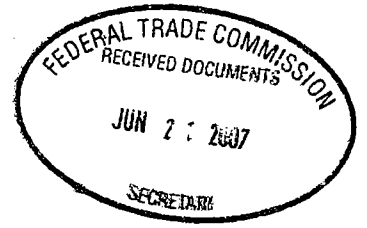


UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION



COMMISSIONERS:     **Deborah Platt Majoras, Chairman**  
                          **Pamela Jones Harbour**  
                          **Jon Leibowitz**  
                          **William E. Kovacic**  
                          **J. Thomas Rosch**

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<b>In the matter of</b>	)	
	)	
<b>Evanston Northwestern Healthcare Corporation,</b>	)	<b>Docket No. 9315</b>
<b>          a corporation, and</b>	)	
	)	<b>PUBLIC</b>
<b>ENH Medical Group, Inc.,</b>	)	
<b>          a corporation</b>	)	
	)	
	)	

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**RESPONDENTS' RESPONSE TO COMPLAINT COUNSEL'S NOTICE OF SUPPLEMENTAL AUTHORITY**

On Tuesday, June 19, 2007, Complaint Counsel filed a Notice of Supplemental Authority ("Notice") in this matter.<sup>1</sup>

Within its filing, Complaint Counsel correctly observed that since the time of briefing and argument before the Commission, the State of Illinois has elected to extend its Certificate of Need ("CON") program. *See* Notice at 1, Exhibit A. Complaint Counsel's Notice advised the Commission of this factual and legal development as evidence of "significant legal barriers both to market entry by new facilities and to the

major expansion of existing facilities.” *Id.* However, Complaint Counsel’s Notice fails to detail the numerous major hospital expansions as well as market entry that occurred even under the extended Illinois CON program. Therefore, Respondents advise the Commission that the following expansions and entry have occurred since argument and briefing:

#### Major Hospital Expansion

- Advocate Lutheran General: Received CON approval and currently constructing new 8-story, 192-bed single room, \$200 million tower adjoining existing hospital in Park Ridge (10.2 miles from Evanston Hospital). *See* Exhibit B. Expansion alone is larger than the size of Highland Park Hospital (“HPH”) and will boost Lutheran General’s licensed bed capacity to 645 licensed beds. *Id.* Also completed construction and opened a new outpatient Center for Advanced Care on hospital campus. *See* Exhibit C.
- Lake Forest Hospital: Received CON approval for new \$5.8 million cardiac catheterization laboratory at hospital (6.1 miles from HPH). *See* Exhibit D.
- Condell Hospital: Received CON approval for \$104 million, 68 bed medical/surgical tower adjoining hospital in Libertyville (12.7 miles from HPH). *See* Exhibit E. Also received CON approval for \$22 million emergency room expansion to become a Level 1 Trauma Center. *Id.*
- Vista Health System: Received CON approval for open heart surgery at Waukegan hospital campus (15 miles from HPH) as well as currently performing \$70 million in physical improvements to hospital campuses. *See* Exhibit F and Exhibit G.

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<sup>1</sup> Complaint Counsel’s filing was made without any prior notice to Respondents and without citation to any Commission Rule authorizing such a filing.

### New Market Entry

- Vista Health System: Filed a \$100 million CON application for the construction of a new 140-bed acute care hospital in Lindenhurst (23 miles from HPH). *See Exhibit H.*
- Advocate Health Care: Filed a \$251 million CON application to construct a new 144-bed acute care hospital with cardiac catheterization services in Round Lake (24 miles from HPH). *See Exhibit I.*
- Lake Forest Hospital: Filed a CON application for construction of a \$2.7 million ambulatory treatment center in Grayslake (21 miles from HPH) and also received unanimous approval from the Illinois Senate to open a freestanding 24-hour emergency center in Grayslake. *See Exhibit J and Exhibit K.*

Expansion of hospitals within the service area of Evanston Northwestern Healthcare and within the ALJ's defined geographic market demonstrates the absence of anticompetitive effects. Lutheran General's addition of 192 patient beds alone increases its already dominant market share in the ALJ's defined market and supports the ALJ's finding that non-ENH hospitals "would have the ability to constrain prices at ENH, *either now or in the future*, and could be utilized by managed care organizations to create hospital networks." *See Initial Decision at 144, 149 (emphasis added); see also Respondents' Appeal Brief at p. 38.*

June 21, 2007

Respectfully submitted,

 /FDG

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Inc.

