STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 •(217) 782-3516 FAX: (217) 785-4111

April 11, 2016

VIA EMAIL
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John P. Kniery
Health Care Consultant
Foley & Associates, Inc.
133 South 410 Street, Suite 200
Springfield, Illinois 62701

Re: Additional Information

Mr Kniery:

We need additional information for the application for permit #16-011 Northbrook Behavioral Hospital. Please provide responses/documentation to the following questions below. We are also extending the review of this project. The proposed project will be tentative scheduled for the June 21, 2016 State Board meeting in order to give the Board staff sufficient time to review the responses below.

1. How many adolescent beds and how many geriatric beds are going to be in the new hospital?

2. We need the projected payor mix for the new hospital.

3. We need the projected charity care expense and charges for 2020. [Page 282 of the application]

4. In the application you provided charity care cost and charges as the same amount for 2018 and 2019. That table needs to reflect the actual charges. We need that table updated to reflect this new information. [Page 282 of the application]

Charity Care Information **Northbrook Behavioral Hospital Projected Net Patient Revenue and Charity Care Expense 2018-2020**			
Charity Care (Projected)			
	2018	2019	2020
Net Patient Revenue	$10,779,714	$23,115,335	$24,216,902
Amount of Charity Care (charges)	$407,052	$840,078	
Cost of Charity Care	$407,052	$840,078	
% of Charity Care to Net Revenue	3.7%	3.6%	

5. We need the capital costs for each alteration that was considered. [page 97 of the application]

6. Please define the term "deflections." [page 105 of the application]

7. Where is the property in the zoning process? [Page 32 of the application for permit]

8. You provided us with an updated project costs and sources of funds schedule and the FMV of the lease increase for reviewable portion and decreased for non reviewable areas, yet the gross square footage for the reviewable portion decreased from 52,033 gsf to 51,110 gsf. Please explain.

9. We need to know how the fair market value of the lease was calculated and the calculation? [application for permit page 7]

10. Because there is a lease you need to address the Terms of Debt Financing. 77 IAC 1120.140 (b). [pages 278 and 279]

11. We need to know who signed the certification regarding the reasonableness of financing arrangements. We cannot make out the name and the position the individual holds.

12. We need a copy of the admission policy for the new hospital.

13. We need a copy of the charity care policy for the new hospital.

14. We must have an attestation signed and notarized from US Health Vest, LLC and the operating entity/licensee that any building or life safety issues and conditions of participation will be the responsibility of US Health Vest, LLC and the operating entity.

15. The projected income statement for V. Covington Realty, LLC indicates interest expense is being paid. The interest expense denotes debt. Yet no mortgage or bonds are listed on the project cost and sources of funds schedule as being part of the project. Additionally depreciation expense is recorded on V. Covington Realty, LLC projected income statement. What is that depreciation expense for? V Covington Realty, LLC does not own the property. [application for permit page 262]

16. We need to know why V. Covington Realty, LLC is part of this application for permit, they do not own the property, are not the operating entity, and according to your application submittal are not providing any funds to this project.

17. We need the financial ratios for US HealthVest, Inc for 2014 and 2015 as well as the projected ratios for 2020. The reason we are requesting this information the cash portion of this project is being funded by US HealthVest, Inc. It appears to us US HealthVest does not have sufficient cash to fund this project based upon the reviewed and audited statements that have been provided. The unaudited January 2016 balance sheet statement shows long term debt in excess of $19 million. It appears to us that long term debt is being used to fund the cash portion of this project.

Sincerely,

Mike Constantino

Mike Constantino
Project Reviewer