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HEALTH FACILITIES &
SERVICES REVIEW BOARD

ILLINOIS HEALTH FACILITIES
AND
SERVICES REVIEW BOARD

TYPE B MODIFICATION FILING
SUPPLEMENTAL AND ADDITIONAL INFORMATION

PROJECT 13-072

BELOIT HEALTH SYSTEM, INC.

NORTHPOINTE HEALTH AND WELLNESS CAMPUS
AMBULATORY SURGERY TREATMENT CENTER

ROSCOE, ILLINOIS

July 31, 2014

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Revised or Modified Sections / Pages

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July 31, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RECEIVED

AUG 01 2014

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Re: Type B Permit Application Submission
Project 13-072
Beloit Health System
NorthPointe Health and Wellness Campus
Ambulatory Surgical Treatment Center

Dear Ms. Avery,

On June 4, 2014 the Illinois Health Facilities and Services Review Board issued an Intent-to-Deny with respect to the above referenced project. Subsequently, on June 12, 2014, we officially responded that the Beloit Health System would be submitting additional information and also requested a re-hearing before the Review Board.

Please accept this supplemental / additional information as one basis for our requested appearance. We have modified the proposed project in response to Review Board concerns; and, in discussion with your staff, it appears our changes qualify for a Type B Permit Application modification within the Boards' criteria. We thank the staff for their assistance in developing this project modification.

The proposed 4-room ASTC project has been modified as follows:

1. The ASTC has been modified to eliminate some private preparation and recovery spaces; thereby reducing the respective department gross sq. ft. (dgsf) by approximately 1,851 sq. ft. to a total of 8,680 sq. ft. (Attachment 39), and thus under the State Standard.

At-Home Healthcare
1904 E. Huebbe Parkway
Beloit, WI • (608) 363-5885

Beloit Clinic
1905 E. Huebbe Parkway
Beloit, WI • (608) 364-2200

Clinton Clinic
307 Ogden Avenue
Clinton, WI • (608) 676-2206

Darien Clinic
300 N. Walworth Street
Darien, WI • (262) 882-1151

Janesville Clinic
1321 Creston Park
Janesville, WI • (608) 757-1217

**NorthPointe Health &
Wellness Campus**
5605 E. Rockton Road
Roscoe, IL • (815) 525-4000

NorthPointe Terrace
5601 E. Rockton Road
Roscoe, IL • (815) 525-4800

**Occupational Health Sports
& Family Medicine Center**
1650 Lee Lane
Beloit, WI • (608) 362-0211

Riverside Terrace
3055 S. Riverside Dr.
Beloit, WI • (608) 365-7222

West Side Clinic
1735 Madison Road
Beloit, WI • (608) 363-7510

2. The design specifications have been critically reviewed and value-engineered. This process has reduced the costs associated with the ASTC component from \$3,997,567 to \$2,906,151 (334.81/sq. ft.) (See also Attachment 13, page 123, revised) or by \$1,091,416, and thus, the per sq. ft. costs are under the State Standard. The new total project cost is \$15,276,194, or \$1,063,510 less than the original permit application.
3. Equipment costs for the project have been re-categorized to delineate the costs associated only with the ASTC component. Capitalized equipment for the project has been included, and expensed equipment has been removed (per our earlier supplemental submission dated April 14, 2014, page 58 of 76), from the modified permit application. The ASTC clinical equipment cost is \$1,786,500 or \$446,625 per room, and thus under the State Standard of \$461,361 per room. (See Attachment 7, Exhibits 1 and 2.)
4. Beloit Memorial Hospital will attest to the fact that in its proposed modernization of its existing surgical suite, it will reduce its operating room complement from 6 to 4 rooms thereby remaining neutral in its operating room capacity, and thus having no impact on market capacity. (See Narrative and Narrative Exhibits 2 and 3.)
5. We have more appropriately allocated Architectural and Engineering fees between the clinical and non-clinical categories based on the revised project scope.
6. We have objectively responded in our permit modification to the various misrepresentations, assertions, and subjective allegations voiced by other parties in order to provide the Review Board objective information for their deliberation.

In addition, we remain concerned the Review Board does not recognize that Beloit Health System is currently an in-market provider; Beloit has had a physical presence in Illinois since 1991; and currently 44% of the System volume is attributable to Illinois residents. Patients do not recognize geo-political boundaries as a barrier to care. The NorthPointe Campus in Roscoe, Illinois is approximately 4 miles, or 7 minutes from Beloit; 15 miles or approximately 21 minutes from Rockford; and significantly further from Belvidere, Illinois, which is in the defined geographic service area (GSA). Thus, Beloit Memorial Hospital is the closest hospital to the NorthPointe Campus.

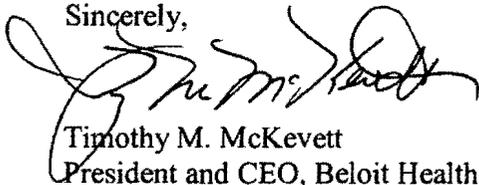
It has been stated by others the proposed ASTC will adversely affect current providers in the geographic service area. We believe this statement is without merit. Beloit has demonstrated the proposed new ASTC is needed in order to serve its existing patients in their existing service area / geographic market. The proposed new ASTC has received sufficient commitments from area physicians, and it will serve categories of patients that many other area providers do not sufficiently serve, namely Medicaid and charity care patients, which will serve to enhance local access to healthcare services. The mere fact that other providers in the service area may be underperforming should not prevent a high-quality, successful provider such as the Beloit Health System from meeting the needs of its existing patient base and residents of the service area. The Review Board has recognized this principle in previous projects, which principle has been affirmed by the courts (See *Dimensions Medical Center, Ltd. V. Elmhurst Outpatient Surgery Center, LLC* 307 Ill. App. 3d 781 (4th Dist. 1999)).

As necessary for a Type B Permit Application modification, enclosed are revised pages addressing the modified project. The original Permit Application was received by the Review Board on December 13, 2013.

We respectfully request the IHFSRB place this project on its scheduled agenda as soon as possible within the Review Board's procedures.

Please contact me at 608-365-5685 or by e-mail at tmckevett@beloitmemorialhospital.org if you have any questions.

Sincerely,



Timothy M. McKeve
President and CEO, Beloit Health System

Enclosures: Narrative, Attachments 7, 9, and 39 Original and Revised
Permit Application pages

CC: Mike Constantino, Supervisor, Project Review Section
Ed Parkhurst, PRISM Healthcare Consulting

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.

Beloit Health System, Inc., Beloit, Wisconsin, proposes to expand and modernize its existing NorthPointe Health and Wellness Campus at 5606 East Rockton Road, Roscoe, Illinois.

This campus was originally developed by Beloit Memorial Hospital, Inc. after due consideration by the Illinois Health Facilities Planning Board (now the Health Facilities and Services Review Board) at its January 23, 2006 meeting (see meeting transcript pages 248 and 249).

Beloit Health System, Inc. is a fully integrated healthcare provider with facilities in the Southern Wisconsin, Northern Illinois state-line region. It is comprised of Beloit Memorial Hospital, the Beloit Clinic, several satellite clinics in the region, and also assisted living facilities in Wisconsin and Illinois. The System has a regional cancer care center currently under construction.

This project proposes to add approximately 32,000 bgsf in a two level expansion to the south of the existing NorthPointe facility. The first level approximates 19,500 bgsf and will house an ASTC, Pharmacy, equipment cleaning and storage department, as well as requisite support space. The second level, approximating 12,500 bgsf, will be shelled in anticipation of housing physician offices for the Beloit Clinic at some future, undetermined date.

The proposed multi-specialty ASTC will house 2-operating rooms and 2 GI procedure rooms with an anticipated project cost approximating \$16,339,587. The surgical and GI cases which justify the proposed 4 room ASTC will be relocated from Beloit Memorial Hospital to NorthPointe in order for the Hospital to decompress and ultimately modernize its existing surgical suite, over time. These respective ASTC cases are supported by physician referral letters as required by the State Agency.

The Project is substantive in that it proposes to establish a Non-Hospital Based Ambulatory Surgery Center (ASTC) Category of Service.

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.

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Beloit Health System, Inc. is a fully integrated healthcare provider with facilities in the Southern Wisconsin and Northern Illinois state-line region. It is comprised of Beloit Memorial Hospital, the Beloit Clinic, several satellite clinics in the region, and also assisted living facilities in Wisconsin and Illinois. The System recently opened a regional cancer care center.

This modified project proposes to add approximately 30,929 bgsf in a two level expansion to the south of the existing NorthPointe facility, with an anticipated total project cost approximating \$15,276,194. The first level will house an ASTC, Pharmacy, equipment cleaning and storage department, as well as requisite support space. The second level will be shelled in anticipation of housing physician offices for the Beloit Clinic at some future, undetermined date.

The proposed multi-specialty ASTC will house 2-operating rooms and 2 GI procedure rooms in 8,680 DGSF. The ASTC construction cost component approximates \$2,906,151. The surgical and GI cases which justify the proposed 4 room ASTC will be relocated from Beloit Memorial Hospital to NorthPointe in order for the Hospital to decompress and ultimately modernize its existing surgical suite, over time from 6 rooms to 4, thereby remaining facility neutral in its operating room capacity. These respective ASTC cases are supported by physician referral letters as required by the State Agency. Given that these cases are existing, as attested to in the respective physician referral letters, this project will not adversely affect other providers in the defined geographic service area (GSA).

The Project is substantive in that it proposes to establish a Non-Hospital Based Ambulatory Surgery Center (ASTC) Category of Service.

The placement of this additional narrative information for the Type B permit application modification is based on IHFSRB Staff Technical Assistance. This material intends to proactively respond to Review Board concerns and also clarify certain assertions stated by providers within the GSA, many of which misrepresented the project and the market availability of multi-specialty ASTC type services.