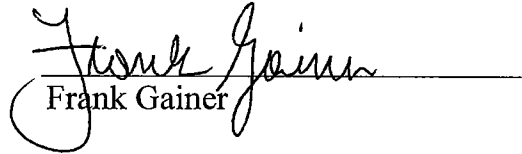
**CERTIFICATE OF SERVICE**

I, hereby certify that a copy of the foregoing document was served by delivering  
copies to:

Office of the Secretary  
Federal Trade Commission  
Room H-159  
600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

Thomas H. Brock  
Federal Trade Commission  
Federal Trade Commission  
601 New Jersey Ave., N.W.  
Washington, D.C. 20580

Dated: June 21, 2007

  
Frank Gainer

**UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION**

_____	)	
In the matter of	)	
	)	
<b>Evanston Northwestern Healthcare Corporation,</b>	)	<b>PUBLIC</b>
	)	
and	)	Docket No. 9315
	)	
<b>ENH Medical Group, Inc.</b>	)	
_____	)	

**COMPLAINT COUNSEL’S NOTICE OF SUPPLEMENTAL AUTHORITY**

Complaint Counsel submit this notice of supplemental authority relating to the appeal of the Initial Decision dated October 20, 2005, in which Judge Stephen J. McGuire held that the consummated merger of Evanston Northwestern Healthcare Corporation and Highland Park Hospital violated section 7 of the Clayton Act, 15 U.S.C. § 18.

On appeal, Respondents contend that, after the merger, the hospitals were incapable of increasing their prices for services because, *inter alia*, “competitor hospitals [are] able to expand their capacity and service offerings . . . .” Respondents’ Corrected Appeal Brief dated January 12, 2006, at 44. To support this contention, Respondents correctly noted that, at the time they filed their brief, the Illinois Certificate of Need program – which established significant legal barriers both to market entry by new facilities and to the major expansion of existing facilities – was scheduled to expire on July 1, 2006. *Id.*

We advise the Commission that since Respondents filed their brief, and after oral argument, the State of Illinois has thrice extended its Certificate of Need program.<sup>1</sup> Most

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<sup>1</sup> By Public Act 94-983, the State first extended the scheduled sunset date of the Illinois Certificate of Need law from July 1, 2006, to April 1, 2007. By Public Act 95-0001, the State then extended the scheduled sunset date of the statute from April 1, 2007, to May 31, 2007.

recently, in Public Act 095-0005, which was enacted on May 31, 2007, the State extended the Certificate of Need program to August 31, 2008.

Public Act 095-0005 also establishes a task force to assess long term reforms to the State Certificate of Need program. The task force is specifically directed to make recommendations regarding, *inter alia*, the impact of a sunset provision in the Certificate of Need Act and “[r]eforms that will enable the Illinois Health Facilities Planning Board to focus most of its project review efforts on ‘Certificate-of-Need’ applications involving new facilities, discontinuation of services, major expansions, and volume-sensitive services, and to expedite review of other projects to the maximum extent possible.” Section 5, Public Act 095-0005, *codified at* 20 Ill. Code § 3960/15.5(c)(4).

A copy of Public Act 095-0005 is attached as Exhibit A.

Respectfully submitted,



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Complaint Counsel

Dated: June 19, 2007

223 of 1000 DOCUMENTS

Modern Healthcare

November 27, 2006

## Midwest

SECTION: REGIONAL NEWS; Pg. 17

LENGTH: 635 words

ST. LOUIS-St. Anthony's Medical Center has started a \$90 million renovation and expansion project that should be completed by the middle of 2008. A new six-story addition will include 24 new operating rooms, two floors with rooms dedicated to cardiac patients, seven cardiac catheterization laboratories and four interventional radiology suites. In the main hospital building, 16 beds for surgical intensive care will be added and the existing surgical intensive-care unit will be converted into a neurology ICU. The 558-bed hospital will build a pediatric emergency department adjacent to the current one. St. Anthony's and 164-bed SSM Cardinal Glennon Children's Medical Center, St. Louis, will manage the pediatric emergency department as partners.

