STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

May 20, 2016

VIA Email

John Kniery
Foley & Associates, Inc.
Health Care Consulting
133 South Fourth Street Suite 200
Springfield, Illinois 62701

Re: Response to submittal received May 13, 2016 – Project #16-011

John:

The State Board has always considered a lease a form of debt financing.

1. Criterion 1120.140 (b) Terms of Debt Financing needs to be addressed.

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 <u>facilities</u> and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

2. Criterion 77 IAC 1120.130 needs to be addressed for US HealthVest, LLC need to be provided. I cannot find any evidence of an A or better bond rating; and the other two co-applicants are wholly owned by US Health Vest. All of the funding is coming from US HealthVest, LLC. While the folks at US HealthVest, LLC may consider this model a long term care or ASTC model they are proposing a **<u>licensed 100 bed hospital</u>** in the State of Illinois.

77 IAC 1120.130 reads
*"The applicant or co-applicant **<u>that is responsible for funding</u>** or guaranteeing funding of the project shall provide **<u>viability ratios</u>** 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.*

Should you have any questions or concerns please contact Mike Constantino or George Roate at Mike.Constantino@illinois.gov or George.Roate@illinois.gov or 217.782.3516.

Sincerely,

Mike Constantino
Project Reviewer