Reasonableness of Project Size and Cost

The originally proposed project has been critically evaluated and resized to become compliant with certain initial areas of non-compliance; the detail herein indicates the project now meets the ASTC size Criterion 1110.234(a), as well as Criterion 1120.140(c) pertaining to New Construction and Contingency Cost, A&E Fees, and ASTC equipment costs (moveable clinical equipment per ASTC room).

Alternative of Choice

At the March 11, 2014 State Board meeting a question was raised regarding the alternatives considered and whether or not it would be more cost effective to develop a 4 room ASTC on the Beloit Memorial Hospital Campus rather than at NorthPointe. This consideration was again raised at the June 3, 2014 Review Board meeting. The following intends to respond to and clarify the Permit Application information and confirm the proposed NorthPointe ASTC is the lowest cost alternative.

The draft Review Board transcript from March 11, 2014, page 119, states:

“I wanted to go back the alternatives that you considered.

No. 3, am I correct that what you’re talking about in this particular option is a six-room ambulatory surgery center, and what you’re actually proposing here is a four-room ambulatory surgery center. So, in effect, wouldn’t that make the cost of putting an ambulatory surgery center on your campus cheaper than it is putting it in at NorthPointe?

And, also, I’m trying to figure out – there’s two separate pieces to that, 3A and 3B.

And 3B is actually cheaper to build it on your existing campus rather than in Illinois.

I’m trying to understand why you wouldn’t use that option.”

Pages 47 to 49 of the June 3, 2014 transcript re-introduces the concern thereby requiring further clarification.

To clarify, Beloit considered both a 4-room ASTC on the Hospital Campus and a 4-room ASTC at its NorthPointe Health and Wellness Campus (Alternative 5.) The six-room ASTC alternative would accommodate all ASTC type cases. Clearly this is not appropriate in that certain higher risk cases / procedures are more appropriately accommodated in an inpatient environment. A 4-room ASTC facility is appropriately sized for a free-standing center.

A 4-room ASTC at NorthPointe is the least costly alternative and the alternative of choice, as originally proposed and as modified. The 4-room on campus ASTC is Alternative 4 in the original Permit Application, see Attachment 13, Page 119; it is also included herein.

Alternative 4. New, on-campus 4-Room ambulatory focused surgery and GI facility (ASTC) comparable to NorthPointe option.

a. <u>IHFSRB Hospital Space Allocation Guidelines</u>	<u>Estimated Sq. Ft.</u>
1. 2 Class C OR's @ 2,750 dgsf	5,500 sq. ft.
2. 2 Class B Procedure Rooms @ 1,100 dgsf	2,200 sq. ft.
3. 2 Recovery Stations @ 180 dgsf	360 sq. ft.
4. 14 Phase II Stations @ 400 dgsf	5,600 sq. ft.
5. Corridor connector allowance (8 x 50)	<u>400 sq. ft.</u>
Total DGSF	14,060 sq. ft.
DGSF:BGSF conversion	1.25
Estimated Total BGSF	<u>17,570 sq. ft.</u>
b. <u>IHFSRB ASTC Space Allocation Guidelines</u>	
1. 4 OR / Procedure Rooms @ 2,200 dgsf	8,800 sq. ft.
2. Corridor connector allowance (8 x 50)	<u>400 sq. ft.</u>
Total DGSF	9,200 sq. ft.
DGSF:BGSF conversion	1.25
Estimated Total BGSF	<u>11,500 sq. ft.</u>

Alternative 5, a new 4-room ASTC on the NorthPointe Campus was selected as the least costly alternative and option of choice. These costs are included below from Attachment 13, Page 123 of the Permit Application.

Alternative 5 – New 4-room ASTC on the Beloit Health System, NorthPointe Campus
 (Based on actual estimated costs)

	Original <u>Alt. 5</u>	Revised <u>Alt. 5A</u>	
Area	10,530	8,680	bgsf
Cost / sq. ft.	<u>\$379.60</u>	<u>\$334.81</u>	
Subtotal	\$3,997,567	\$2,906,151	
Contingency @ 7% or 10%	<u>280,000</u>	<u>290,615</u>	
Subtotal	\$4,277,567	\$3,196,766	
Other Allocated Project	<u>3,160,861</u>	<u>3,450,865</u>	(actual)
Costs @ ÷ 0.58 conversion factor			
Subtotal	<u>\$7,438,428</u>	<u>\$6,647,631</u>	

Summary

The original alternative costs are summarized below. They indicate a 4-room NorthPointe-based ASTC is the least costly alternative and less costly than developing on the hospital campus.

Alternative	3a	3b	4a	4b	5	5A
Est. Project Cost (M)	\$19.80	\$12.95	\$13.38	\$8.76	\$7.44	\$6.65

The least costly ASTC option based on this alternatives analysis is Option 5; develop a new 4-room ASTC on the NorthPointe Campus.

The modified project proposes a 4-room ASTC at a construction cost of \$2,906,151 and an allocated project cost approximating \$6,647,631 (Revised Attachment 9 and 13) thereby confirming its lowest cost.

Open Heart Surgery

Certain Review Board members were concerned Beloit Memorial Hospital's relatively recent, and expanding, open heart surgery program might not be safe or of high quality and suggested its discontinuation could provide needed surgery space.

Since 1980, the American College of Cardiology Foundation (ACCF) and the American Heart Association (AHA) have jointly produced guidelines related to cardiovascular disease. These guidelines assist physicians in selecting the best management of an individual patient.

Moreover, they also provide the foundation for other applications such as performance measures, appropriate use criteria, and both quality improvement and clinical decision support tools. The ACCF/AHA have also provided recommendations of metrics that define a program that is likely to have good outcomes.

One of the current Health Facilities and Services Review Board's Criteria (IHFSRB) for open heart surgery (200 cases for adult programs) became effective on October 2, 1992 and is taken from early ACCF/AHA guidelines. These early guidelines were based on an administrative metric of 200 procedures per year that was used as a surrogate for quality.

Since 1992, medical therapies, cardiac catheterization and electrophysiology interventions as well as surgical techniques have improved dramatically. In the case of heart surgery, some procedures have been replaced with less invasive bare-metal or drug-eluting stents. In order to remain current with new procedures and technology, as well as the vast body of cardiothoracic-related research, a committee comprised of experts in the fields of coronary artery bypass surgery, interventional cardiology, general cardiology, and cardiovascular anesthesiology continually updates the respective guidelines. The most recent heart surgery guidelines were published in 2011 and are not based on a utilization metric. These new guidelines have the benefit of years of actual heart surgery experience and risk-adjustment outcome data developed by the Society of Thoracic Surgeons, the Veteran's Administration, the Northern New England Cardiovascular Disease Study Group,

and the State of New York. The new guidelines describe the superiority of clinical (risk-adjusted outcome data) over administrative data and now advocate that volume is an imperfect proxy for the measurement of outcomes. In these new guidelines the ACCF/AHA recommend that as a quality assessment and performance improvement strategy, all open heart surgery providers participate in a state, regional, or national clinical data registry.

Beloit Memorial's open heart program meets contemporary quality criterion which are not based purely on early, and now revised, utilization guidelines. Hence, the perceptions regarding the program do not apply.

Impact on Other Facilities (1110.1540(c) and Establishment (1110.1540(f))

Beloit continues to believe there will be no impact on other facilities based on the following:

1. The required physician attestation letters confirm sufficient utilization to justify the four (4) proposed ASTC procedure rooms ... 2 each for surgery cases and 2 each for G.I. cases. In the original SAR the project was noted as compliant with Criterion 1110.234(b).
2. Beloit serves the state-line region with 44 percent of its overall utilization coming from patients residing in Illinois. Hence, it is an "in-market" provider, not an organization wishing to "establish itself in Illinois as has been suggested. Beloit Health System is already established in the GSA. Patients do not view geo-political boundaries as a barrier to care.
3. Based on published data and Table Seven in the June 3, 2014 SAR for Project 13-072, there are 58 available operating rooms and 57 are justified. (See revised Narrative, Exhibit 1) Thus, contrary to many public assertions, allegations, and misrepresentations regarding unnecessary duplication and maldistribution, there is only one (1) excess room in the GSA by State Board calculation.
4. Based on IHFSRB criteria 1110.1540(3), there is calculated excess market capacity of one (1) operating room, but this capacity is not generally available to some patients due to restrictive financial policies and unavailable capacity which limits access to required services (see also Project 13-072 Supplemental Filing dated April 14, 2014) as noted below

Project 13-072
 NorthPointe Health and Wellness Campus
 Ambulatory Surgery Treatment Center

TABLE SEVEN							
Hospitals and ASTC's within the Proposed Geographical Service Area							
Hospitals	City	Minutes	Operating Rooms	2012 Outpatient Hours	2012 Total Hours of Surgery	# of OR's Justified	Met Standard
Saint Anthony Medical Center	Rockford	19	15	7,859	20,671	14	No
OSF Rockford Memorial Hospital	Rockford	23	13	10,315	20,222	14	Yes
Swedish American Hospital	Rockford	25	13	5,495	13,738	10	No
Swedish American Medical Center	Belvidere	26	2	522	522	1	No
Mercy Harvard Memorial Hospital	Harvard	34	2	978	1,275	1	No
Rochelle Community Hospital	Rochelle	43	2	1,240	1,625	2	No
<u>ASTC's</u>	City	Minutes	Operating Rooms	2012 Outpatient Hours	2012 Total Hours of Surgery	# of OR's Justified	Met Standard
Rockford Ambulatory Surgery Center	Rockford	18	5	5,568	5,568	4	No
Rockford Endoscopy Center	Rockford	20	4	12,853	12,853	9	Yes
Rockford Orthopedic Center	Rockford	20	2	2,770	2,770	2	Yes
Minutes determined by MapQuest and adjusted per 1100.510 (d) Utilization data taken from 2012 Hospital and ASTC Profile Information State Standard is 1,500 Hours per Operating Room.							
Total	--	--	58	--	--	57	+1