PARK RIDGE, Ill.-Advocate Lutheran General Hospital began construction on a \$200 million, eight-story tower that will feature 192 private rooms, officials said. The 382,600-square-foot structure, adjacent to the front of the eastern portion of the existing hospital, will devote two stories to the advanced care of critically ill adults and children. The top floor of the tower, which is being built by Power Construction Co., Schaumburg, Ill., will house a 28-room mother-baby unit. The architect for the project is OWP/P Architects, Chicago. The building will boost Lutheran General's licensed bed capacity to 645 from 617. More than 160 members of the hospital's medical, nursing and ancillary staff played "essential roles" in all phases of the bed-tower planning process as a way to make the building more user-friendly, hospital officials said. Completion is slated for early 2009, the hospital's 50th anniversary at its Park Ridge location.

ST. PAUL, Minn.-Regions Hospital unveiled a \$179 million expansion that will increase the 396-bed hospital's capacity by up to 180 beds. The project includes a 385,000-square-foot, 10-story tower that will include 108 beds and capacity for another 72 beds, and two parking lots with 1,350 spaces combined. Construction was slated to begin late this year and end in 2009. Regions officials estimate the hospital's demand for inpatient care will increase by 26% by 2013.

SPRINGFIELD, Ill.-Illinois gave two health systems certificate-of-need approval to each purchase a critical-access hospital in separate deals, both of which are expected to close by year-end. The Illinois Health Facilities Planning Board authorized the previously announced purchase of 47-bed Union County Hospital District, Anna, Ill., by Community Health Systems, Brentwood, Tenn. Terms haven't been disclosed. The CON board estimated the hospital's fair-market value



Midwest Modern Healthcare November 27, 2006

at \$3.15 million. CHS has managed the hospital for five years. The state agency also approved the previously announced purchase of 75-bed St. Vincent Memorial Hospital, Taylorville, Ill., by two-hospital Memorial Health System, Springfield, Ill., from the Adorers of the Blood of Christ and its affiliate, ASC Health. The board estimated St. Vincent's fair-market value at \$13.4 million. ASC and Memorial have co-sponsored the hospital since 1995.

MINNEAPOLIS-The University of Minnesota and three Minnesota hospitals this month received one of five National Institutes of Health grants in a five-year, \$33.7 million effort to research the use of stem cells in heart disease treatment. The Minnesota Cardiovascular Cell Therapy Clinical Research Network includes the Minneapolis Heart Institute Foundation at Abbott Northwestern Hospital, a 627-bed Minneapolis hospital owned by Allina Hospitals & Clinics; 422-bed Hennepin County Medical Center, Minneapolis; the 340-bed Veterans Affairs Medical Center, Minneapolis; and three University of Minnesota departments: the Division of Cardiology, Center for Cardiovascular Repair and Molecular and Cellular Therapeutics Laboratory.

