foundation

   Loan Policy to be issued:
   Amount: To Come
   Proposed Insured: Illinois Health Facilities Autho a body corporate and Politic and Illinois National Bank of Spring

2. The estate or interest in the land described or referred to in this Commitment and covered herein is a fee simple and title thereto is at the effective date hereof vested in:

   THE CARLE FOUNDATION,
   AN ILLINOIS NOT-FOR-PROFIT CORPORATION.

3. The land referred to in this Commitment is described as follows:

   SEE ADDED PAGES

CHICAGO TITLE INSURANCE COMPANY

LEGAL DESCRIPTION:

TRACT I:

2801 (a) Lot 1 of Busey's Subdivision of Lot E and a portion of Lot B of a Subdivision of the SW¼ of Section 8, in Township 19 North, Range 9 East of the 3rd P.M., in Champaign County, Illinois, as per plat thereof appearing in Plat Book "D" at page 186 as document No. 144810, in the Office of the Recorder of Deeds of Champaign County, Illinois. All of said real estate is bounded on the South by University Avenue, on the East by Orchard Street, on the North by Park Street, and on the West by Coler Avenue, in the City of Urbana, County of Champaign and State of Illinois, excepting therefrom a triangular tract of land out of the Southwest corner thereof, said tract having one side 34 feet in length coinciding with the South line of said Lot 1 and another side of 12 feet in length coinciding with the West line of said Lot 1 and containing 204 square feet, more or less.

(b) A rectangular tract 400.33 feet by 281.6 feet, having frontages of 400.33 feet on Park Street and 281.6 feet on Orchard Street, being part of Lot A of a Survey of the SW¼ of Section 8, Township 19 North Range 9 East of the 3rd P.M., said tract being located at the Northeast corner of Orchard and Park Streets, in the City of Urbana, Champaign County, Illinois.

(c) Lot 1 of M.W. Busey's Heirs Addition to the Town, now the City of Urbana, Illinois, except that part taken for Highway as shown in Common Law No. 63 L 365 being a triangular tract of land out of the Northwest corner of Lot 1 of M.W. Busey's Heir's Addition to the City of Urbana, said tract having one side 17.94 feet in length coinciding with the West Line of said Lot 1 and another side of 18.02 feet in length coinciding with the North Line of said Lot 1, all situated in Champaign County, Illinois.

PART 2837

(d) Lot 12 and the East half of Lot 11 in Block 1 in S.H. Busey's Addition to the Town (Now City) of Urbana, together with the South Half of an alley lying North of said lots, and except that part taken for highway as shown in Common Law No. 63 L 365 being a triangular tract of land out of the Southeast corner of Lot 12 of Block 1 of S.H. Busey's Addition to the City of Urbana, said tract having one side 10 feet in length coinciding with the South line of said Lot 12 and another side of 10 feet in length coinciding with the East line of said Lot 12 all situated in Champaign County, Illinois.

INCLUDES 2813 & 2814

TRACT II:

Lots 9, 10 and 11 of Busey's Subdivision of Lot "E" and a portion of Lot "B" of a Subdivision of the SW¼ of Section 8, Township 19 North, Range 9 East of the 3rd P.M., situated in the City of Urbana in Champaign County, Illinois, and also;

INCLUDES 2827 — 2828 2825

CHICAGO TITLE INSURANCE COMPANY

LEGAL DESCRIPTION (cont.)

That portion of vacated Park Street that lies between the East right-of-way line extended of Coler Avenue and the West right-of-way line extended of Orchard Street, all in the City of Urbana, Illinois, except that portion thereof that is located within 16 feet, North and South of the center line of said street and within two feet below and 17 feet above the elevation of 729.21 feet above sea level, and also except that portion of the North half of said Park Street lying South of and adjacent to Lot 2 of said Busey's Subdivision.

TRACT III:
Lot 5 in Block 1 of S.T. Busey's Third Addition to the Town, now City of Urbana, Illinois, except, Beginning at the Northeast corner of said Lot 5 in Block 1, thence in a Southerly direction along the East line of said Lot 5 a distance of 17.83 feet, thence in a Westerly direction a distance of 42 feet to the East line of a 20 foot alley, thence in a Northerly direction along the East line of said alley a distance of 32.60 feet to the South right of way line of the Wabash Railroad, thence Southeasterly along the South Right of Way line of the Wabash Railroad a distance of 44.62 feet to place of beginning;
Also except, commencing at the Southwest corner of said Lot 5 Block 1, thence North along the West line of said Lot, 91 feet, thence Easterly to a point on the East line of said Lot, 91 feet North of the Southeast corner of said Lot, thence South 91 feet to the Southeast corner of said lot, thence Westerly along the North line of Griggs Street 66 feet to the point of beginning, all situated in Champaign County, Illinois.

TRACT IV:
All that part of Lot 3 of M.W. Busey's Heirs Addition to the Town (now City) of Urbana, lying South of the right of way of the Champaign and Southeastern (now Wabash) Railway, situated in the City of Urbana, in Champaign County, Illinois.

TRACT V:
Part of 2812
Lots 1, 2, 3, and 4 in Block 1 of Simeon H. Busey's Addition to the City of Urbana, Illinois, together with the North one-half of the vacated alley adjoining said lots on the South, all situated in Champaign County, Illinois.

TRACT VI:
Lots 5 and 6 in Block 1 of Simeon H. Busey's Addition to the City of Urbana, Illinois, together with the North Half of the vacated alley lying adjacent thereto, also Lot 7, except the South 80 feet thereof, and Lot 8 except the South 80 feet thereof and also except the East 12 feet thereof, together with the South Half of the vacated alley lying adjacent thereto.

CHICAGO TITLE INSURANCE COMPANY

LEGAL DESCRIPTION(Cont.)

TRACT VII:
Lots 8 and 9 of a Subdivision of a part of the NW¼ of the SW¼ of Section 8, Township 19 North, Range 9 East of the 3rd P.M., situated in Champaign County, Illinois.

TRACT VIII:
Lots 3, 4, 5, and 6 and the North 42 feet of Lot 7 in S.H. Busey's Third Addition to the City of Urbana, situated in the City of Urbana, in Champaign County, Illinois.

TRACT IX:
2809 Lot 2 of M.W. and G.W. Busey's Subdivision of Lot D and part of Lot B of the SW¼ of Section 8, Township 19 North, Range 9 East of the 3rd P.M. situated in the City of Urbana, in Champaign County, Illinois.

TRACT X:
Lot 5 in Block 2 of S.T. Busey's Second Addition to the City of Urbana, situated in the City of Urbana, in Champaign County, Illinois.

2837 TRACT XI:
Lot 10 in M.W. and G.W. Busey's Subdivision of Lot D and part of Lot B of the SW¼ of Section 8, Township 19 North, Range 9 East of the 3rd P.M., situated in the City of Urbana, in Champaign County, Illinois.

TRACT XII:
(a) That portion of Coler Avenue lying South of the South right-of-way line of Park Street and North of a line parallel to and 39 feet South of the South right-of-way line of Park Street and below the elevation of 725.9 feet above sea level and above the elevation of 710.0 feet above sea level; and also

(b) That portion of Coler Avenue that lies South of a line parallel to and 168 feet South of the South right-of-way line of Park Street and North of a line that lies parallel to and 190 feet South of the South right-of-way line of Park Street and below the elevation of 725.9 feet above sea level and above the elevation of 713.5 feet above sea level.

3. Taxes for the years 1976 and 1977.

4. Covenants contained in the Limited Warranty Deed dated August 9, 1976 and recorded September 7, 1976 as document 76 R 17651 that during the period of twenty years after the date of the deed no petroleum products shall be advertised, stored, sold or distributed on the premises conveyed or any part thereof with no forfeiture or reversionary clause. (Affects that portion of Tract I (c) lying within the West Half of Lot One of M. W. Busey's Heirs Addition to the City of Urbana).

5. Covenant and restriction contained in Warranty Deed dated and recorded December 15, 1905 in Book 138 at page 417 as Document 49547 pertaining to the East half of the West half of Lot 1 of M. W. Busey's Heirs Addition to the City of Urbana, that grantees will not build or permit to be built upon this property a building to cost less than $1,200.00 and which contains no forfeiture or reversionary clause. (Affects Tract I (c).

6. Existing easement or easements for public utilities, their successors and assigns, to operate, maintain, renew and reconstruct their facilities as operated and maintained in that portion of premises lying within vacated Park Street. (Affects Tract II).

7. Rights of The City of Urbana, Illinois, by virtue of reservation contained in the Vacation Ordinance passed March 3, 1974 and recorded March 25, 1975 as document 75 R 3787 vacating a portion of Park Street, in easements for maintenance and repair of all sewers and drains and all public service facilities located on or under said street and a surface easement for pedestrian sidewalks on that portion of said street located within 20 feet from the centerline North and South of said street. (Affects Tract II).

8. Rights of Illinois Power Company, an Illinois corporation, its successors and assigns, by virtue of Easement dated January 10, 1968 and recorded February 5, 1968 in Book 868 at page 176 as document 772446 made by Orace Cuppernell and Dorothy Cuppernell granting the right to erect, operate and maintain electric transmission and distribution lines and appurtenant equipment through All that part of a strip of land 40 feet in width which extends over, across, through and lies within the East 60 feet of the West 120 feet of Lot 3 of M. W. Busey's Heirs Addition to the Town (now City) of Urbana, Illinois; the centerline of said 40-foot strip being described as beginning on the North line of said Lot 3 at a point 85 feet East of the Northwest corner thereof; thence extending Southeasterly to a point of exit on the East line of the above described tract of land, said point being 10 feet South of the Northeast corner of the East 60 feet of the West 120 feet of said Lot 3; (Affects Tract IV).

9. Rights of Illinois Power Company, an Illinois corporation, its successors and assigns, by virtue of Easement dated June 22, 1968 and recorded March 17, 1969 in Book 898 at page 533 as document 789822 made by Enos L. Phillips and others granting the right to erect, operate and maintain electric transmission and distribution lines and appurtenant equipment through The Northeasterly 30 feet of even width off of that part of Lot 3 of M. W. Busey's Heirs Addition of Town Lots to Urbana, Illinois, which lies Southwesterly of and contiguous to the Southwesterly right of way line of the Norfolk and Western Railroad, Except the West 120 feet of said Lot 3; (Affects Tract IV).

10. Rights of Illinois Power Company, an Illinois corporation, its successors and assigns, by virtue of Easement dated January 9, 1969 and recorded March 17, 1969 in Book 898 at page 535 as document 789823 made by Carle Clinic Association granting the right to erect, operate and maintain electric transmission and distribution lines and appurtenant equipment through That part of the West 60 feet of Lot 3 of M. W. Busey's Heirs' Addition to Urbana, Illinois, described as follows, to-wit:
Beginning at the Northwest corner of said Lot 3; thence extending Southeasterly to a point on the East line of the above described West 60-foot tract, said point being 15 feet South of the Northeast corner thereof; thence North along said East line to the North line of said Lot 3; thence West to the point of beginning; and also through the Northeasterly 30 feet of even width off of that part of Lot 3 of M. W. Busey's Heirs Addition of Town Lots to Urbana, Illinois, which lies Southwesterly of and contiguous to the Southwesterly right-of-way line of the Norfolk and Western Railroad, except the West 120 feet of said Lot 3. (Affects Tract IV).

11. Rights of Illinois Power Company, an Illinois corporation, its successors and assigns, by virtue of Easement dated April 1, 1975 and recorded May 16, 1975 in Book 1052 at page 895 as document 75 R 6499 made by Carle Clinic Association granting the right to construct, operate and maintain an electric substation and appurtenant equipment on a certain parcel of land located within that part of Lot 3 of M. W. Busey's Heirs Addition to the City of Urbana, which lies Southwesterly and contiguous to the Southwesterly right of way line of the Norfolk and Western Railroad, said Addition to the City of Urbana being a part of the SW¼ of the SW¼ of Section 8, Township 19 North, Range 9 East of the Third Principal Meridian; said rights and easement shall be located on said part of Lot 3 within the boundaries described as follows, to wit: Beginning at the Northeast corner of said part of Lot 3, thence extending South along the East property line to a point, said point being 51 feet South of said corner, thence deflecting Northwesterly and extending on a course parallel to said railroad right of way line to a point, said point being 47 feet West of said East property line and also 51 feet South of aforesaid right of way, thence deflecting Northerly and extending 25 feet on a course parallel to said East property line, thence deflecting Northeasterly and extending to a point on said right of way line, said point being 51 feet Northwesterly of Northeast corner of said part of Lot 3, thence deflecting Southeasterly and extending along aforesaid right of way to point of beginning.
(Affects IV).

12. Rights of the City of Urbana, Illinois by reservation of easements upon and under alley vacated by Ordinance dated October 9, 1975 and recorded October 14, 1975 in Book 1065 at page 82 as document 75 R 15526 for repair or replacement of all sewers and drains and all public service facilities located on or under the surface of any part of said vacated alley, also rights of public utilities, their successors and assigns in and to existing easements to operate, maintain, renew and reconstruct their facilities.
(Affects Tract I (d), V and VI).
NOTE: Survey furnished us shows existing ten-inch sanitary line running through the portion of premises lying within the above vacated alley.

13. Rights of the City of Urbana, Illinois by reservation of easements under in and between portions of vacated Coler Avenue vacated by Ordinance dated October 9, 1975 and recorded October 14, 1975 in Book 1065 at page 85 as document 75 R 15527 for maintenance, repair or replacement of all sewers and drains and all public service facilities located on or under the surface of any part of said portion of said street and also rights of public utilities, their successors and assigns, in and to existing easements and to operate, maintain and renew and reconstruct their facilities.
(Affects Tract VII).

14. Lease made by The Carle Foundation, an Illinois corporation not for pecuniary profit, to Carle Clinic Association, an unincorporated association, dated September 1, 1975 demising a portion of Tract I (a) of the premises for a term of years effective September 1, 1975 and ending April 1, 2003 as disclosed by Memorandum of Lease dated September 1, 1975 and recorded October 27, 1975 in Book 1065 at page 884 as document 75 R 16198 and all rights thereunder of and all acts done or suffered thereunder by said lessee or by any party claiming by, through or under said lessee.

15. Mortgage dated October 1, 1975 and recorded November 3, 1975 in Book 1066 at page 387 as document 75 R 16573 made by The Carle Foundation, an Illinois not-for-profit corporation, to Illinois Health Facilities Authority, a body corporate and politic, to secure a note for $22,500,000.00.
NOTE: The rights of Illinois Health Facilities Authority under the mortgage insured have been assigned to Illinois National Bank of Springfield, as Trustee by document 75 R 16574 in Book 1066 at page 458.

16. Rights of the United States of America and the State of Illinois or either of them to recover any public funds advanced under either or both the provisions of the Hill-Burton Act or the Illinois Hospital Construction Act.

FORM 9640-01

(17) Security interest of Illinois Health Facilities Authority, secured party as disclosed by Financing Statement filed November 3, 1975 as document 75 R 16575 and as File No. 75 F 2611, executed by The Carle Foundation, an Illinois not-for-profit corporation, debtor, securing certain chattels on the land.
NOTE: Contained in said instrument is a recitation assigning said security interest to Illinois National Bank of Springfield.