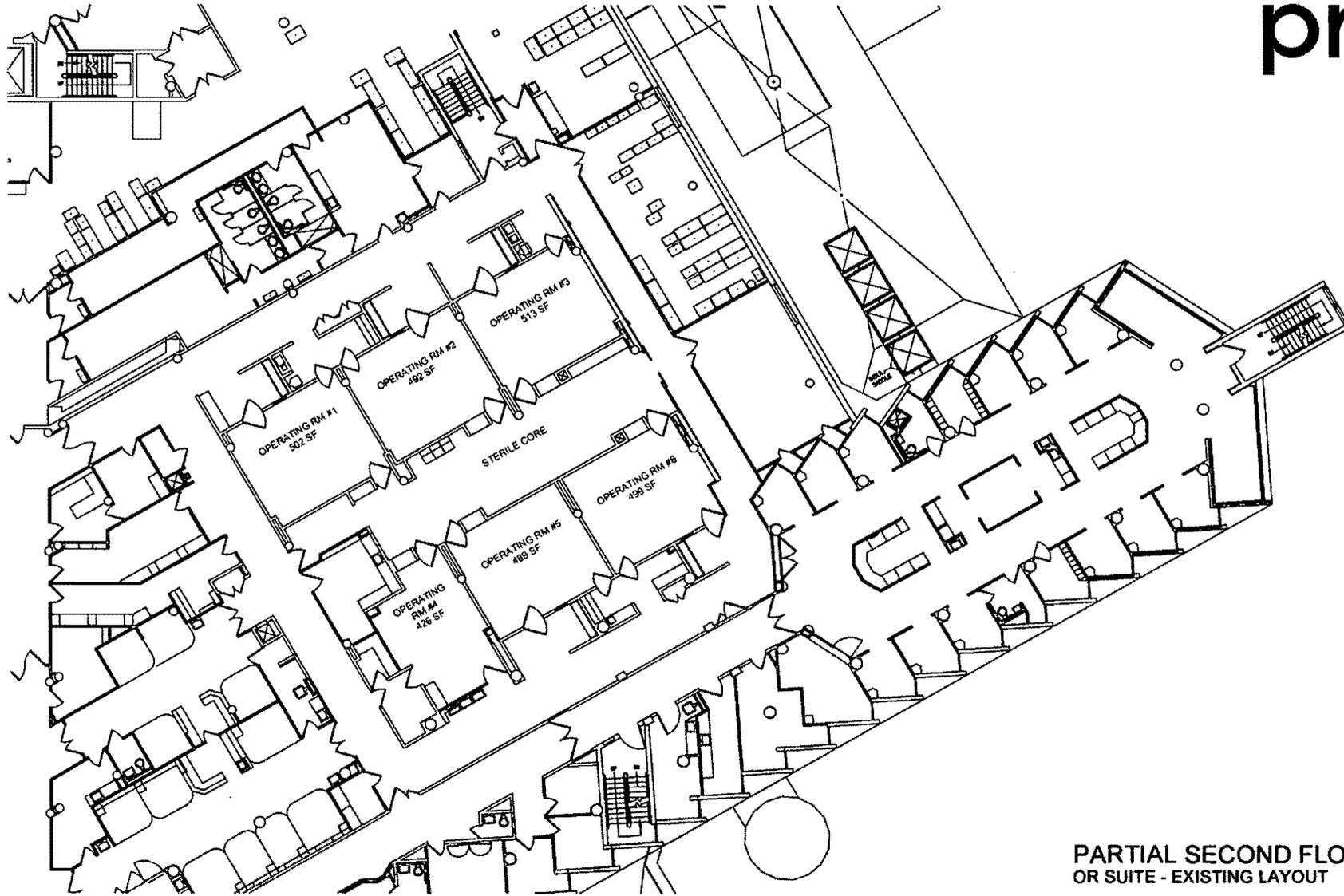
Note: The excess capacity is one (1) operating room

Source: State Agency Report, June 3, 2014 Review Board Meeting, Project 13-072

- a. Rockford Ambulatory Surgery Center (ASTC), does not indicate it accepts Medicaid patients nor provide charity care.
- b. Rockford Endoscopy Center (ASTC), in deference to their public misstatements, does not have additional capacity based on Review Board criteria. The Center can justify 5 more rooms based on those criteria.
- c. Rockford Orthopaedic Surgery Center (ASTC), is essentially a single-specialty provider of orthopaedic and podiatry services. It is not a comprehensive multi-specialty ambulatory surgery center providing a range of services. In addition, contrary to their public testimony and assertions, this ASTC does not have additional capacity, provides no charity care, and serves a very limited Medicaid patient base.

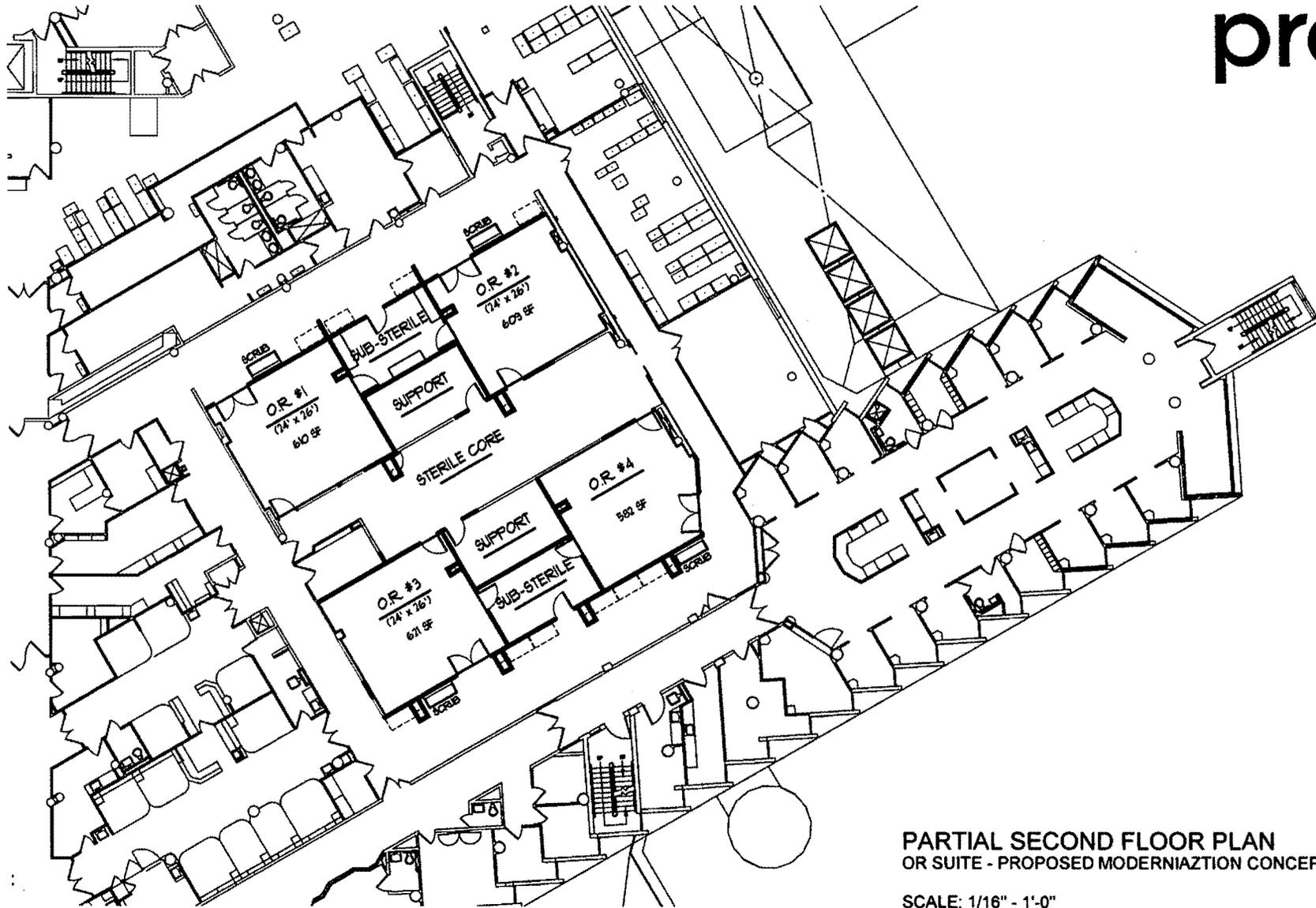
Beloit Memorial Health System has testified to, and attests to the fact it does not have restrictive financial policies or procedures.

5. If one reviews current in-market GSA provider data, there already exists a maldistribution and duplication of services. This project will not adversely impact the current status quo because, although there may be an excess capacity of one (1) operating room, and potential underutilization by other providers, Beloit Health System will be moving existing cases to a new location within the geographic market it currently serves in order to provide better access for its existing patients. The proposed ASTC will primarily serve existing Beloit Health System patients, and hence will not cause nor worsen maldistribution or service duplication concerns. Additionally,
 - a. Beloit is moving sufficient cases for 4 ASTC rooms; the market has an excess of a single operating room. (See Narrative, Exhibit1)
 - b. Beloit attests to the fact it will reduce 2 operating rooms in modernizing its existing surgical suite, thereby remaining facility neutral ... i.e. no additional surgical capacity will be available within the System. (See Narrative Exhibits 2 and 3 for the proposed modernization scheme)



PARTIAL SECOND FLOOR PLAN
OR SUITE - EXISTING LAYOUT

SCALE: 1/16" = 1'-0"



PARTIAL SECOND FLOOR PLAN
OR SUITE - PROPOSED MODERNIAZTION CONCEPT DRAWING

SCALE: 1/16" - 1'-0"

Public Comments Response (Public Hearing and Public Participation)

Those opposing the proposed NorthPointe ASTC have made certain assertions, allegations, and have also misrepresented the project and its impact. These fall into several common themes.