**LOAD-DATE:** December 4, 2006

**LANGUAGE:** ENGLISH

**GRAPHIC:** Art Credit: Regions Hospital, St. Paul, Minn.

**PUBLICATION-TYPE:** Magazine

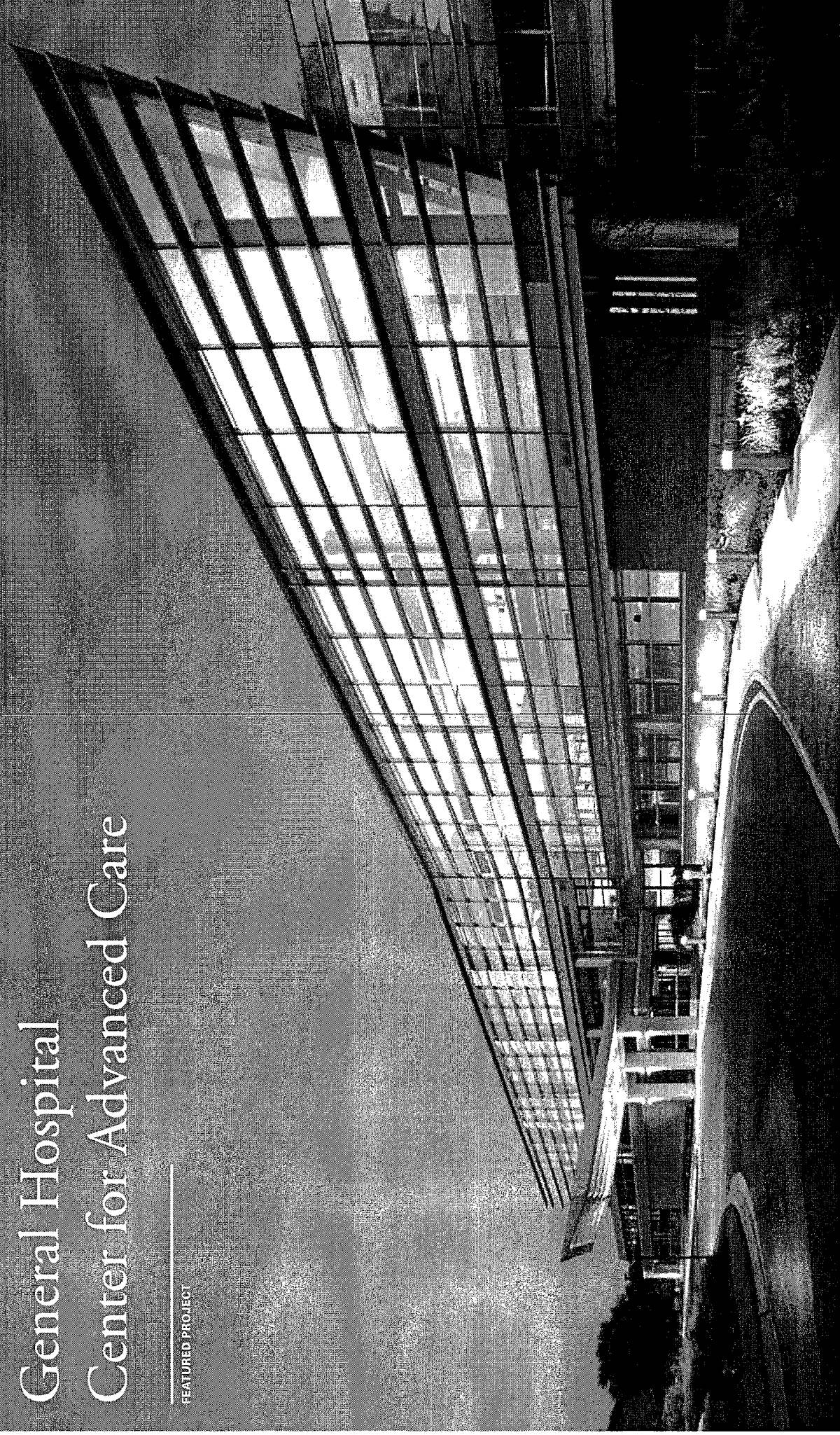
**JOURNAL-CODE:** mh

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Advocate Lutheran  
General Hospital  
Center for Advanced Care