(18) Trust indenture dated October 1, 1975 and recorded November 3, 1975 in Book 1066 at page 458 as document 75 R 16574 made by Illinois Health Facilities Authority to Illinois National Bank of Springfield as trustee, to secure mortgage revenue bonds, series 1975, in the aggregate amount of $22,500,000.00.

CHICAGO TITLE INSURANCE COMPANY

By Robert S. Hutchens
Authorized Signatory

RSH/bm
2/3/77

File Number 5274-755-4

STATE OF ILLINOIS
OFFICE OF
THE 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

THE CARLE FOUNDATION HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 28, 1982, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 24TH *day of* JULY *A.D.* 2012 .

Jesse White

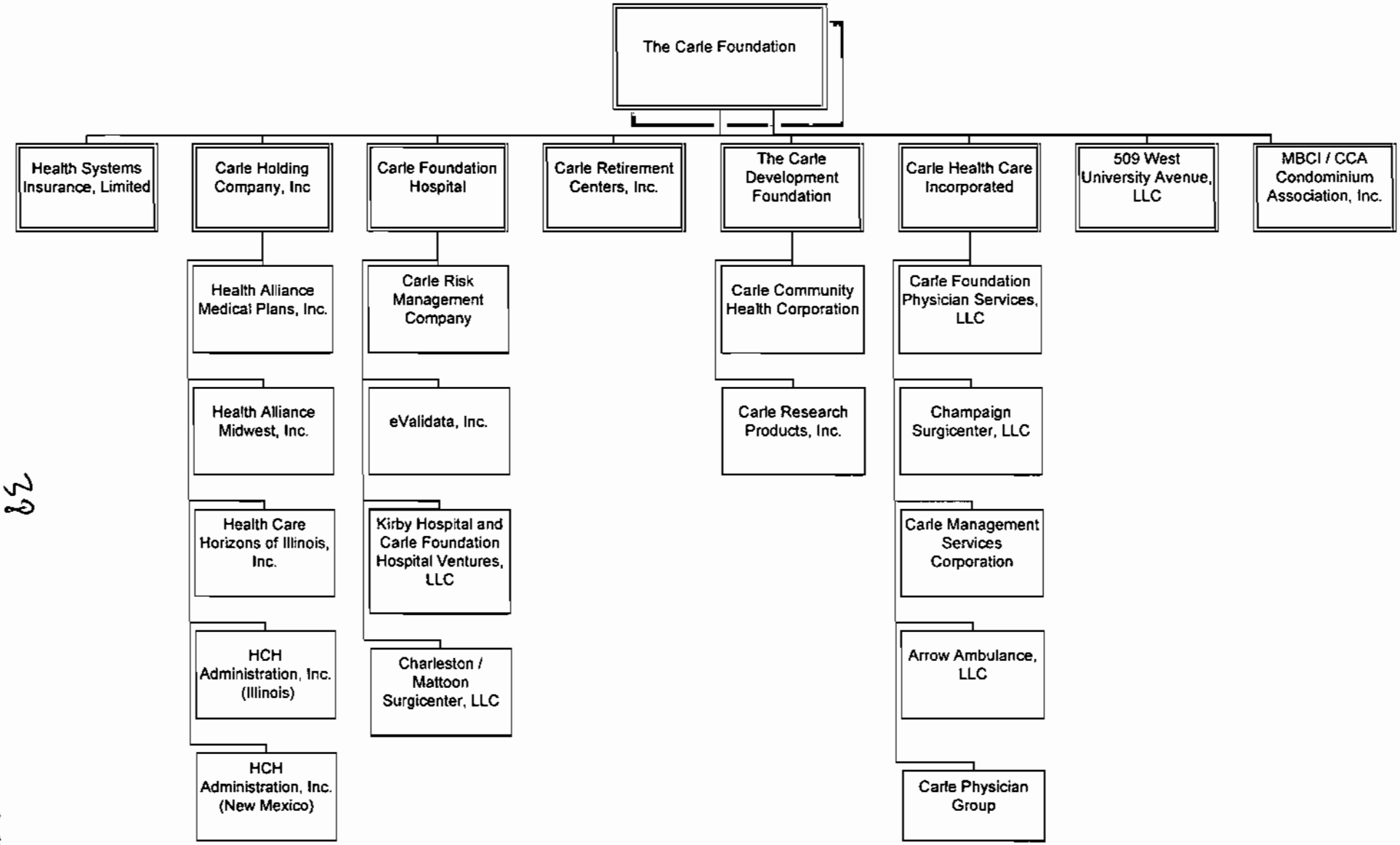
SECRETARY OF STATE

Authentication #: 1220601604

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

ATTACHMENT-3

Organizational Relationships



Attachment- 4

Flood Plain Requirements

The new construction component of the proposed project is on the Carle Foundation Hospital main campus, which is the site of the bed tower project (permit 08-013). That permit application documented that the site is not in a flood plain. The letter from the Illinois Department of Natural Resources included in the application for permit 08-013 is enclosed as part of this attachment-5.

The proposed project therefore complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas.

Illinois Department of
Natural Resources
One Natural Resources Way · Springfield, Illinois 62702-1271
http://dnr.state.il.us

September 11, 2007
Rod R. Blagojevich, Governor
Sam Flood, Acting Director

Carle Foundation Hospital **611 West Park, Urbana Illinois**

PERMIT NOT REQUIRED NOTIFICATION LETTER

Attention: Bruce Roth **New Bed Tower**

Thank you for the recent submittal regarding the project as shown on the enclosed copy of your submittal. Based on our review of the information you provided and in accordance with the Rivers, Lakes and Streams Act [615 ILCS 5], a Department of Natural Resources, Office of Water Resources permit will not be required for this work because:

☐ The Department does not have jurisdiction over streams with drainage areas of less than one square mile in an urban area, or ten square miles in a rural area. The site of your work is located where the drainage area is below these jurisdictional limits.

☒ The Department does not have regulatory authority over activities outside the floodway of jurisdictional streams. The floodway is the portion of the floodplain that must remain open and unrestricted to carry flood flows

☐ The Department does not have jurisdiction over construction on non-public lakes in which the project would not impact the dam, traverse the lake or impact the flood carrying capacity of the stream(s) that feed the lake.

☐ The Department does not have jurisdiction over Class III (low hazard) dams which meet all of the following criteria:

a dam height of less than 25 feet;
an impounding capacity of less than 50 acre-feet (calculated at the top of dam); and
a drainage area of less than ten square miles in a rural area, or one square mile in an urban area.

If modifications are proposed to the dam, this office should be contacted for a determination of permit applicability prior to initiation of construction. Also, future changes in downstream land use could change the hazard classification making a permit and dam modification necessary.

☐ The proposed activity is considered routine maintenance or repair work and is exempt from the Department's permit requirements.

If you have any questions or comments concerning the above determination, please feel free to contact the person noted below at 217/785-1661. This letter is not to be construed as a release from any other federal, state or local laws or regulations. If the project involves work in a wetland or in a floodplain and if you have not already done so, you should contact the U.S. Army Corps of Engineers and the local regulatory authority to ascertain applicable federal and local requirements.

☐ Rod Johnson ☐ Scott Arends ☐ Mike Diedrichsen
☒ Robert Giesing ☐ Mark McCauley ☐ Dennis Kennedy

BY: Robert Giesing

Post-it® Fax Note 7671	Date 9/11/07	# of pages ▶ 1
To Bruce Roth	From Rob Giesing	
Co./Dept. Engineering	Co. IDNR/OWR	
Phone # 383-3535	Phone # 785-1661	
Fax # 383-3540	Fax # 785-5014	

40

TOTAL P.01

ATTACHMENT-5

Historic Resources Preservation Act Requirements

The new construction component of the proposed project is on the Carle Foundation Hospital main campus, which is the site of the bed tower project (permit 08-013). That permit application documented that no historic, architectural, or archaeological sites exist within the project area. The letter from the Illinois Historic Preservation Agency included in the application for permit 08-013 is enclosed as part of this attachment-6.

The proposed project therefore complies with the requirements of the Historic Resources Preservation Act.

Illinois Historic Preservation Agency

FAX (217) 782-8161

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

Champaign County
Urbana
CON - New Construction and Modernization, Carle Foundation Hospital
611 W. Park St.
IHPA Log #004102907

November 7, 2007

Candace Branigan
Carle Foundation Hospital Administration
611 W. Park St.
Urbana, IL 61801

Dear Ms. Branigan:

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 Patrick Gleason, Cultural Resources Manager, 1 Old State Capitol Plaza, Springfield, IL 62701, 217/785-3977.

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.

ATTACHMENT-6

Itemized Project Costs

Item	Clinical	Non Clinical	Total
Preplanning Costs			
Preliminary Design	$ 100,000.00		$ 100,000.00
Precon Budgets	$ 50,000.00		$ 50,000.00
Total	$ 150,000.00	$ -	$ 150,000.00
Site Survey and Soil Investigations			
Field Surveys	$ 10,000.00		$ 10,000.00
Soil Testing	$ 15,000.00		$ 15,000.00
Total	$ 25,000.00	$ -	$ 25,000.00
Site Preparations			
Site Investigations	$ 16,816.00		$ 16,816.00
Excavation /Site Utilities	$ 233,184.00		$ 233,184.00
Total	$ 250,000.00	$ -	$ 250,000.00
New Construction			
Structural	$ 623,502.00		$ 623,502.00
Exterior	$ 283,410.00		$ 283,410.00
Roof	$ 170,046.00		$ 170,046.00
Interiors	$ 2,210,598.00		$ 2,210,598.00
Plumbing	$ 226,728.00		$ 226,728.00
HVAC	$ 1,076,958.00		$ 1,076,958.00
Fire Protection	$ 56,682.00		$ 56,682.00
Electrical	$ 1,020,276.00		$ 1,020,276.00
Total	$ 5,668,200.00	$ -	$ 5,668,200.00
Modernization Contracts			
Preparation	$ 105,055.00		$ 105,055.00
Demolition	$ 231,121.00		$ 231,121.00
Interiors	$ 882,462.00		$ 882,462.00
Plumbing	$ 84,044.00		$ 84,044.00
HVAC	$ 399,209.00		$ 399,209.00
Fire Protection	$ 21,011.00		$ 21,011.00
Electrical	$ 378,198.00		$ 378,198.00
Total	$ 2,101,100.00	$ -	$ 2,101,100.00
Contingency			
A/E	$ 150,000.00		$ 150,000.00
Construction	$ 600,000.00		$ 600,000.00
Equipment	$ 200,000.00		$ 200,000.00

Itemized Project Costs

Furnishings	$ 50,000.00		$ 50,000.00
Total	$ 1,000,000.00	$ -	$ 1,000,000.00
Architectural Fees			
Architecture Engineering	$ 376,089.00		$ 376,089.00
Mechanical Engineering	$ 208,938.00		$ 208,938.00
Civil Engineering	$ 83,578.00		$ 83,578.00
Structural Engineering	$ 83,575.00		$ 83,575.00
Code Review	$ 83,575.00		$ 83,575.00
Total	$ 835,755.00	$ -	$ 835,755.00
Consulting and Other Fees			
IDPH Permits	$ 40,000.00		$ 40,000.00
City Permits	$ 75,000.00		$ 75,000.00
Special Inspections	$ 150,000.00		$ 150,000.00
Commissioning	$ 70,000.00		$ 70,000.00
CON Fees/Expenses	$ 94,945.00		$ 94,945.00
Total	$ 429,945.00	$ -	$ 429,945.00
Moveable and Other Equipment			
Equipment General	$ 50,000.00		$ 50,000.00
Patient Monitors/Telemetry	$ 350,000.00		$ 350,000.00
Equipment - Other	$ 450,000.00		$ 450,000.00
Stretchers	$ 250,000.00		$ 250,000.00
MRI	$ 2,200,000.00		$ 2,200,000.00
CT Scanners (2)	$ 2,900,000.00		$ 2,900,000.00
Radiology Rooms (2)	$ 900,000.00		$ 900,000.00
Ultrasound	$ 350,000.00		$ 350,000.00
Furniture	$ 150,000.00		$ 150,000.00
Security Cameras/Access	$ 75,000.00		$ 75,000.00
IT/Telecom	$ 250,000.00		$ 250,000.00
Move Costs	$ 50,000.00		$ 50,000.00
Signs/Wayfinding	$ 65,000.00		$ 65,000.00
Total	$ 8,040,000.00	$ -	$ 8,040,000.00

Section II. Discontinuation

Carle Foundation Hospital proposes to expand the Emergency Department at its 611 West Park Street facility in Urbana, Illinois.

The proposed project does not involve ceasing operation of an entire health care facility or category of service on a voluntary or involuntary basis. Therefore this section is not applicable.

Background of Applicant

The Carle Foundation Hospital is a non-profit, regional, teaching hospital located in Urbana Illinois. The hospital is a 325 bed tertiary care facility, a Level 1 trauma center, a primary stroke center, and a Level III Perinatal Center. It serves as a safety net hospital for the region, and is an Illinois Department of Public Health designated Regional Hospital Coordinating Center.

Carle Foundation Hospital has been continuously designated a Level I Trauma Center since August 1988. As a state-designated Level I Trauma Center, Carle is the only hospital in the region and one of only three hospitals south of the Chicago-land area to be awarded this rating. To earn Level I status, Carle has met strict guidelines regarding patient care and is certified to care for the most critically injured patients 24/7. Efficiency, skill, and extensive training are the essential elements of a Level I Trauma Center. At Carle the entire hospital is on alert and all medical personnel work together as a cohesive unit - from the triage nurses in the Emergency Department to the specialists in the Critical Care and Intensive Care units.

Carle Foundation Hospital has earned DNV accreditation as a Primary Stroke Center. This means Carle follows the highest national standard of safety and care – proven to achieve faster treatment times and better outcomes. The Carle Primary Stroke Center is central Illinois' only facility with a neurointerventional team available 24 hours a day, seven days a week. The neurointerventional team can provide advanced treatments for stroke patients beyond the traditional three-hour treatment window. Patients can be transferred by land or air to the Carle Foundation Hospital Emergency Department. Carle's highly specialized flight team provides faster access to Carle, is certified by the Commission on Accreditation of Medical Transport Services, and has a flight nurse and paramedic in-house 24/7.

Carle Foundation Hospital is designated by the Illinois Department of Public Health as a Level III facility and has approximately 2,500 births annually. It offers a full range of low-risk to high-risk obstetric and newborn care for patients in the east central Illinois area. Maternal Fetal Medicine Specialists and Neonatologists provide specialized care management for high risk pregnant patients and preterm or sick newborn infants respectively. Additional services include breastfeeding counselors, highly-trained nurses and nurse practitioners, social workers and respiratory therapists, therapists, perinatal air and ground transport teams, pediatric subspecialists and a bereavement coordinator. Facilities consist of Labor and Delivery, Antepartum, Mother/Baby Nursery, Intermediate Nursery and Neonatal Intensive Care Units.