Key Assertion (Summarized)

Response

- | | |
|--|---|
| 1. Community Support for the project is lacking | The original permit application and Public Participation testimony at the Review Board meeting provided evidence of community support. Attached please find past and additional documentation. (Narrative, Exhibits 4, 5, and 6) |
| 2. Marginal Volume | The proposed 4-room ASTC meets Review Board utilization criteria. |
| 3. Unnecessary Duplication | By HFSRB standards there is only one (1) excess room in the G.S.A. The ASTC will not add capacity since proposed utilization will come primarily from the relocation of existing Beloit Health System patient cases. (See physician attestation letters) |
| 4. Patient loss to Wisconsin | Beloit is an in-market provider with 44 percent of its activity from Illinois residents. Hence, it already serves the market / GSA. |
| 5. NorthPointe ASTC will result in an economic injury to Winnebago County, Rockford, and cause reputational and financial hardships on Rockford hospitals. | The proposed ASTC will serve current patients and not detract from existing resources (see physician attestation letters). Existing providers will not be adversely impacted. |
| 6. Remodel existing Hospital | The Beloit Hospital physical plant structure is outdated and not contemporary and does not allow cost effective / efficient modernization. See also the on-site alternatives in the Permit Application for further information. The NorthPointe option is the least costly alternative. |

Key Assertion (Summarized)

7. Project Size and Cost

8. Reimbursement

Response

The revised and modified value-engineered project outlined in this permit modification meets the HFSRB size and scope criteria, as the applicant understands them.

Beloit will bill and be reimbursed consistent with other existing Rockford and Belvedere based providers. There is no perceived difference. Reimbursement is changing under the ACA and it generally affects all providers equally. In addition, third-party contracts impact all providers. As far as Medicare ASTC billings / reimbursements are concerned, Beloit will follow applicable compliance requirements.

ASTC Support Letters

List of Attached Letters

Joe Sosnowski, State Representative	Illinois House of Representatives, 69 th District
Scott H. Christiansen, County Board Chairman	County of Winnebago
David A. Krienke, Village President	Village of Roscoe
Jamie Evans, Chief of Police	Village of Roscoe Police Department
Dale Adams, Mayor	Village of Rockton
Michael M. Duffy, Mayor	City of South Beloit
Donald Shoevlin	Harlem-Roscoe Fire Protection District #1
Mickey Heinzeroth, Executive Director	Roscoe Area Chamber of Commerce
Jason Naill, Branch Manager	Republic Mortgage Home Loan
Thomas L. Sink, Business Manager/Financial Secretary	IBEW, Local Union 364 Rockton, Illinois
David Whitmore, Business Manager/Financial Secretary/ Treasurer	IBEW, Local Union 498 Rockford, Illinois
Joseph S. Eaton, President	Special Power, Inc.
Rick Beck, Business Manager	United Association of Plumbers, Pipefitters & Refrigeration Fitters Local 23
Susan A Carlson, President	Virgil Cook & Son, Inc.
Rick Lundvall, Executive Vice President	Piping Industry Council Rockford Area
Mitch Terhaar	Union Local No. 11 Roofers and Waterproofers
Brad Long, Business Agent	Carpenter's Local Union 792
Brad Long, President	Northwestern Illinois Building & Construction Trades Council

ASTC Support Letters

List of Attached Letters

Joe Sosnowski, State Representative	Illinois House of Representatives, 69 th District
Scott H. Christiansen, County Board Chairman	County of Winnebago
David A. Krienke, Village President	Village of Roscoe
Jamie Evans, Chief of Police	Village of Roscoe Police Department
Dale Adams, Mayor	Village of Rockton
Michael M. Duffy, Mayor	City of South Beloit
Donald Shoevlin	Harlem-Roscoe Fire Protection District #1
Mickey Heinzeroth, Executive Director	Roscoe Area Chamber of Commerce
Jason Naill, Branch Manager	Republic Mortgage Home Loan
Thomas L. Sink, Business Manager/Financial Secretary	IBEW, Local Union 364 Rockton, Illinois
David Whitmore, Business Manager/Financial Secretary/ Treasurer	IBEW, Local Union 498 Rockford, Illinois
Joseph S. Eaton, President	Special Power, Inc.
Rick Beck, Business Manager	United Association of Plumbers, Pipefitters & Refrigeration Fitters Local 23
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Brad Long, Business Agent	Carpenter's Local Union 792
Brad Long, President	Northwestern Illinois Building & Construction Trades Council
Ted Rehl, Superintendent of Schools	Prairie Hill Community Consolidated School District # 133
Brenda Warren, President Village of Roscoe	Northern Winnebago County Rotary Club Resolution, 2013-R43

Prairie Hill Community Consolidated School District #133

Ted Rehl, Superintendent

*6605 Prairie Hill Road, South Beloit, Illinois 61080
Phone (815) 389-3957 www.prairiehill.org Fax (815) 389-6107*

July 29, 2014

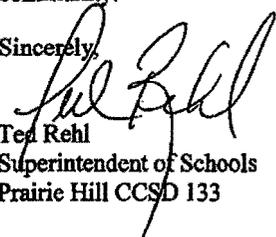
Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Springfield, IL 62761

Re: Project No. 13-072, NorthPointe Health and Wellness Campus Ambulatory
Surgery Treatment Center Roscoe

Dear Ms. Avery:

I am writing this letter of support to the submitted permit for an ASTC at NorthPointe. I have been the Superintendent of Schools for the Prairie Hill School District for nine years and as such I have witnessed and participated in the rapid growth of this community. Commerce, housing and public services have all grown at a remarkable pace during my tenure. The presence of an on campus walk in surgical center at NorthPointe just makes good sense. The need is here, the people are here, the convenience and immediacy of care would be a great benefit to the entire community.

Sincerely,


Ted Rehl
Superintendent of Schools
Prairie Hill CCSD 133



Northern Winnebago County Rotary Club

July 28, 2014

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Springfield, IL 62761

Re: Project No. 13-072, NorthPointe Health and Wellness Campus Ambulatory
Surgery Treatment Center Roscoe

Dear Ms. Avery:

I am writing this letter of support for the addition of an Ambulatory Surgery Treatment Center at NorthPointe

As a resident of Northern Winnebago County, I have personally utilized the services of North Pointe Immediate care, and taken several family members for appointments with doctors there. The care we received from this facility was outstanding, and having to not travel very far was so appreciated. I greatly support the expansion of services for this facility to include outpatient surgical services. The residents in this area would benefit by having these services available locally, and the combination of North Pointe's present and new services I believe would enhance the overall health of the community.

Sincerely,

Brenda Warren

Brenda Warren
Northern Winnebago County Rotary Club
President

Cc: Mike Constantino

**VILLAGE OF ROSCOE, ILLINOIS
RESOLUTION NO. 2013-R43**

**A RESOLUTION SUPPORTING THE EXPANSION OF THE BELOIT HEALTH
SYSTEM, INC. NORTHPOINTE HEALTH AND WELLNESS CAMPUS**

WHEREAS, the Village of Roscoe wishes to protect the health, welfare and safety of its residents by ensuring access to safe, convenient and efficient health care services for its residents; and

WHEREAS, there is currently a void in the health care services available within the Village of Roscoe and the surrounding communities of the Northern Illinois region; and

WHEREAS, since opening in 2007, the NorthPointe Health and Wellness Campus has been an asset to the Village of Roscoe, not only providing a high quality of care to our residents, and doing so in a manner and location conveniently located within our Village and community; and

WHEREAS, the development of an Ambulatory Surgical Center on NorthPointe's Health and Wellness campus in Roscoe, Illinois will bring to the facility, and into the Village, two operation rooms, two procedure rooms and twelve ambulatory care rooms, which will allow for outpatient surgery's in a convenient and lower stress environment; and

WHEREAS, the creation and use of the NorthPointe Ambulatory Surgical Center will allow patients to have procedures performed in a more private and accessible location which, in turn, will provide for a better patient experience, and better healthcare for the patients, many of whom will be residents of the Village, or its expanded northern Illinois community; and

WHEREAS, the proposed expansion and construction of the Ambulatory Surgical Center additionally provides for space for future development and growth of the NorthPointe Health and Wellness Campus, which will allow NorthPointe to remain a vital and active part of our community for years to come; and

WHEREAS, the Beloit Health System, Inc. expansion of the NorthPointe Health and Wellness Campus will additionally assist in the economic development of the Village by not only providing construction jobs during its expansion and construction, but also by bringing an additional 28 new jobs into the community; and

WHEREAS, said expansion will assist Beloit Health System, Inc. in the retention of its physicians, many of whom currently reside within our community, patronize Village businesses, own Village property, and participate as active citizens and residents of our community; and

WHEREAS, the President and Board of Trustees of the Village of Roscoe consider the convenient and affordable access to high quality healthcare for its residents to be a vital concern of the Village and of the highest priority; and

WHEREAS, Village desires to support its local businesses, and the jobs and economic benefits they provide for the Village of Roscoe and its community; and

WHEREAS, the President and Board of Trustees of the Village of Roscoe additionally believe such a project to be a fundamental part of the future development of the Rockton Road and Willowbrook development area, as well as an important impetus to economic growth within the Village; and

NOW THEREFORE BE IT RESOLVED by the President and Board of Trustees of the Village of Roscoe, that the Village of Roscoe fully supports, and is in favor of, the Beloit Health System, Inc. development of an Ambulatory Surgical Center on NorthPointe's Health and Wellness campus in Roscoe, Illinois, and is proud to have such a distinguished asset located within the community.