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FEATURED PROJECT



**Advocate Lutheran  
General Hospital  
Center for Advanced Care**

PARK RIDGE, ILLINOIS

**INTEGRATED SERVICES**  
PLANNING, PROGRAMMING, ARCHITECTURE,  
and INTERIORS

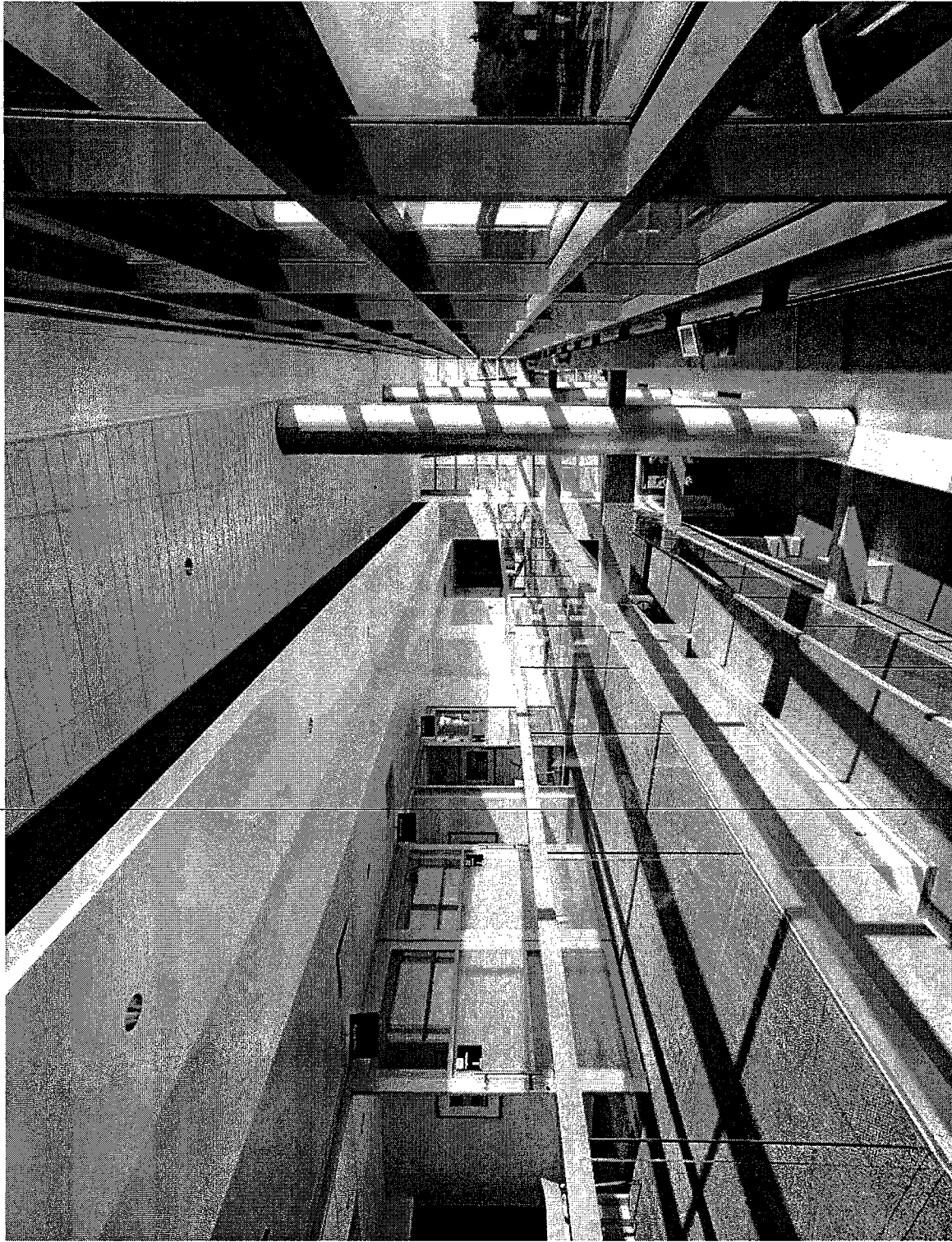
**PROJECT SIZE**  
316,500 SF RENOVATION / 54,800 SF ADDITION

**COMPLETED**  
2006

The mission of Advocate Lutheran General Hospital's Center for Advanced Care was to "create a comprehensive, state-of-the-art outpatient facility that is recognized as a regional leader for patients seeking multidisciplinary cancer, advanced imaging, or breast health services." The revitalized Center for Advanced Care consolidates outpatient services into one location and provides a comfortable, attractive, and welcoming environment for patients and staff. Bringing these services under one roof created a major design challenge, as the environment needed to be comfortable, welcoming, private, and attractive for all patients, both those receiving radiation and chemotherapy treatments and those seeking imaging services.

The building features three main entrance points for patients and visitors that are framed by a main circulation spine featuring a three-story glass atrium providing natural light and outside views. The main entrance on the east side features a covered drop-off location that offers access to the various treatment and diagnostic areas within the building. The imaging department has an independent entrance on the southeast side of the building that enables convenient access for those seeking diagnostic services. Lastly, the building is accessible on each of the three floors through the adjacent parking lot. These access points enable visitors to efficiently and easily access any of the diagnostic and treatment areas within the building.

The new Center for Advanced Care houses the following outpatient services: Medical Oncology, Radiation Oncology, Imaging Services including CT Scan, MRI, Nuclear Medicine, and General Radiation, and a Breast Health Center.



DOCKET NO: A - 7	BOARD MEETING: April 25-26, 2006	PROJECT NO: 05-063	PROJECT COST: Original: \$ 5,891,437 Current: \$
FACILITY NAME: Lake Forest Hospital		CITY: Lake Forest	
TYPE OF PROJECT: Substantive			HSA: VIII

**PROJECT DESCRIPTION:** The applicant proposes to establish the cardiac catheterization category of service.

## STATE AGENCY REPORT

Lake Forest Hospital  
Lake Forest, Illinois  
Project # 05-063

### **I. The Proposed Project**

The applicant proposes to establish the cardiac catheterization category of service to provide both diagnostic and interventional catheterizations. The applicant plans to modernize 5,128 (3,096 clinical, 2,032 is non-clinical) gross square feet ("GSF") of existing space within the hospital to establish the service. The total estimated project cost is \$5,891,437.