Carle Foundation Hospital
611 West Park Street, Urbana, IL 61801-2595 Phone: (217) 383-3311

August 2, 2012

Mr. Dale Galassie
Chairman
Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Springfield, Illinois 62761

RE: Attachment 11 - Background of Applicant

Dear Mr. Galassie:

The following information addresses the four points of the subject criterion 1110.230:

1. The health care facilities owned or operated by the applicant include:

   Carle Foundation Hospital
   License Identification Number: 003798
   Accreditation Identification Number: 119139-2012-AHC-USA-NIAHO

   Champaign SurgiCenter, LLC
   License Identification Number: 7002959

   Carle Foundation Hospital Postsurgical Recovery Care Center – Champaign
   License Identification Number: 4000015

   Carle Foundation Hospital Ambulatory Surgical Treatment Center – Danville
   License Identification Number: 7002439

   Carle Foundation Hospital Postsurgical Recovery Care Center – Danville
   License Identification Number: 4000019

2. Proof of current licensure and accreditation is attached.

3. There have been no adverse actions taken against the health care facilities owned or operated by the applicant during the three years prior to the filing of this application.

4. This letter serves as authorization permitting the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information which the State Board or Agency finds pertinent to this subsection.

Sincerely,

James C. Leonard, M.D.
President and CEO

Attachments

Notarization:

Subscribed and sworn to before
me this 2nd day of August. 2012

Signature of Notary

seal

"OFFICIAL SEAL"
MOLLY JACKSON
Notary Public, State of Illinois
My commission expires 03/23/15

ATTACHMENT-11

State of Illinois 2065108
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

CRAIG CONOVER, M.D.
ACTING DIRECTOR

Issued under the authority of
The State of Illinois
Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/12	BGBD	0003798

FULL LICENSE

GENERAL HOSPITAL

EFFECTIVE: 01/01/12

BUSINESS ADDRESS

CARLE FOUNDATION HOSPITAL

611 WEST PARK STREET

URBANA IL 61801

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

↓

State of Illinois 2065108
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

CARLE FOUNDATION HOSPITAL

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/12	BGBD	0003798

FULL LICENSE

GENERAL HOSPITAL

EFFECTIVE: 01/01/12

11/08/11

CARLE FOUNDATION HOSPITAL
611 WEST PARK STREET

URBANA IL 61801

FEE RECEIPT NO.

ATTACHMENT-11

State of Illinois 2069578
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

Issued under the authority of
The State of Illinois
Department of Public Health

KENNETH SOYEMI, M.D. M.P.H.
ACTING DIRECTOR

EXPIRATION DATE	CATEGORY	I.D. NUMBER
01/31/13	060D	7002959

FULL LICENSE
AMBUL SURGICAL TREAT CNTR
EFFECTIVE: 02/01/12

BUSINESS ADDRESS

CHAMPAIGN SURGICENTER, LLC
D/B/A CARLE SURGICENTER
1702 S. MATTIS AVENUE

CHAMPAIGN IL 61821

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

50

Illinois Department of
PUBLIC HEALTH

Pat Quinn, Governor
LaMar Hasbrouck, MD, MPH, Director

525-535 West Jefferson Street • Springfield, Illinois 62761-0001 • www.idph.state.il.us

LICENSE, PERMIT CERTIFICATION, REGISTRATION

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

Alternative Health Care Delivery Act and the Postsurgical Recovery Care Center Demonstration Program Code (77Ill. Adm. Code 210)

Licensed number of Beds	Expiration Date	License Identification
6	8/1/2013	4000015

Carle Recovery Center
1702 South Mattis Avenue
Champaign, IL 61821

Issued under the authority of The State of Illinois Department of Public Health

Improving public health, one community at a time

printed on recycled paper

ATTACHMENT-11

Attn:
Fred

State of Illinois 2093877
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

issued under the authority of
The State of Illinois
Department of Public Health

LA MAR HASBROUCK, MD, MPH
DIRECTOR

EXPIRATION DATE	CATEGORY	I.D. NUMBER
07/31/13	3680	7002439

FULL LICENSE
AMBUL SURGICAL TREAT CNTR
EFFECTIVE: 08/01/12

BUSINESS ADDRESS

CARLE SURGICENTER
2300 N. VERMILLION
DANVILLE, IL 61832-7699

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

ATTACHMENT-11

Illinois Department of
PUBLIC HEALTH

Pat Quinn, Governor
LaMar Hasbrouck, MD, MPH, Director

525-535 West Jefferson Street • Springfield, Illinois 62761-0001 • www.idph.state.il.us

LICENSE, PERMIT CERTIFICATION, REGISTRATION

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

Alternative Health Care Delivery Act and the Postsurgical Recovery Care Center Demonstration Program Code (77Ill. Adm. Code 210)

Licensed number of Beds	Expiration Date	License Identification
2	8/1/2013	4000019

Carle Recovery Center
2300 North Vermilion
Danville, Il 61832

Issued under the authority of The State of Illinois Department of Public Health

53

ATTACHMENT-11

DNV HEALTHCARE INC
1400 Ravello Drive
Katy, Texas 77449
(281) 396-1000

400 Techne Center Drive,
Suite 100,
Milford, Ohio 45150
(513) 947-8343

July 9, 2012

James C. Leonard, M.D.
Chief Executive Officer
Carle Foundation Hospital
611 West Park Street
Urbana, IL 61822

Program: Hospital
CCN: 140091
Survey Type: Medicare Recertification/DNVHC First DNV
Certificate #: 119139-2012-AHC-USA-NIAHO
Survey Dates: June 5-8, 2012
Accreditation Decision: Full accreditation
Effective Date of Accreditation: 6/29/2012
Expiration Date of Accreditation: 6/29/2015
Term of Accreditation: Three (3) years

Dear Dr. Leonard:

Pursuant to the authority granted to Det Norske Veritas Healthcare, Inc. by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, Carle Foundation Hospital is deemed in compliance with the Medicare Conditions of Participation for Hospitals (42 C.F.R. §482) and awarded full accreditation for a three (3) year term effective on the date referenced above. Det Norske Veritas Healthcare, Inc. is recommending your organization for continued deemed status in the Medicare Program.

This accreditation is applicable to all facilities operating under the above-referenced CCN number at the following address(es):

Carle Foundation Hospital - 611 West Park Street - Urbana, IL 61822
Carle Sports Medicine at University of Illinois - 201 East Peabody – Champaign, IL 61820
Carle Therapy Services at Carle Spine Institute - 610 North Lincoln Ave – Urbana, IL 61801
Carle Therapy Services at North Annex - 810 W. Anthony Drive – Urbana, IL 61802
Carle Sleep Lab-Charleston - 5731 Park Drive – Charleston, IL 61920
Carle Therapy Services at Southwest Champaign - 2403 Village Green Place – Champaign, IL 61822
Carle Therapy and Low Vision Services at Mattis - 1802 S. Mattis – Champaign, IL 61821
Carle Pulmonary Rehabilitation - 810 W. University Avenue – Urbana, IL 61801
Carle Sports Medicine-Charleston - 5731 Park Drive – Charleston, IL 61920
Carle Sports Medicine-Urbana - 810 W. Anthony Drive – Urbana, IL 61801
Carle Sleep Lab-Danville - 2300 N. Vermilion – Danville, IL 61832
Carle Wound Healing Center-Danville - 2300 N. Vermilion Avenue – Danville, IL 61832
Carle Champaign Recovery Center - 1702 S. Mattis Avenue – Champaign, IL 61821
Carle Danville Surgery Center - 2300 N. Vermilion – Danville, IL 60832
Carle Therapy Services-Mahomet - 1001 Heather Drive – Mahomet, IL 61853
Carle Therapy Services-Danville - 2300 N. Vermilion – Danville, IL 61832
Carle Therapy Services-Rantoul - 1540 E. Grove Ave – Rantoul, IL 61866

This accreditation requires an annual survey and the organization's continual compliance with the DNVHC Accreditation Process. Failure to complete these actions or otherwise comply with your Management System Certification/Accreditation Agreement may result in a change in your organization's accreditation status.

Congratulations on this significant achievement.

Sincerely,

54

ATTACHMENT-11

Patrick Horine
Executive Vice President, Accreditation
cc: CMS CO and CMS RO V (Chicago)

ATTACHMENT - 11

DNV HEALTHCARE INC

1400 Ravello Drive
Katy, Texas 77449
(281) 396-1000

400 Techne Center Drive,
Suite 100,
Milford, Ohio 45150
(513) 947-8343

July 10, 2012

James C. Leonard, M.D.
Chief Executive Officer
Carle Foundation Hospital
611 West Park Street
Urbana, IL 61822

Program: Primary Stroke Center Certification
Certificate #: 119139-2012-PSCC
Survey Dates: June 8, 2012
Certification Decision: Certified
Effective Date of Certification: 6/29/2012
Expiration Date of Certification: 6/29/2015
Term of Certification: Three (3) years

Dear Dr. Leonard:

Det Norske Veritas Healthcare, Inc. (DNVHC) is pleased to award certification to Carle Foundation Hospital as a Primary Stroke Center for a three (3) year term effective on the date referenced above.

The Primary Stroke Center Certification Program of DNV Healthcare Inc. integrates certain requirements of the DNV NIAHO® Hospital Accreditation Program, CMS Conditions of Participation for Hospitals, ISO 9001:2008 Quality Management System, Guidelines of the Brain Attack Coalition, and the Recommendations of the American Stroke Association®.

This certification requires an annual survey and the organization's continual compliance with the DNVHC Primary Stroke Center Certification process. Failure to complete these actions or otherwise comply with your Management System Certification/Accreditation Agreement may result in a change in your organization's certification status.

Congratulations on this significant achievement.

Sincerely,

Patrick Horine
Executive Vice President, Accreditation

Purpose of Project

1. **Document that the project will provide health services that will improve the health care or well-being of the market area population to be served.**

   The purpose of project is better provide emergent and urgent care to the Carle Foundation Hospital proposes an expansion of its existing Emergency Department, which is comprised of 22 ED stations, augmented with one safe room, one gynecology room, and nine low acuity rooms, to include 39 ED stations and one safe room.

   The emergency department provides emergent and urgent care to the community. Currently, available treatment space is inadequate for the volume being cared for. Carle has experienced a 17% (or 4.2% annual) increase in visits in the period 2008-2011, and projects a 23% increase to 80,543 visits by 2016. According to The Advisory Board Company, a national health planning consultant, national growth projections for ED visits are predicted to range from 13% to 20% by 2016.

   There are several factors contributing to the increase in ED patient volumes in the community and region that Carle Foundation Hospital serves:

   - An increase in the incidence of chronic disease.
     Obesity is increasing in the general population, across all age groups, with implications for increases in the incidence of diabetes, heart disease, and stroke. (The Advisory Board Company, "Running on Medicare Margins", 2011, page 47.)

   - Normal aging of the general population.

     Based on United States Census Bureau (Claritas) data, Carle estimates a 2.9% increase in the regional population of age group 44+ between 2010 and 2015.

   - A decline in access to primary care.

     The Affordable Care Act will significantly expand the number of insured patients, but is expected to worsen the shortage of physicians. Physician shortages tend to result in an increase in the number of patients presenting at Emergency Departments. (The Advisory Board Company, Daily Briefing, July 31, 2012.)

   - An increase in patient expectations for access to care.

     In Carle's experience, patients who cannot quickly get in to see a primary care physician will come to the ED instead of waiting a day or two.

   In addition, the development of regional partnerships and affiliations between hospitals, like the affiliation with Hoopeston Memorial Community Hospital, is expanding the reach of specialized health care and providing optimized paths for

patient transfer to higher levels of care at Carle. Collaboration on stroke, STEMI, and other programs will only increase going forward.

Further:

- There is evidence that ED visits are increasing faster than would be expected based on population growth. (Tang N, Stein J, Hsia RY, Maselli JH, Gonzales R. Trends and characteristics of US emergency department visits, 1997-2007. *JAMA*. 2010;304(6):664-670.)
- A recent study showed that a change in health insurance status is likely to increase ED visits. (Ginde AA, Lowe RA, Wiler JL. Health insurance status change and emergency department use among US adults [published online March 26, 2012]. *Arch Intern Med*. 2012;172(8):ioi120003642-647.)

The project also proposes to add a radiology suite within the ED. New equipment would include:

- One Magnetic Resonance Imaging (MRI) system, replacing a 19-year-old unit.
- Two Computed Tomography (CT) scanners, replacing an 9-year-old unit and adding one unit.
- Two sets of general radiology (x-ray) equipment, replacing two 7-year-old units.
- One ultrasound system, replacing one existing unit.

The addition of a radiology suite to the ED is consistent with the national best practice for radiology services to be located within the ED to improve efficiencies. This addition will provide support for both inpatient and ED services, replace old equipment, eliminate the need for patient transport from the ED to radiology department (located in a separate area and floor of the hospital) and back to the ED, and add capacity to the MRI and CT equipment set at Carle.

2. Define the planning area or market area, or other, per the applicant's definition.

The Carle Foundation Hospital serves patients and families in an area ranging from Watseka to the north, Robinson to the south, the Indiana border counties to the east, and Macon county to the west. This is an area of approximately 180 miles north to south and 115 miles east to west. The interstate highway system makes it possible to access the hospital via I-57 from the north and south, via I-72 from the southwest, and via I-74 from the east and west.

This area includes 11 Critical Access Hospitals, 6 community hospitals, and has a current population of 1.3 million people (according to census bureau statistics from the United States Census Bureau (Claritas)).

Purpose of Project

3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project.

There are several issues that the proposed ED Expansion project will address:

- Insufficient number of treatment spaces for the volume of patients.

  The current Carle ED is comprised of 22 ED stations, augmented with one safe room, one gynecology room, and nine low acuity rooms. The low acuity rooms are used as needed but do not allow care of patients needing a cart or significant interventions. Ten hallway beds are often needed, in addition to the above. Approximately five hallway beds are needed every day, and up to 10 are used at times.

  ED volume was 65,419 (or 2,110 patients per station) in 2011, and is approximately 1,131 patients per station for calendar 2012 year-to-date (an annualized rate of 2,262 patients per station per year), which exceeds the State Board utilization target of 2,000 visits per station. Further, The Advisory Board Company recommends that ED capacity be expanded when volumes reach 1,700 to 2,000 patients per station. As discussed above, the number of visits per station is expected to continue to increase over time.

  Over the past four years, Carle has addressed throughput constraints by improving processes related to:

  - Registration and triage
  - Filling open beds and avoiding the waiting room
  - Setting expectations for nurses and physicians
  - Improving lab and radiology turn-around times for diagnostics
  - Modifying the admission process to admit patients in a more timely fashion

  Given the projected 23% increase to 80,543 visits in 2016, Carle's ED utilization rate will reach approximately 2,598 visits per station by 2016 if the existing ED configuration is not changed. This is well above both the State Board's utilization target and at the high end of The Advisory Board Company recommendation (1,700 - 2,000 visits per station per year).

  As a level 1 trauma center, Carle receives multiple trauma patients requiring urgent and emergent evaluation and treatment. Trauma patients, chest pain patients and stroke patients all require immediate evaluation and treatment. Inadequate space increases the potential of delays in receiving needed services and increases the potential for poor outcomes.

  Chest pain patients require immediate access to treatment rooms for EKG, evaluation and intervention which is compromised when all rooms are full.

Stroke patients require a CT scan performed and evaluated within 45 minutes of entry to the emergency department.