PASSED UPON MOTION BY: *Trustee Muradian*

SECONDED BY: *Trustee Mallicoat*

BY ROLL CALL VOTE THIS 7TH DAY OF NOVEMBER, 2013 AS FOLLOWS:

VOTING "AYE": *Trustees Bafter, Keller, Gustafson, Mallicoat, Muradian, Petty*

VOTING "NAY": *Ø*

ABSENT, ABSTAIN, OTHER: *Ø*

APPROVED NOVEMBER 7, 2013:

ATTEST:


VILLAGE PRESIDENT


VILLAGE CLERK

List of Attachments

Attachment	Description	Original	Revised
7	Project Costs and Sources of Funds	31 & 60	25 & 29
7	Project Costs and Sources of Funds (Detail)	61 & 62	30 – 33
8	Project Status and Completion Schedule	73	35
9	Cost Space Requirements	75	37
13	Alternatives	123	39
14	Architectural Drawings	135 – 137	43 – 44
39	Reasonableness of Project and Related Costs	200	46
39	Economic Viability	204	48

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	45,000	20,000	65,000
Site Survey and Soil Investigation	5,600	3,400	9,000
Site Preparation	155,000	66,404	221,404
Off Site Work	0	0	0
New Construction Contracts (Bldg. Only)	4,101,217	5,697,447	9,798,644
Modernization Contracts	48,900	0	48,900
Contingencies	300,000	150,000	450,000
Architectural/Engineering Fees	620,000	203,300	823,300
Consulting and Other Fees	41,800	13,918	55,718
Movable or Other Equipment (not in construction contracts)	2,700,000	301,200	3,001,200
Bond Issuance Expense (project related)	217,000	133,000	350,000
Net Interest Expense During Construction (project related)	253,600	155,400	409,000
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs To Be Capitalized	886,000	221,518	1,107,518
Acquisition of Building or Other Property (excluding land)	0	0	0
TOTAL USES OF FUNDS	9,374,117	6,965,587	16,339,704
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	799,404	0	799,404
Pledges			0
Gifts and Bequests			.0
Bond Issues (project related)	8,574,713	6,965,587	15,540,300
Mortgages			0
Leases (fair market value)			0
Governmental Appropriations			0
Grants			0
Other Funds and Sources			0
TOTAL SOURCES OF FUNDS	9,374,117	6,965,587	16,339,704

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Note: See Attachment 7, Project Costs and Services, Itemization / Allocation for detail.

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	46,500		23,500	70,000
Site Survey and Soil Investigation	5,600		3,400	9,000
Site Preparation	68,000		98,400	166,400
Off Site Work	0		0	0
New Construction Contracts (Bldg. Only)	3,003,311		5,884,778	8,888,089
Modernization Contracts	0		0	0
Contingencies	300,331		588,478	888,809
Architectural/Engineering Fees	270,898		568,868	839,766
Consulting and Other Fees	37,860		17,860	55,720
Movable or Other Equipment (not in construction contracts)	ASTC	1,786,500	--	1,786,500
	Other	696,900	263,200	960,100
Bond Issuance Expense (project related)	122,000		240,000	362,000
Net Interest Expense During Construction (project related)	160,700		241,110	401,810
Fair Market Value of Leased Space or Equipment	0		0	0
Other Costs To Be Capitalized	430,100		417,900	848,000
Acquisition of Building or Other Property (excluding land)	0		0	0
TOTAL USES OF FUNDS	6,928,700		8,347,494	15,276,194
SOURCE OF FUNDS	CLINICAL		NONCLINICAL	TOTAL
Cash and Securities	320,000		480,000	800,000
Pledges				0
Gifts and Bequests				.0
Bond Issues (project related)	6,608,700		7,867,494	14,476,194
Mortgages				0
Leases (fair market value)				0
Governmental Appropriations				0
Grants				0
Other Funds and Sources				0
TOTAL SOURCES OF FUNDS	6,928,700		8,347,494	15,276,194
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.				

Note: See Attachment 7, Project Costs and Services, Itemization / Allocation for detail.

Project Costs and Sources of Funds

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New Construction Contracts (Bldg. Only)	4,101,217	5,697,447	9,798,644
Modernization Contracts	48,900	0	48,900
Contingencies	300,000	150,000	450,000
Architectural/Engineering Fees	620,000	203,300	823,300
Consulting and Other Fees	41,800	13,918	55,718
Movable or Other Equipment (not in construction contracts)	2,700,000	301,200	3,001,200
Bond Issuance Expense (project related)	217,000	133,000	350,000
Net Interest Expense During Construction (project related)	253,600	155,400	409,000
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs To Be Capitalized	886,000	221,518	1,107,518
Acquisition of Building or Other Property (excluding land)	0	0	0
TOTAL USES OF FUNDS	9,374,117	6,965,587	16,339,704
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	799,404	0	799,404
Pledges			0
Gifts and Bequests			.0
Bond Issues (project related)	8,574,713	6,965,587	15,540,300
Mortgages			0
Leases (fair market value)			0
Governmental Appropriations			0
Grants			0
Other Funds and Sources			0
TOTAL SOURCES OF FUNDS	9,374,117	6,965,587	16,339,704
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

See also Attachment 7, Exhibits 1 and 2 for construction cost related information

Attachment 7
Project Costs and Services
Itemization / Allocation

Preplanning

Facility Analysis	\$35,000
Project Costing	10,000
Consulting Fees	<u>20,000</u>
Total	<u>\$65,000</u>

Site Survey / Soils

Survey / Title	\$1,000
Flood Plain	1,000
Preliminary Geotechnical	<u>7,000</u>
Total	<u>\$9,000</u>

Site Preparation

Geotechnical	\$126,404
Rough Grading	65,000
Testing (Allowance)	<u>30,000</u>
Total	<u>\$221,404</u>

New Construction, Modernization, and Contingencies

See Attachment 7, Exhibits 1 and 2 as well as
Attachments 9 and 39

Consulting and Other Fees

Physician Referral Analysis	\$20,000
MEP Capacity Survey	<u>35,718</u>
Total	<u>\$55,178</u>

Moveable Equipment

See attached list which totals to \$3,416,756 ... the amount to be purchased for the project has been revised from this initial compilation \$3,001,200

Other Costs to be Capitalized

Parking and Roadways	\$544,745
Minor Equipment	220,400
Signage / Artwork	20,000
Legal / CON Fees	179,000
Activation Costs	103,700
Insurance / Archive Fees / Misc.	<u>39,673</u>
Total	<u>\$1,107,518</u>

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	46,500		23,500	70,000
Site Survey and Soil Investigation	5,600		3,400	9,000
Site Preparation	68,000		98,400	166,400
Off Site Work	0		0	0
New Construction Contracts (Bldg. Only)	3,003,311		5,884,778	8,888,089
Modernization Contracts	0		0	0
Contingencies	300,331		588,478	888,809
Architectural/Engineering Fees	270,898		568,868	839,766
Consulting and Other Fees	37,860		17,860	55,720
Movable or Other Equipment (not in construction contracts)	ASTC	1,786,500	--	1,786,500
	Other	696,900	263,200	960,100
Bond Issuance Expense (project related)	122,000		240,000	362,000
Net Interest Expense During Construction (project related)	160,700		241,110	401,810
Fair Market Value of Leased Space or Equipment	0		0	0
Other Costs To Be Capitalized	430,100		417,900	848,000
Acquisition of Building or Other Property (excluding land)	0		0	0
TOTAL USES OF FUNDS	6,928,700		8,347,494	15,276,194
SOURCE OF FUNDS	CLINICAL		NONCLINICAL	TOTAL
Cash and Securities	320,000		480,000	800,000
Pledges				0
Gifts and Bequests				.0
Bond Issues (project related)	6,608,700		7,867,494	14,476,194
Mortgages				0
Leases (fair market value)				0
Governmental Appropriations				0
Grants				0
Other Funds and Sources				0
TOTAL SOURCES OF FUNDS	6,928,700		8,347,494	15,276,194
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.				

<u>Preplanning</u>	<u>Clinical</u>	<u>Non-Clinical</u>	<u>Total</u>
Facility Analysis	\$24,500	\$10,500	\$35,000
Project Costing	10,000	5,000	15,000
Consulting Fees	<u>12,000</u>	<u>8,000</u>	<u>20,000</u>
Total	<u>\$46,500</u>	<u>\$23,500</u>	<u>\$70,000</u>

Site Survey / Soils

Survey / Title	\$ 400	\$ 600	\$ 1,000
Flood Plain	400	600	1,000
Geotechnical (Initial)	<u>4,800</u>	<u>2,200</u>	<u>7,000</u>
Total	<u>\$ 5,600</u>	<u>\$ 3,400</u>	<u>\$ 9,000</u>

Site Preparation

Geotechnical (Final)	\$ 43,000	\$ 83,400	\$ 126,400
Earthwork	Included in New Construction Contracts		
Exterior Improvement	Included in New Construction Contracts		
Testing (Allowance)	<u>25,000</u>	<u>15,000</u>	<u>40,000</u>
Total	<u>\$ 68,000</u>	<u>\$ 98,400</u>	<u>\$ 166,400</u>

New Construction, Modernization, and Contingencies

See Attachment 7, 9, and 39

Consulting and Other Fees

Physician Referral Analysis	\$20,000	\$ 0	\$20,000
MEP Capacity Survey	<u>17,860</u>	<u>17,860</u>	<u>\$35,720</u>
Total	<u>\$37,860</u>	<u>\$17,860</u>	<u>\$55,720</u>

<u>Moveable Equipment</u>	<u>Clinical</u>	<u>Non-Clinical</u>	<u>Total</u>
Functional Area			
ASTC Related	\$1,786,500 *	\$ --	\$1,786,500
Other Building Related	<u>696,900</u>	<u>263,200</u>	<u>960,100</u>
Total	<u>\$2,483,400</u>	<u>\$263,200</u>	<u>\$2,746,600</u>

* This amount averages \$446,625 /
 ASTC room compared to the State
 guideline of \$461,361 / room

See also Supplemental Information
 filing dated April 14, 2014 and permit
 modification, Attachment 7, Exhibit 2
 for clinical equipment listing