### **II. Summary of Findings**

- A. The State Agency finds the proposed project does not appear to be in conformance with the provisions of Part 1110.
- B. The State Agency finds the proposed project does not appear to be in conformance with the provisions of Part 1120.

### **III. General Information**

The applicant is Lake Forest Hospital located in Lake Forest (Lake County). The facility is in the A-09 Acute Care Planning Area and the HSA VIII Cardiac Catheterization Planning Area. HSA VIII includes the Illinois Counties of Kane, Lake and McHenry.

There are six other providers of acute care services in the A-09 planning area: Advocate Good Shepherd Hospital (Barrington), Condell Medical Center (Libertyville), Highland Park Hospital (Highland Park), Midwestern Regional Medical Center (Zion), Provena Saint Therese Medical Center (Waukegan) and Victory Memorial Hospital (Waukegan). There are ten providers of cardiac catheterization in HSA VIII: Advocate Good Shepherd (Barrington), Condell Medical Center (Libertyville), Delnor Community Hospital (Geneva), Highland Park Hospital (Highland Park), Northern Illinois Medical Center (McHenry), Provena Mercy Center (Aurora), Provena Saint Joseph Hospital (Elgin), Rush Copley Medical Center (Aurora), Sherman Hospital (Elgin) and Victory Memorial Hospital (Waukegan).

This is a substantive project which is subject to both a Part 1110 and Part 1120 review.

A public hearing was offered, but none was requested. In addition, no written comments were received by the State Agency on the proposed project. Project obligation will occur after permit issuance. The anticipated project completion date is January 31, 2008.

The applicant's utilization data (i.e., number of beds, average length of stay ("ALOS"), admissions, patient days, average daily census ("ADC") and occupancy) for the facility is detailed in Table One; while Table Two displays the applicant's patients by payment source. The State Agency notes the data sets in Tables One and Two are for calendar year 2004 and is supplied by the IDPH Hospital Facility Profiles.

TABLE ONE						
Categories of Service	Existing Beds	Admissions	Patient Days	ADC	ALOS	Occupancy
Medical-Surgical	74	4,266	18,947	56.2	4.8	76.0%
Intensive Care	10	557	2,219	6.2	4.1	61.9%
Pediatrics	10	279	751	3.0	3.9	29.8%
Obstetrics	23	2,310	5,847	16.3	2.6	70.7%
Long-Term Care	107	525	27,867	76.3	53.1	71.4%
<b>Totals</b>	<b>224</b>	<b>7,937</b>	<b>55,631</b>	<b>152.4</b>	<b>7.0</b>	<b>68.0%</b>

TABLE TWO		
Payment Source	Patients	% of Total
Medicare	2,708	34.1%
Medicaid	183	2.3%
Charity Care	49	0.6%
Other Public	0	0
Insurance	4,688	59.1%
Private Pay	309	3.9%
<b>Totals</b>	<b>7,937</b>	<b>100.0%</b>

**IV. The Proposed Project - Details**





				Const.			Space
Clinical							
Catheterization Laboratory (1)	\$1,785,087	575	575		575		
Catheterization Control Room	149,512	236	236		236		
CT Room (2)	2,343,506	2,249	2,249		571	1,678	
CT Control Room	79,168	1,120	1,120		125	995	
Equipment Storage	124,047	863	863		196	667	
Reading Room	47,148	740	740		83	657	
Nurses Station	152,537	970	970		268	702	
Linen/Clean and Soiled Utility	88,749	635	635		229	406	
Recovery Bays	461,361	753	753		753		
Patient Toilet	23,196	60	60		60		
SUBTOTALS-CLINICAL	5,254,311	8,201	8,201		3,096	5,105	
Non-Clinical							
Public Areas	78,159	--	224		224		
Staff Toilet/Break	113,205	--	290		290		
Circulation	445,762	--	1,518		1,518		
SUBTOTALS-NON CLINICAL	637,126		2,032		2,032		
TOTALS	5,891,437		10,233		5,128	5,105	
Notes:							
1. Includes \$1,403,870 for catheterization system.							
2. Includes \$1,966,323 for 64-slice CT system.							

**V. Project Costs and Sources of Funds**



The proposed project will be funded with a cash and securities of \$5,891,437. Table Four displays the proposed project's funding.