These scenarios are high-visibility cases that have standards and regulations governing expectations. Many other patients also arrive with potential life threatening events, needing immediate access to evaluation and treatment. A recent article shows that patients who wait the longest in the ED for treatment are ones that are presenting for OB complications, vaginal bleeding, headache and abdominal pain. While many of these are not life threatening, good patient care standards would expect prompt rooming of these patients for evaluation to intervene as needed, provide emotional support and meet the expectations of the lay person. Prompt care of all of these populations is threatened by inadequate treatment space.

- Inefficient work space.

  The existing ED is approximately 30 years old.

  The patient stations are distributed in spaces across a relatively large area connected by corridors.

  The patient stations are of varying configurations, resulting in differences in storage, equipment placement, etc.

  The physician workspace and nurses station are located at one end of the ED area, and are out of direct contact with some of the ED stations.

  Some of the ED stations have curtains partitions rather than rooms with doors, thus reducing privacy and impacting patient confidentiality.

  The existing layout has limited ED physician and ED staff break areas.

- Insufficient radiology capabilities in the ED.

  The ED currently has one CT scanner, two general radiology rooms, and one ultrasound room.

  The main campus radiology department is located in the lower level of the building, necessitating that acutely ill patients be transported to the lower level for MRI image studies or CT scans if the ED CT scanner is unavailable due to high volumes or equipment problems. This adds time to the diagnostic and treatment processes. As these patients are often acutely ill with complex clinical conditions, reducing transportation time and keeping them close to the ED providers optimizes the efficient and effective care of their condition.

Certain MRI and CT scan equipment is aging and in need of upgrade / replacement, thus reducing access to current imaging technologies.

CT scan support for stroke patients in the ED is limited to a single, nine-year old system. Carle is a DNV-designated primary stroke center with comprehensive stroke center capabilities. Stroke patient volume increased by 39% between calendar 2010 and 2011, and estimated to increase an additional 16% between calendar 2011 and 2012.

Ultrasound in the ED is performed in the main radiology department during regular hours with after-hours scans being performed in an existing general radiology room in the ED. The existing radiology rooms have no doors, which create privacy concerns (screens instead of doors).

- Insufficient storage.

  Insufficient equipment and supply storage results in temporary placement of items in ED hallways. There is insufficient clean and dirty storage space.

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

The Advisory Board Company bed capacity estimation tool was used to analyze patient visits to the Carle ED in 2011. The Advsiory Board Company recommends that ED station capacity be added when volume reaches 1,700 – 2,000 patients per station.

Information on evidence that ED visits are increasing faster than would be expected based on population growth: Tang N, Stein J, Hsia RY, Maselli JH, Gonzales R. Trends and characteristics of US emergency department visits, 1997-2007. *JAMA*. 2010;304(6):664-670.

Information on a recent study showing that a change in health insurance status is likely to increase ED visits: Ginde AA, Lowe RA, Wiler JL. Health insurance status change and emergency department use among US adults [published online March 26, 2012]. *Arch Intern Med*. 2012;172(8):ioi120003642-647.

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

- Insufficient number of treatment spaces for the volume of patients.

  The proposed project will add 17 ED stations, and one safe room to the ED.

  The additional ED stations will directly address the strain on capacity and throughput. It is anticipated that, given the projected growth to 80,543 ED visits by 2016, the expanded ED will experience approximately 1,678 visits

per station per year at that time. While projected utilization is slightly below the State Standard and the low end of The Advisory Board Company recommendation, it will allow the ED to treat more patients with less waiting room time while also providing space for growth.

The additional safe room will allow more than one special needs patient to be cared for at one time.

- Inefficient work space

  The proposed project will be implemented such that the new ED stations surround a central nurse's station and physician work area, thus adding line of site views to the stations and improving ease of access to patients.

  The proposed stations themselves will a standard configuration, such that storage, equipment, and utilities are in the same locations in each station.

  The proposed stations will have doors, thus maintaining privacy and protecting patient confidentiality and reducing or eliminating the need for hallway patient beds.

  The proposed space has improved storage space, a staff suite, and a sleeping room.

- Insufficient radiology capabilities in the ED.

  In addition to modernizing and expanding the ED, the proposed project will include a full service radiology suite within the ED. In establishing the radiology suite, Carle will replace certain MRI and CT scan equipment, which is aging and in need of upgrade or replacement. Equipment would include:

  - One Magnetic Resonance Imaging (MRI) system

    A new MRI system, which includes a cardio vascular package and a wide bore magnet, will replace an existing 19-year-old system that is currently located in the ED. The new system will allow for scanning of larger patients, reduce sedation needs for claustrophobic patients, and provide faster scanning capability resulting in reduced radiation exposure to patients. Further, it will increase efficiency in the ED by allowing MRI studies to be performed within the ED, increasing patient throughput while improving patient safety (by not having to transport patients to the radiology department in the lower level) and decreasing delays in scanning.

  - Two Computed Tomography (CT) scanners

Purpose of Project

Two new CT scanners will be located in the ED. One CT scanner will replace a nine year old scanner. The CT scanners will have 64 slice capabilities and radiation reduction software (allowing the techs to manage dosage efficiently), which is particularly important for pediatric patients and women of child bearing age. The scanners will expand the ability to perform CT scans within the ED, increasing patient throughput while improving patient safety (by not having to transport patients to the radiology department in the lower level) as well as decreasing delays in scanning. Moreover, the addition of one CT scanner within the ED department will improve efficiency in cases of multiple patients with urgent needs (e.g. a stroke patient and a trauma patient presenting at the same time). Carle is a primary stroke center with comprehensive stroke center capabilities, and stroke patient imaging is time-critical for patient diagnosis and treatment.

- Two general radiology rooms

  These units will replace two existing general radiology rooms that are seven years old.

  The proposed general x-ray equipment will be digital, and will provide a reduction of radiation exposure due to digital imaging.

- One ultrasound room

  A new ultrasound unit will be added to the ED.

  Ultrasound service is currently provided in ED via mobile equipment, which is moved to the ED as needed. Having a unit located in the ED will provide more immediate availability for patient care, increase the use of ultrasound to diagnose appendicitis in order to reduce exposure to radiation (ultrasound would be used before CT), and reduced wear and tear on the mobile equipment.

  The addition of an ultrasound room will also resolve patient privacy issues.

All of the proposed equipment will support Carle's special responsibilities (Level 1 trauma center, primary stroke center, etc.), improve throughput of ED patients, improve efficiency, reduce wait time for the patients, and improve patient satisfaction.

All of the equipment in the proposed radiology suite is expected to be used for inpatient services as needed.

- Insufficient storage.

  The proposed project includes several new storage spaces.

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

   The following are several specific goals with corresponding target completion dates associated with the purpose of the project:

   - Project implementation and completion by December 31, 2014.

Alternatives to the Proposed Project

Carle Foundation Hospital proposes to expand the Emergency Department at its 611 West Park Street facility in Urbana, Illinois.

The applicants believe that the proposed project is the most effective and least costly alternative to the other alternatives considered when balancing necessary access to services with costs. The following narrative consists of a comparison of the proposed project to alternative options.

The applicants have considered a number of alternatives as follows:

1) Proposing a project of greater or lesser scope and cost

There are several options in this category.

Do nothing.

The Emergency Department is approximately 30 years old. An 18 room expansion was done in 2004, and an additional six rooms were added in 2009. Capacity and throughput constraints have continued to develop over time, due to steadily increasing patient volumes, resulting in a need to expand the ED in order to meet the growing patient volume. Without adequate evaluation and treatment space, the growing volumes create increasing wait times for patients with emergent and urgent medical conditions. While Carle has protocols in place to ensure that patients are triaged to ensure prompt attention to life threatening conditions, patients with less acute conditions are often forced to wait for treatment.

Because Carle is subject to the Emergency Treatment and Active Labor Act, it is required to provide an examination and needed stabilizing treatment, without consideration of insurance coverage or ability to pay, when a patient presents to an emergency room for attention to an emergency medical condition. Thus, referring patients away to an alternative treatment facility is restricted by law.

In addition, certain inefficiencies in the ED layout have been identified and certain opportunities to improve efficiencies in equipment use have been identified.

The option of doing nothing would not address the patient throughput issues or workspace efficiency issues identified in Attachment-12. The increasing patient volumes and high-priority needs for specialized diagnostics (e.g. for primary stroke center patients) would continue to result in throughput constraints.

Under this option, opportunities to improve quality of care through timeliness of service, the use of the latest diagnostic equipment, and unit layout and station configuration efficiencies would not be taken advantage of. Also, in this scenario,

Carle would be required to continue to use 10 beds in the ED hallways that are utilized for the busiest periods at the hospital.

While the immediate capital cost of this option is nominal, there are ongoing maintenance costs that are capitalized. While less than the option selected, the option of doing nothing was rejected.

Under this option, patient access would deteriorate over time, quality of care would not be improved, and the advantages of reconfigured workspace would not be implemented. For these reasons, this alternative was rejected.

Reduce the Size of the Proposed Project

This option would not adequately address patient throughput issues. The number of patients per station would remain above the minimum utilization guidelines established by the Administrative Rules and above the threshold for expansion provided by The Advisory Board. The increasing volumes and need for specialized diagnostics (for primary stroke center patients) would continue to result in throughput constraints, though fewer than if nothing was done. Under this option, project cost would be reduced but patient access would worsen over time, quality of care would be somewhat improved, and the advantages of reconfigured workspace would be implemented in less than half of the workspace. For these reasons, this alternative was rejected.

2) 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

No opportunity for a joint venture is available.

For this reason, this alternative was rejected.

3) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project

The Emergency Medical Treatment and Active Labor Act (EMTALA) requires hospitals to provide care to anyone needing emergency healthcare treatment regardless of citizenship, legal status, or ability to pay. Under EMTALA, a medical screening exam must be given to all ED patients. This includes all diagnostics and interventions needed, within the hospital's ability to provide such, in order to rule out a medical emergency prior to transfer of an ED patient to another facility. Further, the community has the option of choosing a hospital, and implementing a process of transfer would negate the choice of presenting patients. Finally, some of the presenting patients are required to come to Carle because they are trauma patients and Carle is a Level 1 trauma center.

For these reasons, this alternative was rejected.

Alternatives to the Proposed Project

4) Build a Freestanding Emergency Department

This option was discussed, but was rejected because it not an allowable option at present.

5) Expand the Existing Emergency Department (Proposed)

The proposed project would be to expand the Emergency Department on-site at the main Carle campus in Urbana, Illinois. The proposed project will consist of 8,622 dgsf of new construction and 5,220 dgsf of modernized space. The existing 33 station Emergency Department would be expanded to 51 stations through the addition of 17 stations and one safe room. A radiology suite would be created within the expanded ED, adding one Magnetic Resonance Imaging space, one CT scanner space, two general radiology spaces, and one ultrasound space.

The total project cost is $18,500,000.

This option will improve patient access by providing a number of stations calculated to be adequate to meet both existing and forecasted ED patient volumes for the next five years.

This option will improve quality of care by increasing patient throughput, reducing wait time for treatment, providing patient privacy, reducing wait times for diagnostics, reducing the need to transport patients from the ED to the main radiology department, reducing radiation exposure due to new MRI, CT, and general radiology equipment, improving ED efficiencies due to distribution of ED stations around a central nurses station and line-of-site views from a centralized nurses station, and standardizing ED station layout and configuration.

For all of these reasons, this option is the one chosen for the proposed project.

Size of Project

Carle Foundation Hospital proposes to expand the Emergency Department at its 611 West Park Street facility in Urbana, Illinois.

Appendix B of Section 1110 of the Administrative Code documents the established standards for departments, clinical service areas, and facilities.

The applicant proposes:

- To add 18 stations to the existing Emergency Department. This is a total of 10,277 dgsf of space. The proposed dgsf per station is 571 dgsf. This is within the state standard of 900 dgsf per treatment station.
- To add one MRI system. This is a total of 1,628 dgsf of space. The proposed dgsf per unit is 1,628 dgsf. This is within the state standard of 1,800 dgsf per unit.
- To add two CT scanners. This is a total of 2,453 dgsf of space. The proposed dgsf per unit is 1,227 dgsf. This is within the state standard of 1,800 dgsf per unit.
- To add two general radiology rooms. This is a total of 2,225 dgsf of space. The proposed dgsf per unit is 1,113 dgsf. This is within the state standard of 1,300 dgsf per unit.
- To add one ultrasound rooms. This is a total of 750 dgsf of space. The proposed dgsf per unit is 750 dgsf. This is within the state standard of 900 dgsf per unit.

The table below summarizes the departments, proposed dgsf, applicable state standard, and project compliance with the state standard.

SIZE OF PROJECT				
DEPARTMENT / SERVICE	**PROPOSED DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**
Emergency Department	571	900 dgsf / station	329 dgsf under the standard	Yes
MRI	1628	1800 dgsf / unit	172 dgsf under the standard	Yes
CT Scan	1227	1800 dgsf / unit	573 dgsf under the standard	Yes
General Radiology	1113	1300 dgsf / unit	187 dgsf under the standard	Yes
Ultrasound	750	900 dgsf / unit	150 dgsf under the standard	Yes

The proposed project is within the state standards for the departments / services being added.

Project Services Utilization

Carle Foundation Hospital proposes to expand the Emergency Department at its 611 West Park Street facility in Urbana, Illinois.

Appendix B of Section 1110 of the Administrative Code documents the established standards for departments, clinical service areas, and facilities.

The applicant proposes:

- To add one Magnetic Resonance Imaging (MRI) system.

  Carle Foundation Hospital currently has four MRI systems. The new system will replace an aging 19-year-old unit. The 19-year-old unit will be retained for up to one year and then retired.

  Utilization over the last four years, including a projection for the remainder of 2012, is 2,710 exams per unit.

  Year 1 utilization is projected to be 2,526 exams per unit. Year 2 utilization is projected to be 2,602 exams per unit. The projected utilization exceeds the minimum state standard of 2,500 procedures per unit.

	Department / Service	Historical Utilization (patient days, treatments, etc)	Projected Utilization	State Standard	Met Standard ?
Year 1	MRI	2,710	2526	2,500 procedures	Yes
Year 2	MRI		2602		Yes

- To add two Computed Tomography (CT) scanners.

  Carle Foundation Hospital currently has four CT scanners. One of the new CT scanners will replace an aging 9-year-old unit, which will be traded in on the new purchase.

  Utilization over the last four years, including a projection for the remainder of 2012, is 9,375 exams per unit.

  Year 1 utilization is projected to be 7,394 exams per unit. Year 2 utilization is projected to be 7,616 exams per unit. The projected utilization exceeds the minimum state standard of 7,000 visits per unit.

	Department / Service	Historical Utilization (patient days, treatments, etc)	Projected Utilization	State Standard	Met Standard?

Project Services Utilization

Year 1	CT	9,375	7394	7,000 visits	Yes
Year 2	CT		7616		Yes

- To add two sets of general radiology (x-ray) equipment.

  Carle Foundation Hospital currently has 15 general radiology units. The two units dedicated to the ED will be replaced with new units and the existing units will be retired.

  Utilization over the last four years, including a projection for the remainder of 2012, is 3,601 exams per unit.

  Year 1 utilization is projected to be 3,902 exams per unit. Year 2 utilization is projected to be 3,980 exams per unit. The projected utilization is below the state standard of 8,000 procedures per unit.