Other Costs to be Capitalized

Parking and Roadways (Costs not in Construction Contracts)	\$222,600	\$120,000	\$342,600
Minor Equipment	75,000	145,400	220,400
Signage / Artwork	0	20,000	20,000
Legal / CON Fees	107,500	107,500	215,000
Insurance / Archive Fees / Misc.	<u>25,000</u>	<u>25,000</u>	<u>50,000</u>
Total	<u>\$430,100</u>	<u>\$417,900</u>	<u>\$848,000</u>

EQUIPMENT REQUIREMENT

<u>Category</u>	<u>Location</u>	<u>Quantity</u>	<u>EQUIPMENT NAME</u>	<u>Capital</u>
ASTC Related Clinical	SINKS	1	CLEAN-UP CTR W/5 SINKS 126L PTD-STL R-L FLOW NO END	
ASTC Related Clinical	PACU	1	SPLASH	12,148
ASTC Related Clinical	PACU	1	Crash Cart	0
ASTC Related Clinical	PACU	3	Monitor	18,900
ASTC Related Clinical	PACU	1	Monitor Portable for Transfers	6,300
ASTC Related Clinical	Nourishment Alcove	1	Ice Maker	0
ASTC Related Clinical	Minor Procedure	1	Monitor	6,300
ASTC Related Clinical	Major Procedure	2	Colonoscopy Scopes	77,300
ASTC Related Clinical	Major Procedure	1	Colonoscopy Tower	50,000
ASTC Related Clinical	Major Procedure	1	Scope Storage with Vents	8,000
ASTC Related Clinical	Major Procedure	1	Sterilizing machine for GI	35,000
ASTC Related Clinical	Major Procedure	2	Stretchers GI Procedure	20,000
ASTC Related Clinical	Major O.R.	2	Anesthesia Machine	190,000
ASTC Related Clinical	Major O.R.	2	Anesthesia Monitor	100,000
ASTC Related Clinical	Major O.R.	1	Arthroscopy Pump/Arthrotome	20,000
ASTC Related Clinical	Major O.R.	1	Beach Chair	8,000
ASTC Related Clinical	Major O.R.	2	BIS Monitor	16,000
ASTC Related Clinical	Major O.R.	2	Cautery Machine (Ligasure)	50,000
ASTC Related Clinical	Major O.R.	1	Crash Cart	0
ASTC Related Clinical	Major O.R.	1	Defibrillator	20,000
ASTC Related Clinical	Major O.R.	1	Difficult Intubation Equipment	7,000
ASTC Related Clinical	Major O.R.	1	Flash Sterilizer	55,000
ASTC Related Clinical	Major O.R.	1	Hand Table	0
ASTC Related Clinical	Major O.R.	2	Laparoscopic Tower	70,000
ASTC Related Clinical	Major O.R.	2	Light Source	0
ASTC Related Clinical	Major O.R.	1	Microscope	96,000
ASTC Related Clinical	Major O.R.	4	Mobile computer carts	14,000
ASTC Related Clinical	Major O.R.	1	Neoprobe	50,000
ASTC Related Clinical	Major O.R.	1	Neptune	35,000
ASTC Related Clinical	Major O.R.	1	Nerve Stimulator	15,000
ASTC Related Clinical	Major O.R.	2	O.R. Lights	100,000
ASTC Related Clinical	Major O.R.	2	O.R. Table	120,000
ASTC Related Clinical	Major O.R.	2	PACS Computer Station	30,000
ASTC Related Clinical	Major O.R.	1	Phaco Machine	65,000
ASTC Related Clinical	Major O.R.	1	Positioning Equipment	8,000
ASTC Related Clinical	Major O.R.	2	Tourniquet	10,000
ASTC Related Clinical	Major O.R.	2	Work Station	0
ASTC Related Clinical	Instruments	?	Added 5.30.2013 P.K.	0
ASTC Related Clinical	Instruments	2	ARTHROSCOPY INSTRUMENTS SHUTT LINVATEC	48,000

EQUIPMENT REQUIREMENT

<u>Category</u>	<u>Location</u>	<u>Quantity</u>	<u>EQUIPMENT NAME</u>	<u>Capital</u>
ASTC Related Clinical	Instruments	2	ARTHROSCOPY SET - JOHNSON	44,000
ASTC Related Clinical	Instruments	4	CAMERA & LIGHT CABLE SET	36,800
ASTC Related Clinical	Instruments	7	CATARACT	63,700
ASTC Related Clinical	Instruments	3	CORE SMALL POWER SYSTEM	0
ASTC Related Clinical	Instruments	1	CSYTO SCOPES AND INSTRUMENTS	26,453
ASTC Related Clinical	Instruments	8	MAJOR PAN	0
ASTC Related Clinical	Instruments	1	ORAL TEETH INSTRUMENTS	0
ASTC Related Clinical	Instruments	1	RECTAL INSTRUMENT PAN	0
ASTC Related Clinical	Instruments	1	SHOULDER INSTRUMENTS	0
ASTC Related Clinical	Instruments	4	SMALL BONE SET	26,388
ASTC Related Clinical	Instruments	2	STYRKER CORDLESS POWER 2	35,724
ASTC Related Clinical	Instruments	1	ULTRAFIX ARTH SHOULDER	14,500
ASTC Related Clinical	Exam Room	12	Stretchers Stryker Big Wheel	84,000
ASTC Related Clinical	Clean Supply Room	1	Storage Unit Lockable Metro	0
ASTC Related Clinical	Clean Supply Room	6	Stretchers Eye Carts Steris	42,000
ASTC Related Clinical	<i>Contingency</i>			<i>51,987</i>
				1,786,500
Other Building Related Clinical	Pharmacy	1		98,000
Other Building Related Clinical	Imaging	1	C-Arm	212,100
	Laboratory Upgrade/			
Other Building Related Clinical	Blood Bank	1		90,500
Other Building Related Clinical	Miscellaneous	1		263,300
Other Building Related Clinical	Crash Carts	1		6,000
Other Building Related Clinical	<i>Contingency</i>			<i>27,000</i>
				696,900

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

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): September 16, 2016

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.

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings:

- | | |
|---|--|
| <input type="checkbox"/> None or not applicable | <input type="checkbox"/> Preliminary |
| <input checked="" type="checkbox"/> Schematics | <input type="checkbox"/> Final Working |

Anticipated project completion date (refer to Part 1130.140): December 16, 2016

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.

Alternative 5 – New 4-room ASTC on the Beloit Health System, NorthPointe Campus
 (Based on actual estimated costs)

Area	10,530 bgsf
Cost / sq. ft.	<u>\$379.60</u>
Subtotal	\$3,997,567
Contingency @ 7%	<u>280,000</u>
Subtotal	\$4,277,567
Other Allocated	3,160,861
Costs @ ÷ 0.58 conversion factor	
Subtotal	<u>\$7,438,428</u>
Cost / Room	<u>\$1,859,607</u>

ASTC Project Cost Comparison (rounded)							
Alternative	1	2	3a	3b	4a	4b	5
Est. Project Cost (M)	\$21.65	\$25.93	\$19.80	\$12.9	\$13.38	\$8.75	\$7.44
Est. Cost / Room (M)	\$2.70	\$2.59	\$3.30	\$2.2	\$3.35	\$2.19	\$1.86

The least costly ASTC Alternative based on this analysis is Option 5; develop a new 4-room ASTC on the NorthPointe Campus.

Note, that the options are not all internally consistent in that some resolve Beloit Memorial Hospital current suite and GI suite deficiencies. However, given constraints on access to capital, Alternative 5 was determined to be the best course of action, in part, by providing outpatient surgery services locally to residents already served by the NorthPointe campus programs.

The State Agency utilizes RS Means as a comparative basis for construction costs. In this context, Beloit Health System, by policy, constructs its facilities at a higher incremental cost level due to various system and finish upgrades. Attachment 13, Exhibit 2 provides a comparative analysis for review purposes which indicates an incremental \$33.00 per sq. ft. construction cost over that expected.