	Department / Service	**Historical Utilization (patient days, treatments, etc)**	**Projected Utilization**	**State Standard**	**Met Standard ?**
Year 1	General Radiology	3,601	3902	8,000 procedures	No
Year 2	General Radiology		3980		No

Eight of the existing units are dedicated to specialized uses, and their volume is below the volume of general x-ray equipment due to the nature of their use. If these eight units are removed from the utilization calculation, Year 1 utilization is projected to be 7,973 exams per unit and Year 2 utilization is expected to be 8,132 exams per unit. The projected utilization would then exceed the state standard of 8,000 procedures per unit.

	Department / Service	**Historical Utilization (patient days, treatments, etc)**	**Projected Utilization**	**State Standard**	**Met Standard ?**
Year 1	General Radiology	7,322	7973	8,000 procedures	No
Year 2	General Radiology		8132		Yes

Project Services Utilization

- To add one ultrasound unit.

Carle Foundation Hospital currently has 11 ultrasound units in the radiology department, one of which is dedicated to the ED. One unit would be added to the ED.

Utilization over the last four years, including a projection for the remainder of 2012, is 1,961 exams per unit.

Year 1 utilization is projected to be 2,218 exams per unit. Year 2 utilization is expected to be 2,329 exams per unit. The projected utilization is below the state standard of 3,100 visits per unit.

	Department / Service	Historical Utilization (patient days, treatments, etc)	Projected Utilization	State Standard	Met Standard ?
Year 1	Ultrasound	1,961	2218	3,100 visits	No
Year 2	Ultrasound		2329		No

Two of the existing units are mobile units dedicated to specialized uses, and their volume is below the standard due to the nature of their use. If these two units are removed from the utilization calculation, Year 1 utilization is projected to be 2,609 exams per unit and Year 2 utilization is expected to be 2,739 exams per unit. The projected utilization would then be slightly below the state standard of 3,100 procedures per unit.

	Department / Service	Historical Utilization (patient days, treatments, etc)	Projected Utilization	State Standard	Met Standard ?
Year 1	Ultrasound	2,361	2609	3,100 visits	No
Year 2	Ultrasound		2739		No

Unfinished or Shell Space

Carle Foundation Hospital to expand the Emergency Department at its 611 West Park Street facility in Urbana, Illinois.

There will be no unfinished or shell space, therefore this section is not applicable.

Unfinished or Shell Space Assurances

Carle Foundation Hospital proposes to expand the Emergency Department at its 611 West Park Street facility in Urbana, Illinois.

There will be no unfinished or shell space, therefore this section is not applicable.

Section V Master Design and Related Projects

Carle Foundation Hospital proposes to expand the Emergency Department at its 611 West Park Street facility in Urbana, Illinois.

This is not a Master Design and Related Projects activity. Therefore this section is not applicable.

Section VI Mergers, Consolidations, and Acquisitions

No merger, consolidation or change of ownership is planned in connection with the proposed project. Therefore, this section of the CON permit application is not applicable to this project.

Service Specific Review Criteria
Clinical Service Areas Other Than Categories of Service

Carle Foundation Hospital proposes to expand the Emergency Department at its 611 West Park Street facility in Urbana, Illinois.

The proposed project involves the replacement of a facility or service onsite, and is therefore a Service Modernization.

1) *Deteriorated Equipment or Facilities*
The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to: historical utilization data, downtime or time spent out of service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.

In addition to the modernization and expansion of the ED, the proposed project will include a full service radiology suite within the ED. In establishing the radiology suite, Carle will replace certain MRI and CT scan equipment, which is aging and in need of upgrade or replacement.

A new MRI system, which includes a cardio vascular package and a wide bore magnet will replace an existing 19 year old system that is currently located in the ED. The new system will allow for scanning of larger patients, reduce sedation needs for claustrophobic patients, and provide faster scanning capability resulting in reduced radiation exposure to patients. Further, it will increase efficiency in the ED by allowing MRI studies to be performed within the ED, increasing patient throughput while improving patient safety (by not having to transport patients to the radiology department in the lower level) and decreasing delays in scanning.

Two new CT scanners will be located in the ED. One CT scanner will replace a nine year old scanner. The CT scanners will have 64 slice capabilities and radiation reduction software (allowing the techs to manage dosage efficiently), which is particularly important for pediatric patients and women of child bearing age. The scanners will expand the ability to perform CT scans within the ED, increasing patient throughput while improving patient safety (by not having to transport patients to the radiology department in the lower level) as well as decreasing delays in scanning. Moreover, the addition of one CT scanner within the ED department will improve efficiency in cases of multiple patients with urgent needs (e.g. a stroke patient and a trauma patient presenting at the same time). Carle is a primary stroke center with comprehensive stroke center capabilities, and stroke patient imaging is time-critical for patient diagnosis and treatment.

The general x-ray equipment in the two general radiology rooms, which is seven years old, will be replaced. The existing equipment will be digital, and will provide a reduction of radiation exposure due to digital imaging.

A new ultrasound unit will be added to the ED. Ultrasound service is currently provided in ED via mobile equipment which is moved to the ED as needed. Having a unit located in the ED will provide more immediate availability for patient care, increase the use of ultrasound to diagnose appendicitis in order to reduce exposure to radiation (ultrasound would be used before CT), and reduce wear and tear on the mobile equipment. The addition of an ultrasound room will also resolve patient privacy issues.

2) *Necessary Expansion*
The proposed project is necessary to provide expansion for diagnostic treatment, ancillary training or other support services to meet the requirements of patient service demand. Documentation shall consist of, but is not limited to: historical utilization data, evidence of changes in industry standards, changes in the scope of services offered, and licensure or fire code deficiency citations involving the proposed project.

The proposed project is necessary to meet the growing need for emergency and urgent care services to the community. From 2008 to 2011, emergency department visits increased nearly 17% (or 4.2% annually). Based upon this historical growth, Carle projects emergency department visits will increase to 80,543 visits by 2016 (the second year after project completion). Therefore, the additional stations are necessary to accommodate future growth in ED utilization.

3) *Utilization*

A) *Major Medical Equipment*
Proposed projects for the acquisition of major medical equipment shall document that the equipment will achieve or exceed any applicable target utilization levels specified in Appendix B within 12 months after acquisition.

The applicant proposes:

- To add one Magnetic Resonance Imaging (MRI) system.

  Carle Foundation Hospital currently has four MRI systems. The new system will replace an aging 19-year-old unit. The 19-year-old unit will be retained for up to one year and then retired.

  Utilization over the last four years, including a projection for the remainder of 2012, is 2,710 exams per unit.

  Year 1 utilization is projected to be 2,526 exams per unit. Year 2 utilization is projected to be 2,602 exams per unit. The projected utilization exceeds the minimum state standard of 2,500 procedures per unit.

Service Specific Review Criteria
Clinical Service Areas Other Than Categories of Service

	Department / Service	Historical Utilization (patient days, treatments, etc)	Projected Utilization	State Standard	Met Standard ?
Year 1	MRI	2,710	2526	2,500 procedures	Yes
Year 2	MRI		2602		Yes

- To add two Computed Tomography (CT) scanners.

  Carle Foundation Hospital currently has four CT scanners. One of the new CT scanners will replace an aging 9-year-old unit, which will be traded in on the new purchase.

  Utilization over the last four years, including a projection for the remainder of 2012, is 9,375 exams per unit.

  Year 1 utilization is projected to be 7,394 exams per unit. Year 2 utilization is projected to be 7,616 exams per unit. The projected utilization exceeds the minimum state standard of 7,000 visits per unit.

	Department / Service	Historical Utilization (patient days, treatments, etc)	Projected Utilization	State Standard	Met Standard?
Year 1	CT	9,375	7394	7,000 visits	Yes
Year 2	CT		7616		Yes

- To add two sets of general radiology (x-ray) equipment.

  Carle Foundation Hospital currently has 15 general radiology units. The two units dedicated to the ED will be replaced with new units and the existing units will be retired.

  Utilization over the last four years, including a projection for the remainder of 2012, is 3,601 exams per unit.

  Year 1 utilization is projected to be 3,902 exams per unit. Year 2 utilization is projected to be 3,980 exams per unit. The projected utilization is below the state standard of 8,000 procedures per unit.

Service Specific Review Criteria
Clinical Service Areas Other Than Categories of Service

	Department / Service	Historical Utilization (patient days, treatments, etc)	Projected Utilization	State Standard	Met Standard ?
Year 1	General Radiology	3,601	3902	8,000 procedures	No
Year 2	General Radiology		3980		No

Eight of the existing units are dedicated to specialized uses, and their volume is below the volume of general x-ray equipment due to the nature of their use. If these eight units are removed from the utilization calculation, Year 1 utilization is projected to be 7,973 exams per unit and Year 2 utilization is expected to be 8,132 exams per unit. The projected utilization would then exceed the state standard of 8,000 procedures per unit.

	Department / Service	Historical Utilization (patient days, treatments, etc)	Projected Utilization	State Standard	Met Standard ?
Year 1	General Radiology	7,322	7973	8,000 procedures	No
Year 2	General Radiology		8132		Yes

- To add one ultrasound unit.

  Carle Foundation Hospital currently has 11 ultrasound units in the radiology department, one of which is dedicated to the ED. One unit would be added to the ED.

  Utilization over the last four years, including a projection for the remainder of 2012, is 1,961 exams per unit.

  Year 1 utilization is projected to be 2,218 exams per unit. Year 2 utilization is expected to be 2,329 exams per unit. The projected utilization is below the state standard of 3,100 visits per unit.

Service Specific Review Criteria
Clinical Service Areas Other Than Categories of Service

	Department / Service	Historical Utilization (patient days, treatments, etc)	Projected Utilization	State Standard	Met Standard ?
Year 1	Ultrasound	1,961	2218	3,100 visits	No
Year 2	Ultrasound		2329		No

Two of the existing units are mobile units dedicated to specialized uses, and their volume is below the standard due to the nature of their use. If these two units are removed from the utilization calculation, Year 1 utilization is projected to be 2,609 exams per unit and Year 2 utilization is expected to be 2,739 exams per unit. The projected utilization would then be slightly below the state standard of 3,100 procedures per unit.

	Department / Service	Historical Utilization (patient days, treatments, etc)	Projected Utilization	State Standard	Met Standard ?
Year 1	Ultrasound	2,361	2609	3,100 visits	No
Year 2	Ultrasound		2739		No

B) *Service or Facility*
Projects involving the modernization of a service or facility shall meet or exceed the utilization standards for the service, as specified in Appendix B. The number of key rooms being modernized shall not exceed the number justified by historical utilization rates for each of the latest two years, unless additional key rooms can be justified per subsection (c)(2) (Necessary Expansion).

The applicant proposes:

- To add 18 stations to the existing Emergency Department. This is a total of 10,277 dgsf of space. The proposed dgsf per station is 571 dgsf. This is within the state standard of 900 dgsf per treatment station.

- To add one MRI system. This is a total of 1,628 dgsf of space. The proposed dgsf per unit is 1,628 dgsf. This is within the state standard of 1,800 dgsf per unit.
- To add two CT scanners. This is a total of 2,453 dgsf of space. The proposed dgsf per unit is 1,227 dgsf. This is within the state standard of 1,800 dgsf per unit.
- To add two general radiology rooms. This is a total of 2,225 dgsf of space. The proposed dgsf per unit is 1,113 dgsf. This is within the state standard of 1,300 dgsf per unit.
- To add one ultrasound rooms. This is a total of 750 dgsf of space. The proposed dgsf per unit is 750 dgsf. This is within the state standard of 900 dgsf per unit.

The table below summarizes the departments, proposed dgsf, applicable state standard, and project compliance with the state standard.

SIZE OF PROJECT				
DEPARTMENT / SERVICE	**PROPOSED DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**
Emergency Department	571	900 dgsf / station	329 dgsf under the standard	Yes
MRI	1628	1800 dgsf / unit	172 dgsf under the standard	Yes
CT Scan	1227	1800 dgsf / unit	573 dgsf under the standard	Yes
General Radiology	1113	1300 dgsf / unit	187 dgsf under the standard	Yes
Ultrasound	750	900 dgsf / unit	150 dgsf under the standard	Yes

The proposed project is within the state standards for the departments / services being added.

C) *If no utilization standards exist, the applicant shall document in detail its anticipated utilization in terms of incidence of disease or conditions, or population use rates.*

Utilization standards exist, so this section is not applicable.

Section 1120.120 Availability of Funds

The applicants have the following bond ratings:

- AA- from Fitch's (May 2, 2011), included as part of Attachment-39
- A+ from Standard and Poor's (April 29, 2011) included as part of Attachment-39

The applicants therefore are not required to address Section 1120.120 Availability of Funds.

Healthcare
New Issue

Carle Foundation

Illinois Finance Authority

Ratings

New Issue
$230,505,000 Illinois Finance Authority Revenue Bonds, Series 2011A — AA–

Outstanding Debt
$74,045,000 Illinois Finance Authority Revenue Bonds, Series 2009A — AA–
$160,000,000 Illinois Finance Authority Revenue Bonds, Series 2009B–E — AA–

Rating Outlook

Stable

Analysts

Gary Sokolow
+1 212 908-9186
gary.sokolow@fitchratings.com

Dana N. Sodikoff
+1 312 368-3215
dana.sodikoff@fitchratings.com

New Issue Details

Sale Information: Series 2011A bonds the week of May 9 via negotiation.
Security: Pledge of gross receipts.
Purpose: Finance a tower project, fund capitalized interest and a working capital fund, support the building of two physician clinics, reimburse for prior capital expenditures, fund future capital projects, and refinance various mortgages and a portion of a bridge loan used to purchase Carle Clinic.
Final Maturity: 2041.

Related Research

For information on Build America Bonds, visit www.fitchratings.com/BABs.

Applicable Criteria
- *Nonprofit Hospitals and Health Systems Rating Criteria, Dec. 29, 2009*
- *Revenue-Supported Rating Criteria, Oct. 8, 2010*

Other Research
- *2011 Outlook: U.S. Healthcare, Jan. 12, 2011*

Rating Rationale

- The Carle Foundation's (Carle) acquisition of both the Carle Clinic (the clinic) and its health plan, Health Alliance Medical Plans (HAMP), in April 2010 has created a large, fully integrated system that, while stressing some financial ratios over the next five years, will significantly enhance Carle's already-growing footprint in the greater Urbana/Champaign region, providing what Fitch Ratings believes will be a stable operating platform at the current rating level over the longer term.
- Consolidated results show HAMP is dilutive to Carle's operating performance (which generally exceeded Fitch's 'AA' rating category medians before the acquisitions), but this is offset by the health plan's consistent operations and the business opportunities that now exist for the integrated entity.
- Liquidity is light for the rating category but should improve over time.
- The former clinic physicians, who are now Carle employed physicians, account for 95% of hospital admissions.
- Pro forma analysis shows MADS coverage stressed through 2015 as Carle pays down a promissory note subordinate to the obligated group's (OG) debt; coverage improves to 'AA' rating category medians after 2015.
- Carle's leading inpatient market share, 47.7% in 2010, has grown every year since 2002, improving 13% over the eight-year period.
- Credit concerns include the tower project to be funded with the 2011 debt issuance and the potential operating volatility that exists over the next few years as Carle fully integrates the clinic physicians and HAMP.

Key Rating Drivers

- As integration of the clinic and HAMP progresses, Carle should realize operational efficiencies and growth opportunities to support consistent operating performance.
- Carle continues its scheduled payments on the promissory notes to clinic physicians.
- Construction is on time and on budget.

Credit Summary

The 'AA–' rating reflects Fitch's opinion that the strategic benefits of Carle's acquisition of the Carle Clinic, a 316-physician member multispecialty clinic with more than 14 locations spread throughout Urbana/Champaign, and its health plan, which had approximately $1 billion of revenue in 2010, outweigh the dilutive effects of the acquisition on Carle's consolidated financial and capital metrics. The rating also reflects the new debt for the tower project, which is manageable once Carle moves beyond the five-year paydown of $161.3 million in promissory notes issued for the acquisition. Other credit strengths include the continued growth in Carle's market share, which should be further enhanced by the acquisition, and the positive trend in utilization. Credit concerns include the potential near-term volatility in operating performance as Carle integrates the clinic and the health plan, the typical risks of a new tower project, and increased pressure on cash flow due to the paydown of the

Rating History

Rating	Action	Outlook/ Watch	Date
AA-	Affirmed	Stable	3/31/11
AA-	Assigned	Evolving	12/22/08

promissory notes and a large receivable on payments HAMP is owed from the state of Illinois.

Located in Urbana IL, Carle consists of: 325-bed Carle Foundation Hospital; Carle Health Care (which includes the Carle Physician Group, comprised mostly of former clinic physicians); Carle Retirement Centers, a 174-unit retirement center dba The Windsor; and a health plan. On a pro forma consolidated basis, Carle had $1.6 billion in total operating revenues in fiscal 2010.

HAMP: Loss of State Health Care Contract

On April 6, the state of Illinois announced BlueCross BlueShield had been awarded the new five-year HMO services contract for state of Illinois employees. HAMP and other providers had held this contract for 30 years. The loss of the state contract is a material development. In fiscal 2010, the state contract represented approximately $450 million of HAMP's $1.1 billion in revenue and almost one-third of HAMP's total covered lives. Management estimates that approximately 13% of Carle's inpatient admissions are state employees covered under HAMP.

In response, HAMP has filed a formal protest with the state that could take months to resolve. The fact-gathering period of the protest will continue through early May, at which point, the state will review the information and issue a ruling, a process that could take weeks or months. In 2004, HAMP went through the formal protest process and at that time was successful in overturning the state's decision to award the contract to another provider. If the formal protest fails, HAMP has other options that could enable it to overturn the decision.

While the loss of the contract represents a substantial loss of revenue to HAMP, the effect on Carle is more difficult to ascertain at this time. Thus, Fitch is not taking additional rating action. Management had formulated contingency plans in 2004 to address administrative expenses in the event of a loss of the state contract. Separately, it is unclear the effect that switching contracts would have on patient usage at Carle. The HAMP contract for state employees is not exclusive to Carle. Currently state employees covered by HAMP who utilize Carle's health services voluntarily make the decision to seek their care at Carle, when they could be going to other healthcare providers, including Provena, Carle's main competitor in Urbana. Finally, HAMP's operations have been dilutive to the consolidated results of Carle. The OG's operating performance has been consistently at or above Fitch's 'AA' rating category medians, which provides a financial cushion at the current rating level should Carle need to make adjustments in the event the contract change goes through.

Fitch will continue to monitor the situation closely and take rating action as needed.

New Issue Details

Carle plans to issue a total of $230.5 million of fixed-rate revenue bonds through the Illinois Finance Authority. Fitch also expects Carle to secure a $100 million direct purchase tax-exempt variable bond (from two banks) with a seven-year put that will amortize over thirty years. Proceeds from the series 2011A bonds and the direct purchase bonds will be used to finance a new tower project, fund capitalized interest and a working capital fund, support the building of two physician clinics, reimburse Carle for prior capital expenditures, fund future capital projects, and refinance various mortgages and approximately $22.4 million of the bridge loan that Carle used to purchase the clinic.

Total long-term debt after issuance will be approximately $702.1 million, which includes $161.3 million in promissory notes. The promissory notes, which were issued

for the purchase of the clinic, are subordinate to bonded debt and will be paid off in approximate equal installments over the next five years. After issuance, Carle will have approximately 55% of fixed-rate debt and 45% of variable-rate debt, excluding the promissory notes.

MADS including the promissory notes is $71.6 million and occurs in 2015, when it will drop significantly to $35.6 million. MADS based on the master trust indenture definition is $40.1 million in 2015, since it includes only 20% of the yearly debt service on the promissory notes. All MADS figures were provided by the underwriter, Barclays Capital. For purposes of analysis, Fitch is using the most conservative MADS of $71.6 million.

Bondholders are expected to be secured by a pledge of gross receipts of the OG members, which include Carle, The Carle Foundation Hospital, Carle Health Care, Inc., and Carle Retirement Centers, Inc. HAMP is not part of the OG. The OG comprises 60.2% of total assets and 48.5% of total revenues in the consolidated system. Security does not include a mortgage lien on or security interest in any property of the OG. Additionally, a debt service reserve fund is not expected to be funded, which is viewed negatively.

The current covenant package includes the following:

- **Debt Service Coverage Requirement:** The requirement is 1.10x tested annually. However, failure to meet the debt service coverage requirement does not constitute an event of default provided the OG engages an independent consultant or maintains at least 100 days cash on hand on the last day of the prior fiscal year.
- **Additional Debt (Funded Indebtedness):** A pro forma funded indebtedness ratio not to exceed 0.67 to 1.00; historical pro forma debt service coverage of at least 1.25x in the prior fiscal year or at least 1.10x historical coverage in the preceding fiscal year and an officer's certificate projecting at least 1.20x in the year following stabilization.
- **Disposition of Property:** Limited to 15% of the total book value of the property of the obligated group within any 12-month period or an amount (based on an officer's certificate) that would not reduce the historical MADS coverage ratio by more than 35% or to less than 1.10x in the preceding fiscal year after giving effect to such transfer.
- **Permitted Encumbrances:** Limited to not more than 25% of the value of property, plant, and equipment of the obligated group.
- **Variable-Rate Bond Indentures:** Irrevocable letters of credit (LOCs) exist for four separate 2009 bond series totaling $160 million. The LOCs are divided between Northern Trust Company (Fitch IDR rating 'AA–/F1+') and JP Morgan Chase Bank, N.A. (Fitch IDR rating 'AA–/F1+'). Term-out provisions for the bonds should they become bank bonds include eight quarterly payment installments, with the first payment due 365 days following the day the bank honored the draw.
- The LOCs have stricter covenants than the MTI, including a DCOH covenant of 125 days and debt service coverage of 1.2x. The LOCs have an expiration date of March 18, 2012, and Carle is currently in the process of extending the LOCs. Given Carle's rating level and the manageable size of its LOC-supported debt, Fitch believes that Carle should be able to renew the LOCs, find replacement LOCs, or restructure the debt without it affecting Carle's current rating. Carle has ample unrestricted liquidity relative to variable-rate debt.

Swaps

Carle has five swaps in place — two fixed-payor swaps, one constant maturity swap, and two basis swaps. Total notional value of the swaps is $269.5 million, with two swaps having the largest notional value of $63.0 million each. There are four counterparties, which Fitch views positively, as they provide good counterparty diversity, limiting exposure to any single counterparty. The largest negative mark to market is currently $6.3 million, significantly below its collateral posting threshold of $15 million. The collateral thresholds on the swaps range from $10 to $15 million, and Carle has never had to post collateral. Swaps payment obligations are on par with bonded debt obligations.

Disclosure

Carle covenants to disclose annual financial information within 150 days of each fiscal year-end and quarterly information within 50 days of each fiscal quarter-end to EMMA. Disclosure to date has been excellent and includes balance sheet, income statement, cash flows, and management discussion and analysis.

The Project

Carle is building a nine-story tower contiguous with a building on its current campus at a cost of $163.2 million. The tower will have new patient floors, with almost all private rooms and integrated family space, 50,000 square feet for physician offices, a new intensive care unit for adults and children, and better alignment of clinical services than is currently configured in some of its current patient floors. There are credit concerns that are typical of new tower projects. However, mitigating these concerns are the guaranteed maximum price contract that is in place, the minimal disruption expected to current hospital operations, as the tower is being built on an empty plot of land alongside the current campus, and Carle's successful completion in 2008 of a cancer center and research institute for $32.3 million, which was a major addition to the current campus. Fitch believes the new tower will be a significant upgrade to Carle's inpatient and intensive care floors.

Acquisition of the Clinic and HAMP

In April 2010, Carle purchased the clinic after the two entities decided that an integrated system was better positioned to address uncertainties in the current healthcare environment as well as a variety of other federal and state regulatory actions, legislative initiatives, and policy changes, including changes by the Centers for Medicare and Medicaid Services regarding physician-hospital relationships. Carle and the clinic had worked closely together for more than 60 years, and the clinic accounted for 95% of hospital admissions. The vast majority of the clinic physicians became employed by Carle under a wholly owned affiliate, Carle Physician Group, which is part of the OG. The health plan remained a for-profit entity outside the OG, and Carle owns it through an Illinois for-profit corporation that was formerly the clinic. For analytical purposes, Fitch used consolidated figures on a pro forma historical basis provided by Carle, with a year end of December (Carle moved its fiscal year-end to Dec. 31 from June 30 in 2010). OG results quoted in this report are audited and have a June 30, 2010 fiscal year end.

The purchase price of the clinic and the health plan was $250 million. For the $88.7 million down payment, Carle used $1.2 million in cash and financed the other $87.5 million through a bridge loan. Carle will refinance a portion of the bridge loan (approximately $22 million) as part of the 2011 debt issuance and plans to pay off the other $65 million from cash. To finance the remaining $161.3 million of the acquisition, Carle issued promissory notes that carry a 5% interest rate. The promissory notes will be paid down over the next five years with yearly payments (principal and interest) ranging from $34.7 million–$39.4 million. MADS of $71.6 million, which includes the

promissory notes, occurs in 2015, the final payment year, then drops to a manageable $35.6 million. Consolidated pro forma MADS coverage of the $71.6 million in 2010 was adequate at 2.4x, and coverage of the $35.6 million was much stronger at 4.9x. Fitch's 2010 'AA' rating category median is 3.8x.

Business Strategy — Post-Acquisition

Strategically the acquisition creates an integrated system that Fitch believes is very well positioned for healthcare reform, should further secure Carle's leading market share in its primary service area (PSA), and has the potential to advance Carle's regional presence. On the physician side, the transition of clinic physicians from equity members in a for-profit stand-alone organization to employed physicians of Carle represents a major change. Although Carle and the clinic worked closely together and had a longstanding relationship, the level of integration — in terms of efficiencies, quality, and growth strategies — that can be attained with a strong group of employed physicians has been heretofore unavailable to Carle, and Carle is working towards a physician clinic hospital model of operations. From a governance perspective, Carle has expanded the number of physicians on its board to four from two (14 total board members, plus two ex officio members), and Carle has instituted a dyad clinical leadership structure in which clinical leaders are paired with administrative leaders and make key operational, strategic, and financial decisions together. On the efficiency side, Carle estimates integration will enable savings of $18 million to $27 million a year and expects to achieve approximately $9 million of these savings in year one.

Regionally, Carle's management has indicated that the integrated system has enhanced its ability to explore a number of strategic business opportunities and grow its market share in its primary and secondary service areas. An elemental component of this regional strategy has been the ability to offer specialty coverage to smaller regional hospitals, something Carle was unable to do when the bulk of its admitting physicians were independent practitioners in the clinic. The first realization of these opportunities has been a mutual agreement between Carle and Hoopeston Regional Health Center, a critical access hospital located 50 miles northeast of Carle's main campus, to integrate. The two hospitals' boards are still in the process of approving the merger.

HAMP already has a strong regional presence. HAMP was founded in 1989 by clinic physicians and currently has more than 337,000 members and $1 billion in revenue. It is the most significant non-obligated group member. Carle and HAMP are exploring regional business opportunities as well as other potential initiatives around healthcare reform, including its ability to manage care coordination and control costs. HAMP is Carle's largest managed care contract.

Governance and Management

Carle has approximately 1,135 individual members, primarily consisting of community members, whose voting rights are limited to the election of Carle's board of trustees. As part of the acquisition, the board was expanded to 16 members (14 of whom are elected), and the number of physicians represented on the board doubled to four from two. Board members serve three-year staggered terms. The board of trustees of the hospital consists of seven members elected by the Carle board plus the president/CEO of Carle and the CEO of Carle Physician Group, as ex-officio members. Currently all the hospital's board members also serve on the Carle board's executive committee.

There have been changes to Carle's senior management team that also reflect the acquisition and Carle's focus on becoming a physician-led organization. Effective April 1, 2010, Dr. Robert Wellman became CEO of the physician group, and he is responsible for physician practices, hospital operations, and HAMP. He served as president and CEO

87

ATTACHMENT-39

of clinic physician practice operations from 2000–2010. On the same date, Dennis Hesch was appointed executive VP and CFO; he had been a senior vice president and CFO of the clinic. Carle's current president and CEO, Dr. James Leonard, remains in place, a position he was appointed to in 2000.

Medical Staff

Fitch views the clinic physicians becoming employed physicians at Carle as a credit positive. These physicians, totaling 316 (approximately 38% of whom are primary care physicians), account for approximately 95% of Carle's total admissions, represent 50 specialties and subspecialties, and practice at 14 clinic locations — seven primary care branches and seven multi-specialty branches. These physicians, combined with physicians employed through Carle's Foundation Physician Services, comprise 88% of the members of Carle's active medical staff.

As of Dec. 31, 2010, Carle's active medical staff consisted of 535 physicians and dentists; 93% of those eligible were board certified. The average age of the active staff was about 48 years, and the top 10 admitting physicians accounted for a moderate 26.6% of total inpatient discharges. Fitch views Carle's medical staff as a credit positive and believes Carle's ability to recruit and retain physicians has been enhanced given its strategy to move forward as a physician-led organization and its strong base of employed physicians. Additionally, Carle has strengthened its research program and its relationship with the University of Illinois' Champaign-Urbana campus, which also help expand its recruitment of clinical research physicians.

Service Area and Competition

Carle has a leading inpatient market share of 47.7% (2010) in its PSA, Champaign County, along with select zip codes in east-central Illinois. In the first nine months of the year ended Dec. 31, 2010, the PSA accounted for approximately 68.8% of Carle's inpatient discharges, with Champaign County accounting for 54.1% of total discharges. The secondary service area (SSA) includes selected zip codes from 38 other counties in east-central Illinois and west-central Indiana. The SSA generated 28.6% of inpatient discharges over that time, with Vermilion County, located directly east of Champaign County, accounting for 14.7% of inpatient discharges. Demographic indicators for the service area are a neutral credit factor. Population growth and household wealth indicators lag state and national levels. However, the unemployment rate is below state and national levels, and this may be due to the presence of the University of Illinois' Champaign-Urbana campus, which provides significant economic stability to the area. Fitch rates the city of Champaign GO bonds 'AAA'.