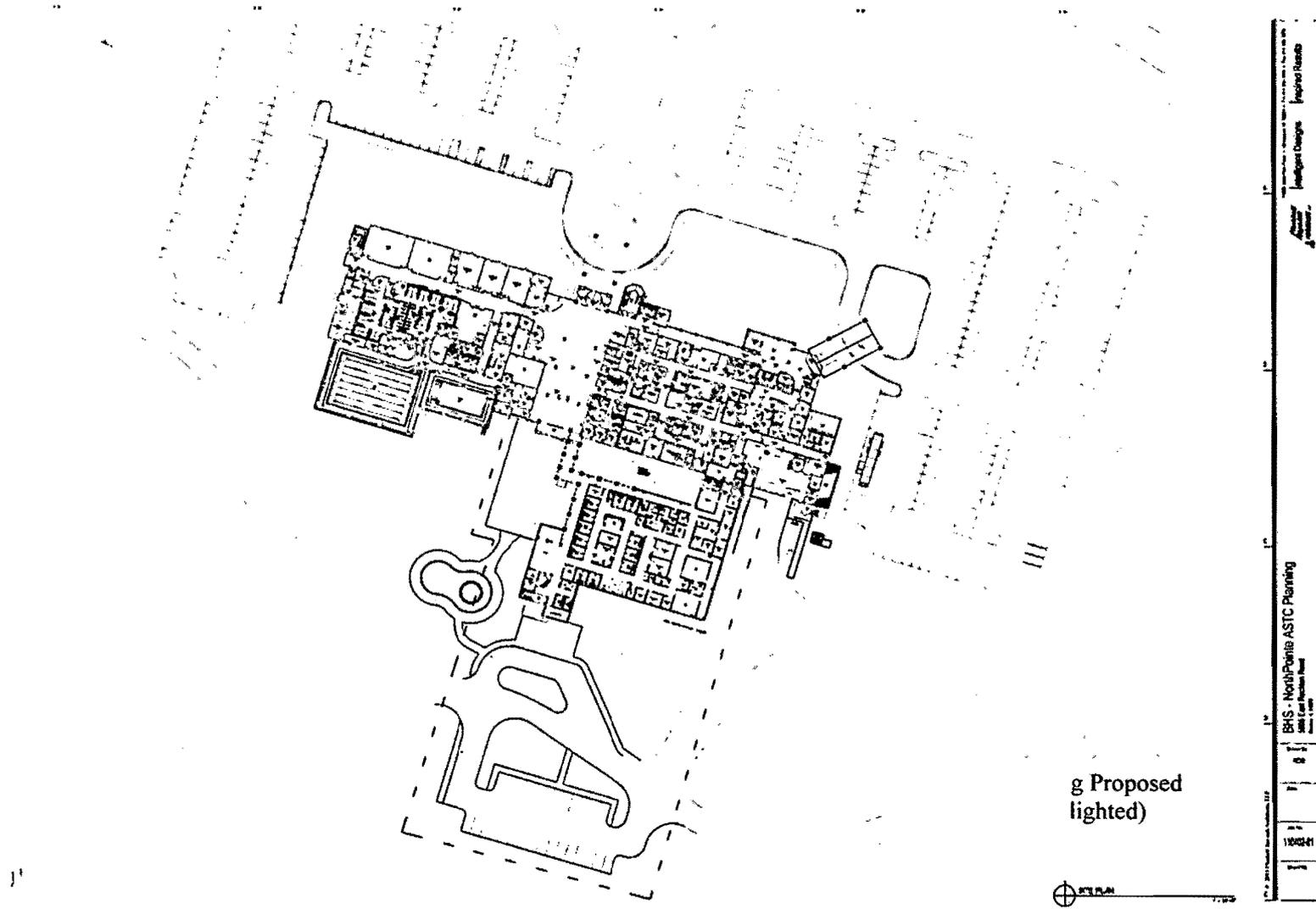
Alternative 5 – New 4-room ASTC on the Beloit Health System, NorthPointe Campus

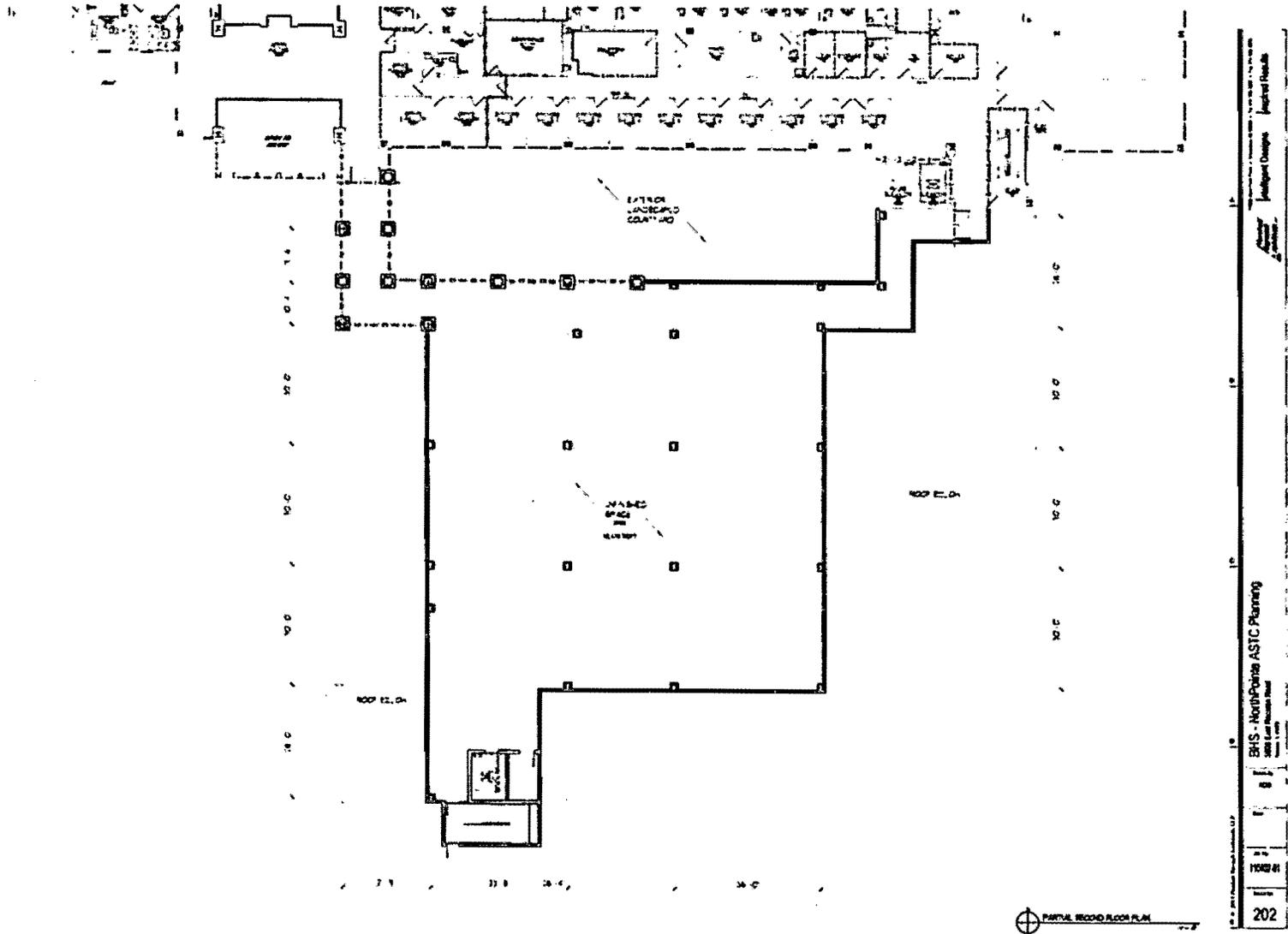
(Based on actual estimated costs)

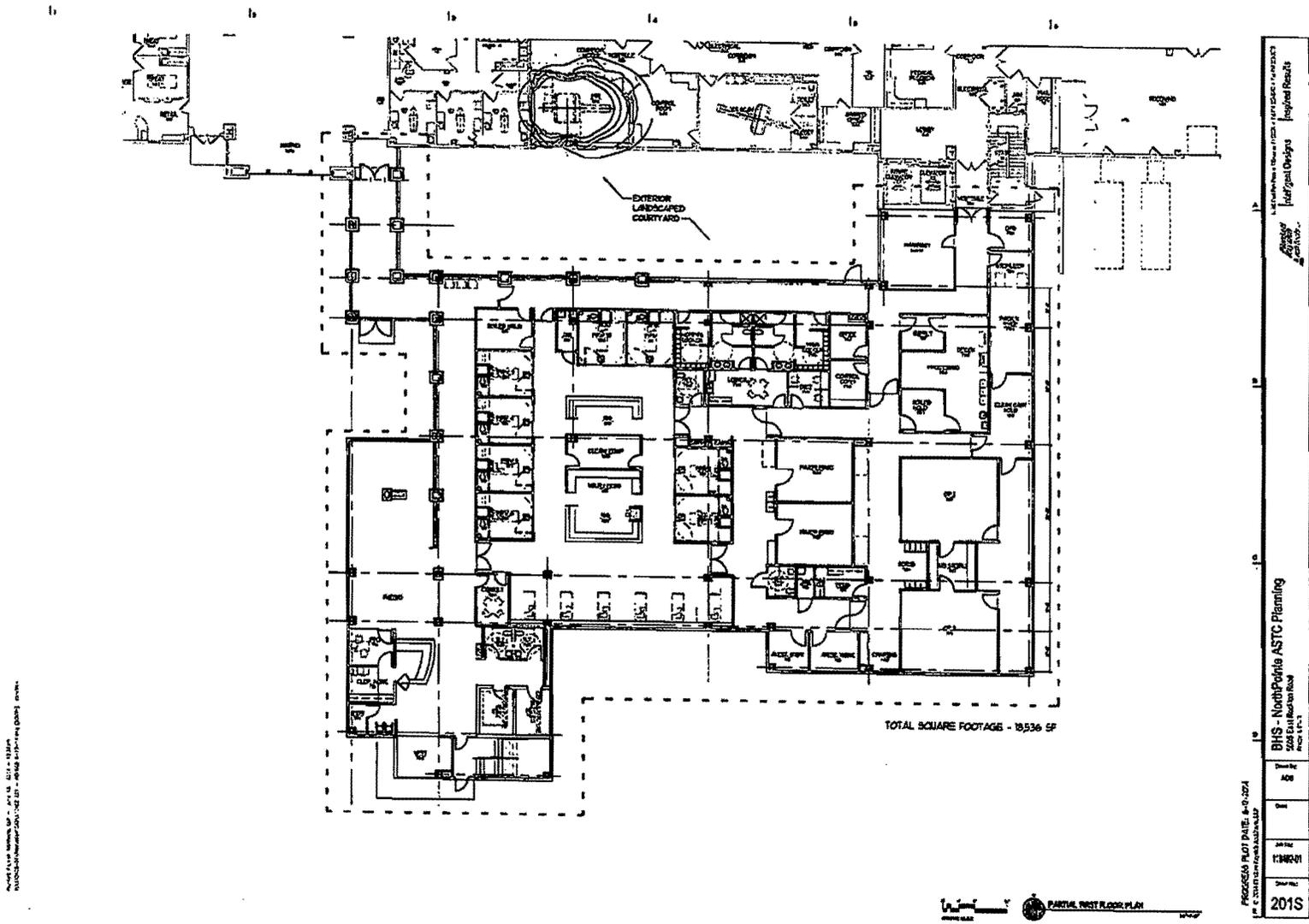
	Original <u>Alt. 5</u>	Revised <u>Alt. 5A</u>	
Area	10,530	8,680	bgsf
Cost / sq. ft.	<u>\$379.60</u>	<u>\$334.81</u>	
Subtotal	\$3,997,567	\$2,906,151	
Contingency @ 7% or 10%	<u>280,000</u>	<u>290,615</u>	(@ 10%)
Subtotal	\$4,277,567	\$3,196,766	
Other Allocated Cost	<u>3,160,861</u>	<u>3,450,865</u>	(actual)
@ ÷ 0.58 conversion factor on actual			
Subtotal	<u>\$7,438,428</u>	<u>\$6,647,631</u>	
Cost / Room (4 rooms)	<u>\$1,859,607</u>	<u>\$1,661,907</u>	