Carle has grown its market share in its PSA every year since 2002, and this 13% improvement, coupled with its leading market share, is a key credit strength. Provena Covenant Medical Center (Provena), its main PSA competitor, has the second largest market share of 24.4%. Provena is a 202-staffed-bed acute care hospital located approximately one mile from CFH. No other hospital in the service area had a market share of more than 6.1%. Carle has also shown steady growth in its SSA, growing it to 13.8% in 2010 from 11.8% in 2006.

Payor Mix and Utilization

Carle's payor mix is currently a credit neutral, with a slightly high exposure to total government payors at 63% of gross revenues a concern. Medicaid is particularly elevated at 15% and has grown about 4% over the past four years. This is offset by good payor contracts and HAMP representing 25% of its patient payor mix. Moving forward, with HAMP part of the consolidated system, Carle is well positioned to work with HAMP around managed care coordination, controlling costs, and improving outcomes, the direction in which healthcare reform is moving.

Inpatient utilization has shown steady growth, with inpatient discharges rising to 18,624 in 2010 from 16,211 in 2006. Most other utilization figures have also shown steady growth, including births and emergency department visits; however, outpatient surgeries were down year over year to 6,411 from 6,698.

Financial Performance

Fitch's analysis and the various financial ratios referenced in this report are calculated using the consolidated financial statements of Carle, which include certain non-obligated affiliates, most notably HAMP. Carle's financial profile prior to the acquisition was characterized by solid revenue growth, strong operating profitability, and balance sheet strength, with the consolidated system performance mirroring OG performance. Pro forma historical consolidated results show that while revenue growth remains strong, the new consolidated system is dilutive to Carle's operating profitability and other balance sheet metrics. However, while dilutive when compared to the OG's performance, consolidated results remain within the 'AA' rating category medians, and Fitch believes the strategic benefit of the health plan outweighs its dilutive influence on results.

Payor Mix

(As % of Gross Revenues, Fiscal Years Ended June 30)

	2008	2009	2010
Medicare	44.0	43.0	43.0
Medicaid	14.0	14.0	15.0
Commercial and Other	18.0	17.0	17.0
HAMP	21.0	22.0	20.0
Self-Pay	3.0	4.0	5.0
Total	100.0	100.0	100.0

Note: Numbers may not add to 100% due to rounding.

Utilization Data

(Fiscal Years Ended June 30)

	2008	2009	2010
Licensed Beds	305	315	305
Operated Beds	297	285	284
Acute Discharges/Admissions Excluding Newborn Births	17,617	17,928	18,624
Acute Patient Days Excluding Newborn Days	81,219	79,082	85,519
Average Length of Stay (Days)	4.6	4.4	4.6
Average Daily Census	223	217	234
Occupancy (%)	75	76	82
Normal Newborn Births	2,185	2,324	2,452
Outpatient Surgeries	6,284	6,698	6,411
Net Emergency Room Visits*	55,520	56,741	61,586
Clinic Visits	572,119	552,792	561,101
Medicare Case Mix Index	1.7	1.8	1.8

*Excluding emergency room admissions.

89

ATTACHMENT-39

The pro forma consolidated results for 2010 show an operating margin of 2.7% and an operating EBITDA margin of 6.6%, both trailing the 'AA' rating category medians of 3.7% and 10.3%, respectively. However, these results were affected by approximately $8.6 million in one-time expenses, mostly legal and consulting fees, associated with the merger. For 2010, HAMP had $26.2 million in operating income before taxes on $1.0 billion in revenue, and the operating income is fairly consistent with that of the prior four years. The consistency of HAMP's operations mitigates some of the concern around HAMP's dilutive effect on Carle's consolidated performance. For comparison, audited OG results for June 30, 2010 show an operating margin of 9.2% and operating EBITDA margin of 16%, well above Fitch's 'AA' rating category medians.

DCOH is similarly affected by the health plan. The OG had DCOH of 316.3 days compared to the consolidated December pro forma of 159.4 days (adjusted to reflect a $67 million draw on a line of credit). The 'AA' rating category median is 214.7 days. The health plan expenses, mostly healthcare claim payouts, suppress DCOH on a consolidated basis, but DCOH remains adequate for the category. The state fiscal crisis has affected Carle's cash flow, as HAMP is owed $180 million from the state and has drawn $67 million of a $96 million line of credit to mitigate the delayed payments. Fitch will monitor the situation and long-term impact to Carle's consolidated financial position.

Other pro forma liquidity figures on a consolidated basis are weak for the rating level. The pro forma cushion ratio is 9.1x based on MADS of $71.6 million, which includes the promissory notes, but 20.1x based on MADS of $35.6 million, which is above the rating category median of 19.6x. Cash to debt including the promissory notes is 100.9%; this is below the rating category median, but cash to debt should improve rapidly as Carle pays off the promissory notes.

Consolidated pro forma MADS coverage of $71.6 million (MADS including the promissory note payments) in 2010 was adequate at 2.4x, and coverage of the $35.6 million (the post-promissory note MADS) was much stronger at 4.9x. Fitch's 2010 'AA' rating category median is 3.8x. Pro forma analysis of the $702.4 million of long-term debt shows debt to EBITDA of 4.4x and debt to capitalization of 48.1%, both trailing their respective rating category medians of 3.4x and 34%; however, Fitch expects these figures to improve as Carle pays down the promissory notes.

The Stable Rating Outlook reflects Fitch's belief that the hospital's strong historical operating performance combined with HAMP's consistent operating performance outweigh concerns about operating volatility during this period of organizational integration, the paydown of the promissory notes, and the undertaking of a major capital project. Stability is further supported by Carle's solid market share position.

Financial Summary

($000, Audited Fiscal Years Ended June 30)

	2008[a]	2009[a]	2010[a]
Balance Sheet Data			
Unrestricted Cash	478,301	574,074	648,909
Restricted Cash	0	0	6,994
Trustee-Held Cash	187,977	291,796	176,314
Net Patient Accounts Receivable	111,850	95,148	96,471
Gross Property, Plant, and Equipment (PP&E)	386,485	383,673	689,571
Accumulated Depreciation	N.A.	N.A.	320,566
Net PP&E	387,007	384,195	369,005
Total Assets	1,512,282	1,750,185	1,835,718
Short-Term Debt	0	0	67,000
Current Liabilities	227,034	257,631	385,794
Due to Third-Party Payors	2,062	8,525	26,801
Unrestricted Net Assets	690,670	900,927	771,414
Income and Cash Flow Data			
Net Patient Revenue	517,348	521,001	568,820
Other Revenue	916,887	986,003	1,054,538
Total Revenue	1,434,235	1,507,004	1,623,358
Salaries, Wages, Fees, and Benefits	445,154	445,329	464,289
Depreciation and Amortization	31,926	36,679	45,889
Interest Expense	9,975	7,546	18,442
Provision for Bad Debts	18,207	21,934	48,074
Total Expenses	1,374,333	1,429,171	1,580,209
Income from Operations	59,902	77,833	43,149
Operating EBITDA	101,803	122,058	107,480
Non-Operating Gains/(Losses)	(147,121)	41,399	67,325
Excess Income/(Loss)	(87,219)	119,232	110,474
Total Investment Income/(Loss)	(11,002)	33,575	59,971
Net Unrealized Gains/(Losses)	(60,584)	95,659	26,574
EBITDA	(45,318)	163,457	174,805
Maximum Annual Debt Service (MADS)	71,612	71,612	71,612
MADS without Promissory Notes	35,582	35,582	35,582
Liquidity Ratios			
Days Cash on Hand	131.8	152.9	159.4
Days in Accounts Receivable	82.0	72.3	61.9
Days in Current Liabilities	62.6	68.6	94.7
Cushion Ratio (x)	6.7	8.0	9.1
Cushion Ratio without Promissory Notes (x)	13.4	16.1	18.2
Cash to Debt (%)	173.0	179.1	135.6
Profitability and Operational Ratios (%)			
Operating Margin	4.2	5.2	2.7
Operating EBITDA Margin	7.1	8.1	6.6
Excess Margin	(6.8)	7.7	6.5
EBITDA Margin	(3.5)	10.6	10.3
Cash Flow Margin	0.0	0.0	0.0
Investment Income as % of Excess Income	12.6	28.2	54.3
Personnel Cost as % of Revenues	31.0	29.6	28.6
Bad Debt Expense as % of Revenues	1.3	1.5	3.0
Capital-Related Ratios			
MADS Coverage by EBITDA (x)	(0.6)	2.3	2.4
MADS Coverage without Promissory Notes by EBTIDA (x)	(1.3)	4.6	4.9
MADS Coverage by Operating EBITDA (x)	1.4	1.7	1.5
MADS Coverage without Promissory Notes by Operating EBTIDA (x)	2.9	3.4	3.0
MADS as % of Revenue	5.0	4.8	4.4
MADS without Promissory Notes as % of Revenue	2.5	2.4	2.2
Debt to EBITDA (x)	(6.1)	2.0	2.7
Debt to Operating EBITDA (x)	2.7	2.6	4.5
Debt to Capitalization (%)	28.8	26.3	38.5

[a]Unaudited. N.A. – Not available. Note: Fitch Ratings may have reclassified certain financial statement items for analytical purposes.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS. IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.

Copyright © 2011 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries. One State Street Plaza, NY, NY 10004.Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion is based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of Great Britain, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

STANDARD &POOR'S

Global Credit Portal
RatingsDirect®

April 6, 2011

Illinois Finance Authority Carle Foundation; Hospital; Joint Criteria

Primary Credit Analyst:
Martin D Arrick, New York (1) 212-438-7963; martin_arrick@standardandpoors.com

Secondary Contact:
Suzie Desai, Chicago (1) 312-233-7046; suzie_desai@standardandpoors.com

Table Of Contents

Rationale

Outlook

Organizational Profile And Acquisition Of CCA

Sound Financial Profile For The Rating Category

Debt Derivative Profile: Low Credit Risk

Related Criteria And Research

93

ATTACHMENT-39

Illinois Finance Authority
Carle Foundation; Hospital; Joint Criteria

Credit Profile		
US$.231 mil rev bnds (Carle Foundn) ser 2011A due 02/15/2041		
Long Term Rating	A+/Stable	New
Carle Foundation ICR		
Long Term Rating	A+/Stable	Downgraded
Illinois Fin Auth, Illinois		
Carle Foundn, Illinois		
Illinois Fin Auth (Carle Foundn) hosp VRDO 2009E		
Unenhanced Rating	A+(SPUR)/Stable	Downgraded
Long Term Rating	AAA/A-1+	Affirmed

Rationale

Standard & Poor's Ratings Services has lowered its issuer credit rating (ICR) on the Carle Foundation (Carle FD) to 'A+' from 'AA-' and lowered the long-term ratings and underlying ratings (SPURs) on debt issued by the Illinois Finance Authority for the Carle FD to 'A+' from 'AA-'. At the same time, Standard & Poor's assigned its 'A+' long-term rating to the $230.505 million series 2011A revenue bonds issued by the authority on behalf of the Carle Foundation. The outlook is stable.

Standard & Poor's also affirmed its 'AAA/A-1+' joint-criteria ratings on Carle FD's series 2009B-E bonds based on the application of our joint criteria using our low correlation methodology. The long-term components of the ratings are jointly based on the long-term ratings on the Carle FD (A+) and the letters of credit (LOCs) provided by JPMorgan Chase Bank N.A. (AA-) and Northern Trust Co. (AA). We based the short-term component of the rating on the liquidity provided by the LOC from JPMorgan Chase Bank (A-1+) and Northern Trust Co. (A-1+). The LOCs expire March 18, 2012, although management reports they are in the process of extending these LOCs with the same banks for multiple years.

The Carle FD is the physician-led parent of the Carle Foundation Hospital and other subsidiaries. On April 1, 2010, Carle FD acquired the Carle Clinic Assn. (doing business as the Carle Physician Group) and its subsidiaries, which included the Health Alliance Medical Plans Inc. (HAMP). These three entities -- the hospital, the physician group, and HAMP -- are the main components of Carle FD and together form an integrated health care delivery system in central Illinois centered in Champaign-Urbana. The system's main assets include the 325-bed Carle Foundation Hospital, the Carle Physician Group with more than 350 physicians practicing in 50 specialties at 14 different sites in nine area communities, and HAMP with more than 337,000 members and multiple product lines. Carle maintains an open staff model with more than 535 physicians, in addition to the strong presence of the Carle Physician Group.

The downgrade to 'A+' reflects a broad diminution of Carle FD's financial profile due to both the acquisition of the Carle Clinic Assn. (CCA) and the current debt issue for a new tower project. While the overall financial profile remains sound, we believe it is currently more consistent with the lower rating especially because Carle FD must

make large annual payments for the CCA acquisition until 2015. Credit strengths that we believe support the revised rating include an attractive, integrated business model that positions Carle FD very well in its broad 29-county service area for continued market share growth beyond the solid market share gains it has made for many years in and around its local Champaign-Urbana service area, improved financial performance, and health care reform.

More specifically, the lower rating reflects our view of:

- The dilutive impact of the CCA acquisition and the additional debt on liquidity, leverage, and debt service coverage despite our view that the acquisition is strategically sound, positions Carle FD well for health care reform, and over a longer-time horizon is likely to provide lasting benefits to Carle FD;
- Only adequate maximum annual debt service (MADS) coverage despite solid operating and excess income due to high MADS and debt burden through 2015 while Carle FD pays off the CCA acquisition promissory note, although pro forma coverage is consistent with the revised rating if the note is excluded; and
- Large unpaid receivables from the State of Illinois to HAMP of $180 million, which have necessitated short-term borrowing of $67 million as of Dec. 31, 2010, which have not been factored into rising leverage, but could emerge as a disruptive operational issue if not resolved in the near to medium term.

We believe the 'A+' rating is supported by Carle FD's:

- Solid business position, reflected by its leading and growing market share of 48% (up from 34.4% in 2002) in the Champaign-Urbana area, growing volumes, and the provision of differential and tertiary levels of services compared with the main competitor in the area -- Provena Covenant Medical Center (PCMC), part of the larger Provena Health System (BBB+) headquartered in a south suburb of Chicago -- although there is some competition from other tertiary centers in Chicago; Springfield, Ill.; St. Louis, Mo.; and Indianapolis, Ind.;
- Successful acquisition of CCA and HAMP; and
- Adequate balance sheet reflecting moderate leverage excluding an underfunded pension combined with liquidity that, while sound at 102% of debt, is relatively weaker than in prior years compared with the increased revenue base, as days' cash on hand has dropped to 169 on a pro forma basis from more than 300 days pre-acquisition and leverage rises with debt over 48% of capitalization on a pro forma basis, which we believe is more consistent with the revised rating.

Carle FD will use bond proceeds to fund a nine story tower project ($163 million excluding financing costs) with additional physician offices, private rooms, and enhanced intensive care space, and eight new cardiac catheterization laboratories, which will also allow for future expansion. In addition, bond proceeds funded some smaller projects and Carle FD will reimburse itself for $30 million of prior capital expenditures and $34.7 million of future capital spending. After the sale and other unrelated refinancings, overall debt rises to $716 million from the $478 million shown in Dec. 31, 2010, audit, which excludes the short-term HAMP cash flow borrowing, Carle FD's debt, including the promissory note, will be approximately 63% naturally fixed rate and 37% variable or direct-purchase bank debt. The obligated group's revenues secures the bonds.

The obligated group consists of Carle Foundation (the parent), Carle Foundation Hospital, Carle Health Care Inc. (which includes the newly acquired Carle Physician Group), and Carle Retirement Centers (see the Organizational Profile section for more information on the obligated group). The obligated group accounts for more than 92% of operating income, 70% of long-term debt, 72% of unrestricted cash, and roughly 60% of total assets as of the Dec. 31, 2010 audit. Unless otherwise indicated, this analysis refers to the entire system.

Standard & Poor's assigned the obligated group a Debt Derivative Profile (DDP) overall score of '2' on a four-point scale whereby '1' represents the lowest risk. The overall score of '2' reflects our view that the obligated group's swap portfolio poses a low additional risk to overall credit quality.

Outlook

The stable outlook reflects our view of Carle FD's strong business position, improving market share, and the emergence of Carle FD as an integrated health care system. We could consider a higher rating or positive outlook based on improved cash flow that achieves MADS of greater than 4x on a sustained basis, combined with general balance sheet improvement that lowers leverage and improves liquidity. Although we do not expect to lower the rating during the two-year outlook period, a sharp decline in Carle FD's overall financial profile could result in a negative rating action.

Organizational Profile And Acquisition Of CCA

On April 1, 2010, Carle Foundation and CCA, two separately owned entities, but whose operations and activities were very closely aligned, merged into one entity to generate future savings and strategic benefits. Also, given their close relationship, changes in the Stark laws provided additional reasons for the merger. The merger included HAMP, a large health plan with approximately 337,000 enrollees that accounted for $533 million of revenues or 62% of Carle FD's consolidated operating revenue for the six months ended Dec. 31, 2010.

Carle Holding Co. – which includes HAMP -- is profitable and includes $565 million in total assets as of Dec. 31, 2010, including $171 million of goodwill that was booked at the time of sale. Carle Health Care -- which includes the Carle Physician Group -- operates at a modest loss. Management has articulated a plan to save approximately $20 million of savings annually in each of the next five fiscal years with $9.4 million achieved in the first eight months since the merger. It is our opinion that in the long term, the benefits of the merger will outweigh the risks and is a strategically sound decision. However, the near-term effects have weakened Carle FD's growth in liquidity, escalated leverage, and depressed coverage.

The merger has also made Carle FD an attractive partner for many small hospitals in the region. Overtime we expect that Carle FD will include a number of other facilities either through direct acquisition or close affiliation. The large geographic footprint of HAMP provides a natural service area for the expansion of Carle FD's inpatient and Carle Health Care's services.

The acquisition of CCA has created a physician-led integrated entity with more than $1.8 billion in assets and $1.6 billion in operating revenue. The obligated group consists of Carle Foundation (the parent), Carle Foundation Hospital, Carle Health Care Inc. (which includes the physician practice of the newly acquired CCA), and Carle Retirement Centers. Carle FD Hospital is a 325-bed hospital and is a teaching hospital for the School of Medicine at the University of Illinois at Urbana-Champaign. The hospital service area consists of 29 counties in east central Illinois and six counties in west central Indiana. The primary service area is Champaign-Urbana and Carle maintains a good market share of 48%, which has grown during the past few years. The hospital is the only level I trauma center in the area and received the Magnet designation for nursing excellence in 2009. Generally, utilization has trended favorably during the past several years with discharges at 18,464 in 2010, an increase of 1.2% from the previous calendar year. The Medicare case-mix index is high at 1.81 and up slightly from prior years. Similarly,

emergency department visits were 61,591, reflecting a 2.6% increase over calendar 2009. Inpatient and outpatient surgeries decreased slightly.

The transaction between Carle FD and CCA consisted of a $250 million purchase price. Carle FD issued interim financing for $87.5 million (which it is paying off this spring) and a $161.3 million promissory note that amortizes in annual installments of roughly $31 million, over five years with a final maturity in 2015.

Sound Financial Profile For The Rating Category

Carle FD has just changed its fiscal year to January-December from July-June. Due to the change in fiscal years and a restatement of results to present the CCA-Carle FD metrics on a combined basis for the past three fiscal years, there is a wide range of data available for review. For the six-month audited period ended Dec. 31, 2010, Carle FD's operating and excess income was $27.2 million (3.2% margin) and $43.6 million (4.9% margin), respectively. These results are consistent with the pro forma combined statements for the entire year, wherein operating income totaled $42.4 million and excess equaled $87.8 million as adjusted by Standard & Poor's to exclude gains and losses on property disposal, swap valuation changes, and unrealized gains and losses. Coverage of MADS, including the promissory note, was low at 2.2x for the six month period and 2.1x for the entire year. In our opinion, this reflects a high debt burden at more than 4%. If the promissory note is excluded from MADS, the debt burden drops to a more moderate 2.4% and coverage improves to 3.8x for the six-month period and 3.6x for the entire year, which is consistent with the 'A+' rating. Carle FD is repaying the promissory note in equal installments by 2015. In general, income indicators for calendar 2009 on a pro forma basis are comparable to 2010. Calendar 2008 and fiscal 2009 results are much weaker as poor investment returns hurt overall cash flow and coverage.

Carle FD's unrestricted cash and investments were $716 million (166 days' cash on hand) as of Dec. 31, 2010. Post issuance cash will be $732 million (169 days) after some reimbursement, retirement of a bank note, and the receipt of a special dividend from Carle FD's captive insurance company, which occurred in February 2011. The dividend returned excess reserves from the captive to Carle where they are unrestricted general reserves. Cash to debt on a pro forma basis is slightly more than 100%. Over time, Carle FD expects to receive additional cash from Illinois as the state brings its payment arrears, currently at $180 million, back to a more reasonable level. However, if the state continues to delay payments and enlarges the amount of money it owes HAMP, the ability and willingness of Carle FD to continue to pay the providers in its HAMP network could be compromised with potential disruption to all of the providers in HAMP's network.

Carle FD's capital spending totaled $21.2 million for the six months ended Dec. 31, 2010. The budget for 2011 calls for capital spending of $30 million for routine items excluding the projects funded from this issue. After this issue, we understand there are no plans for additional debt over the two-year outlook period.

Carle Foundation Financial Statistics

	--Fiscal year ended Dec. 31--			
Income statement and cash flow	2010*	2010¶	2009¶	2008¶
Operating revenue ($000s)	839,993	1,623,358	1,507,004	1,434,235
Total expenses ($000s)	812,786	1,580,953	1,429,709	1,358,184
Operating income ($000s)	27,207	42,405	77,295	76,051
Operating margin (%)	3.24	2.61	5.13	5.30
Net nonoperating revenues ($000s)	24,050	45,350	27,544	(41,516)

05-4461300001250

47

ATTACHMENT-39

Carle Foundation Financial Statistics (cont.)				
Excess income ($000s)	42,206	87,755	104,839	34,535
Excess margin (%)	4.88	5.21	6.74	2.46
Earnings before interest, depreciation & amortization to total revenue (%)	9.0	9.0	9.6	2.5
Capital expenditures ($000s)	21,189	34,231	52,967	95,012
Debt				
Net available for debt service ($000s)	78,139	152,086	149,064	76,436
Pro forma maximum debt service ($000s)**	71,612	71,612	71,612	71,612
Pro forma maximum debt service coverage (x)**	2.18	2.12	2.08	1.07
Maximum debt service to Total revenue (%)**	4.14	4.26	4.61	5.11
Pro forma maximum debt service ($000s)	42,251	42,251	42,251	42,251
Pro forma maximum debt service coverage (x)	3.70	3.60	3.53	1.81
Maximum debt service to total revenue (%)	2.57	2.51	2.72	3.01
Balance sheet				
Unrestricted cash & investments ($000s)	731,709§	715,909	569,000	485,000
Days' cash on hand	170	166	141	126
Cash to debt (%)¶¶	102§	122	209	N.A.
Cushion ratio (x)	10.00	10.00	7.94	6.68
Net fixed assets ($000s)	369,005	369,005	383,673	386,485
Long-term debt ($000s)	716,170*	478,517	272,323	42,080§§
Unrestricted fund balance ($000s)	764,414	764,414	898,306	684,090
Debt to capitalization (%)	48.32§	38.50	23.26	N.A.
Average age of plant (years)	6.40	6.40	N.A.	N.A.

*Six month audit ended Dec. 31, 2010.¶Calendar year pro forma historical consolidation. §Pro forma post issuance. **Includes promissory note in MADs. ¶¶Excludes short-term debt. §§Auction-rate debt reclassifed into short-term debt at this time. N.A.–Not available.

Debt Derivative Profile: Low Credit Risk

Carle Foundation is party to two floating-to-fixed rate swaps and three basis swaps. UBS AG (A+) is the counterparty to one floating-to-fixed rate swap and one basis swap, for a total initial notional amount of $128.3 million. The second floating-to-fixed rate swap is with Citibank N.A. New York (A+) as the counterparty for initial notional amount of $48.45 million. The second basis swap, with the Goldman Sachs Mitsui Marine Derivative Products L.P. (AAA) as counterparty, has a notional amount of $50 million. The last basis swap, with the Barclays Bank PLC (AA-) as counterparty, has a notional amount of $50 million.

Standard & Poor's has assigned Carle Foundation a Debt Derivative Profile (DDP) overall score of '2' on a scale of '1' to '4', with '1' representing the lowest risk and '4', the highest. The overall score of '2' reflects Standard & Poor's view that Carle FD's swaps reflect a low risk at this time.

Specifically, the factors affecting the DDP score include:

- Low counterparty risk with diversified counterparty strength;
- Low-to-moderate termination and collateral posting risk;
- Good management oversight over the swap plan; and
- Excellent economic viability of the swaps over stressful economic cycles.

08-9446 : 3030001250

98

ATTACHMENT-39

Related Criteria And Research

- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- USPF Criteria: Municipal Swaps, June 27, 2007
- USPF Criteria: Debt Derivative Profile Scores, March 27, 2006

Ratings Detail (As Of April 6, 2011)

Illinois Fin Auth, Illinois

Carle Foundn, Illinois

Illinois Fin Auth (Carle Foundn) hosp VRDB ser 2009D

Unenhanced Rating	A+(SPUR)/Stable	Downgraded
Long Term Rating	AAA/A-1+	Affirmed

Illinois Fin Auth (Carle Foundn) (ASSURED GTY), series 2009A

Unenhanced Rating	A+(SPUR)/Stable	Downgraded

Many issues are enhanced by bond insurance.

Copyright © 2011 by Standard & Poors Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

The McGraw-Hill Companies

April 29, 2011

Bulletin:

Ratings On Carle Foundation, IL Unaffected By Illinois State Decision Not To Renew Some Contracts With Health Alliance

Primary Credit Analyst:
Martin D Arrick, New York (1) 212-438-7963; martin_arrick@standardandpoors.com

Secondary Contact:
Suzie Desai, Chicago (1) 312-233-7046; suzie_desai@standardandpoors.com

NEW YORK (Standard & Poor's) April 29, 2011--Standard & Poor's Ratings Services today said that its rating and outlook on Carle Foundation, Ill. (A+/Stable) are unaffected by the recent disclosure that the State of Illinois does not plan to renew certain managed-care contracts with Health Alliance, a Carle subsidiary.

While Standard & Poor's views this development as a credit risk over time, the rating agency lowered its rating on Carle to 'A+' from 'AA-' on April 4, 2011, in part, due to the state's delay of managed-care payments to Health Alliance. In the full analysis published April 6, 2011, on RatingsDirect on the Global Credit Portal, Standard & Poor's described the relationship as one that could emerge as a "disruptive operational issue if not resolved in the near future." While this particular issue was unexpected, the downgrade reflected potential state-related problems and Standard & Poor's believes the impact at the lower rating is manageable.

Standard & Poor's understands that Carle's management is actively protesting the state's decision, which would reduce Carle's overall revenues significantly if not overturned, but believes the impact will be somewhat muted and dependant on many factors including individual decisions by thousands about whether to get services at a new organization or maintain access to Carle physicians and hospital services via the new state insurance contracts.

101

[illegible] 30001250
ATTACHMENT-39

06377' | 300001250
107
ATTACHMENT-39

Copyright © 2011 by Standard & Poors Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Section 1120.130 Financial Viability

The applicants have the following bond ratings:

- AA- from Fitch's (May 2, 2011), included as part of Attachment-39
- A+ from Standard and Poor's (April 29, 2011) included as part of Attachment-39

The applicants therefore are not required to address Section 1120.130 Financial Viability.

Section 1120.140 Economic Feasibility

The applicants have the following bond ratings:

- AA- from Fitch's (May 2, 2011), included as part of Attachment-39
- A+ from Standard and Poor's (April 29, 2011) included as part of Attachment-39

The applicants therefore are not required to address Section 1120.140 Economic Feasibility.

Safety Net Impact Statement

Carle Foundation Hospital proposes to expand the Emergency Department at its 611 West Park Street facility in Urbana, Illinois.

The project is non-substantive because the project is not proposing construction of a new or replacement facility, proposing a new service, discontinuing an existing service, or proposing a change in bed capacity. Therefore this section is not applicable.

Charity Care Information

Carle Foundation Hospital proposes to expand the Emergency Department at its 611 West Park Street facility in Urbana, Illinois.

The charity care for Carle Foundation Hospital for the latest three audited fiscal years, is provided in the table below.

Hospital Charity Care				
		2011	2010	2009
1	Net Patient Revenue	395,467,000	371,429,000	329,988,000
2	Amount of Charity Care (charges)	70,120,870	31,462,685	23,295,071
3	Cost of Charity Care	15,232,826	8,937,069	7,800,807
4	Ratio of the cost of Charity Care to Net Patient Revenue	3.9%	2.4%	2.4%

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:

INDEX OF ATTACHMENTS

ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	27-28
2	Site Ownership	29-36
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	37-38
5	Flood Plain Requirements	39-40
6	Historic Preservation Act Requirements	41-42
7	Project and Sources of Funds Itemization	43-44
8	Obligation Document if required	
9	Cost Space Requirements	
10	Discontinuation	45
11	Background of the Applicant	46-56
12	Purpose of the Project	57-64
13	Alternatives to the Project	65-67
14	Size of the Project	68
15	Project Service Utilization	69-71
16	Unfinished or Shell Space	72
17	Assurances for Unfinished/Shell Space	73
18	Master Design Project	74
19	Mergers, Consolidations and Acquisitions	75
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	
21	Comprehensive Physical Rehabilitation	
22	Acute Mental Illness	
23	Neonatal Intensive Care	
24	Open Heart Surgery	
25	Cardiac Catheterization	
26	In-Center Hemodialysis	
27	Non-Hospital Based Ambulatory Surgery	
28	General Long Term Care	
29	Specialized Long Term Care	
30	Selected Organ Transplantation	
31	Kidney Transplantation	
32	Subacute Care Hospital Model	
33	Post Surgical Recovery Care Center	
34	Children's Community-Based Health Care Center	
35	Community-Based Residential Rehabilitation Center	
36	Long Term Acute Care Hospital	
37	Clinical Service Areas Other than Categories of Service	76-81
38	Freestanding Emergency Center Medical Services	
	Financial and Economic Feasibility:	
39	Availability of Funds	82-103
40	Financial Waiver	
41	Financial Viability	104
42	Economic Feasibility	105
43	Safety Net Impact Statement	106
44	Charity Care Information	107