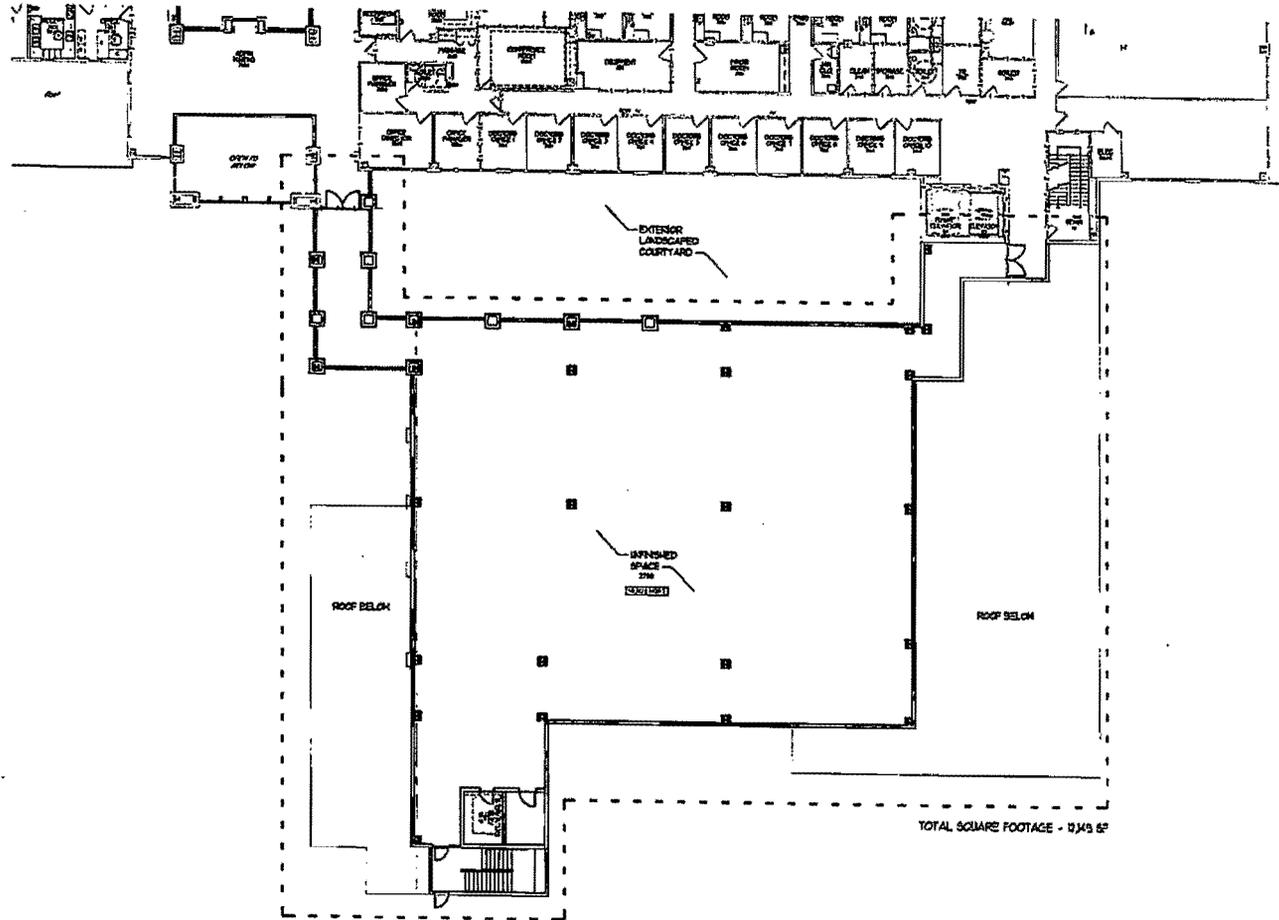
ASTC Project Cost Comparison (rounded)								
Alternative	1	2	3a	3b	4a	4b	5	5A
Est. Project Cost (M)	\$21.65	\$25.93	\$19.80	\$12.9	\$13.38	\$8.75	\$7.44	\$6.65
Est. Cost / Room (M)	\$2.70	\$2.59	\$3.30	\$2.2	\$3.35	\$2.19	\$1.86	\$1.66

The least costly ASTC Alternative based on this analysis is Option 5 as well as 5A (as modified); which is to develop a new 4-room ASTC on the NorthPointe Campus.









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BHS - NorthPointe ASTC Planning 500 East Main Street Beloit, WI 53510	
Project Name ASTC	Project Number 1002-01
Designer JAC	Date 07/21/14
Checker JAC	Scale 1/8" = 1'-0"
Title PARTIAL SECOND FLOOR PLAN	Sheet Number 202

PARTIAL SECOND FLOOR PLAN

Reasonableness of Project and Related Cost

Department	Cost and Gross Square Feet by Department or Service								
	A	B	C	D	E	F	G	H	Total Cost
	Cost / Square Foot	Gross Square Feet		Gross Square Feet		Const. Cost	Mod. Cost		
New	Mod.	New	Circ. %	Mod.	Circ.	(AxC)	(BxE)	(G+H)	
Clinical									
Pharmacy	282.43		367				103,650	--	103,650
Laboratory		165.76			295		--	48,900	48,900
ASTC (4-Room)	379.60		10,531				3,997,567	--	3,997,567
Clinical Average Cost / Sq. Ft.	376.33	165.76	10,898	--	295	--	4,101,217	48,900	4,150,117
Clinical Contingency	27.07	16.95	--	--	--	--	295,000	5,000	300,000
Clinical Subtotal	403.40	182.71	10,898	--	295	--	4,396,217	53,900	4,450,117
Non-Clinical									
Equipment Cleaning and Storage	345.33		1,697				586,020	--	586,020
Circulation / Building Components	362.80		6,901				2,503,708	--	2,503,708
Second Level Shell								--	
Total Non-Clinical / Average Cost / Sq. Ft.	270.30		21,078				5,697,437	--	5,697,437
Non Clinical Contingency	7.12		--				150,000	--	150,000
Non Clinical Subtotal	277.42		--				5,847,437	--	5,847,437
Total with contingency / Average Cost / Sq. Ft.	320.35	182.71	31,976	--	295	--	10,243,654	53,900	10,297,554

See also Attachment 39, Exhibits 2 and 3 for cost support information

Reasonableness of Project and Related Cost									
	Cost and Gross Square Feet by Department or Service								
	A	B	C	D	E	F	G	H	Total Cost
	Cost / Square Foot		Gross Square Feet		Gross Square Feet		Const. Cost	Mod. Cost	
Department	New	Mod.	New	Circ. %	Mod.	Circ.	(AxC)	(BxE)	(G+H)
Clinical									
Pharmacy	264.74		367				97,160	--	97,160
ASTC (4-Room)	334.81		8,680				2,906,151	--	2,906,151
Clinical Average Cost / Sq. Ft.	331.96		9,047	--	--	--	3,003,311	--	3,003,311
Clinical Contingency	33.20		--	--	--	--	300,331	--	300,331
Clinical Subtotal	365.16		9,047	--	--	--	3,303,642	--	3,303,642
Non-Clinical									
Equipment Cleaning and Storage	327.60		1,697				555,937	--	555,937
Circulation / Building Components	293.15		6,901				2,023,031	--	2,023,031
Second Level Shell	191.73		12,157				2,330,862	--	2,330,862
Building Enclosure (lineal feet)	865.08		1,127				974,948		974,948
Total Non-Clinical / Average Cost / Sq. Ft.	268.93		21,882				5,884,778	--	5,884,778
Non Clinical Contingency	26.89		--				588,478	--	588,478
Non Clinical Subtotal	295.82		--				6,473,256	--	6,473,256
Total with contingency / Average Cost / Sq. Ft.	316.11		30,929	--	--	--	9,776,898	--	9,776,898
See also Attachment 39, Exhibits 2 and 3 for cost support information									
Errors due to rounding									

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.

	<u>Yr 1</u>	<u>Yr 2</u>
D. Operating Costs		
Salaries	1,197,787	1,220,637
Benefits	479,115	488,255
Physician Comp	452,917	522,597
Physician benefits	81,525	94,067
Supplies	336,460	380,857
	<u>2,547,804</u>	<u>2,706,413</u>
procedures	900	1,385
Operating Costs / Surgery	<u>\$ 2,830.89</u>	<u>\$ 1,954.09</u>
 E. Capital Costs		
Interest	699,309	687,846
Amort of financing	11,667	11,667
Depreciation	718,843	718,843
	<u>1,429,819</u>	<u>1,418,356</u>
procedures	900	1,385
Capital costs / Surgery	<u>\$ 1,588.69</u>	<u>\$ 1,024.08</u>

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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.

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procedures	900	1,385
Operating Costs / Surgery	<u>\$ 2,830.89</u>	<u>\$ 1,954.09</u>

E. Capital Costs		
	653,784	643,067
Interest	10,907	10,907
Amort of financing	672,046	672,046
	<u>1,336,737</u>	<u>1,326,020</u>
Procedures	900	1,385
Operating cost / Surgery	<u>\$ 1,485.26</u>	<u>\$ 957.42</u>