<b>TABLE FOUR</b>			
<b>Use of Funds</b>	<b>Total</b>	<b>Clinical</b>	<b>Non-Clinical</b>
Preplanning	\$ 73,000	\$ 54,500	\$ 18,500
Modernization Contracts	1,373,915	1,026,770	347,145
Contingencies	205,400	153,500	51,900
Architectural/Engineering Fees	160,000	110,000	50,000
Consulting and Other Fees	182,530	136,300	46,230
Movable or Other Equipment (not in construction contracts)	3,811,196	3,590,696	220,500
Other Cost To Be Capitalized	85,396	63,700	21,696
<b>TOTALS</b>	<b>\$ 5,891,437</b>	<b>\$ 5,135,466</b>	<b>\$ 755,971</b>
<b>Sources of Funds</b>	<b>Amount</b>		
Cash and Securities	\$ 5,891,437		
<b>TOTAL</b>	<b>\$ 5,891,437</b>		

**VI. Review Criteria - Cardiac Catheterization**

**A. Criterion 1110.1330(a) - Peer Review**

The hospital has an existing peer review process for clinical services. The applicant states this process will be extended to the catheterization service.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ABOVE REVIEW CRITERION.

**B. Criterion 1110.1330(b) - Establishment or Expansion of Cardiac Catheterization Services**

This criterion states that no additional catheterization service will be established in the planning area unless: 1) the applicant can demonstrate it will perform a minimum of 200 cardiac catheterization procedures annually within two years after initiation; and, 2) that each facility in the planning area offering cardiac catheterization operates at a level of 400 procedures annually. The criterion also states that for existing providers who have not achieved the target utilization, the applicant must document historical referral volume in each of the prior three years for cardiac catheterization in excess of 400 annual procedures.

The applicant provided physician referral letters, which are summarized in Table Five.

TABLE FIVE		
Physician	Historical Referrals	Estimated Referrals
J. William Benge, M.D. The Lake Heart Specialists Group	435 cases Condell Medical Center	40
Charles E. Jaffe, D.O. The Lake Heart Specialists Group	293 cases Condell Medical Center; 22 cases Victory Memorial Hospital	25
Fahd Jajeh, M.D. The Lake Heart Specialists Group	259 cases Condell Medical Center; 38 cases Victory Memorial Hospital	95
Robert J. Koch, D.O. The Lake Heart Specialists Group	99 cases Condell Medical Center; 11 cases Victory Memorial Hospital	38
Maher Nahlawi, M.D. The Lake Heart Specialists Group	105 cases Condell Medical Center; 19 cases Victory Memorial Hospital	30
Thomas Mayer, M.D. North Shore Cardiologists, SC	Data not provided	32
Eli Lavie, M.D. North Shore Cardiologists, SC	Data not provided	63
Jonathan Gilbert, M.D. North Shore Cardiologists, SC	Data not provided	57
James Wicks, M.D. North Shore Cardiologists, SC	Data not provided	49
Jay Alexander, M.D. North Shore Cardiologists, SC	Data not provided	42
<b>Total</b>		<b>471</b>

Assuming the projections are realized, it appears the applicant will meet the first requirement of the criterion by demonstrating that it will perform more than the minimum 200 procedures annually.

Table Six displays the cardiac catheterizations performed in HSA VIII in 2004. The State Agency notes utilization levels are from the 2004 Illinois Department of Public Health Annual Hospital Questionnaire, the most current verifiable data available.

TABLE SIX					
Hospital	Location	Distance (miles) (4)	Travel Time (minutes) (4)	2004 Catheterizations Performed	Number of Catheterization Laboratories
Highland Park Hospital	Highland Park	6.20	11	734	1

Condell Medical Center	Libertyville	7.27	11	2,168	2
Victory Memorial Hospital	Waukegan	11.6	22	338	1
Advocate Good Shepherd (1) (2)	Barrington	21.93	34	1,215	1
Northern Illinois Medical Center	McHenry	26.21	41	560	2
Sherman Hospital	Elgin	38.05	51	2,539	3
Provena Saint Joseph Hospital	Elgin	44.49	58	519	2
Provena Mercy Center	Aurora	55.39	65	1,007	2
Rush Copley Memorial Hospital	Aurora	55.02	67	1,008	1
Delnor Community Hospital (3)	Geneva	54.03	70	572	1
<b>TOTALS</b>				<b>10,660</b>	<b>16</b>
<p>(1) Advocate Good Shepherd was approved to established a cardiac catheterization category of service fixed in the hospital, effective 03/13/03 (Project #02-081). The project was not completed until 05/16/05.</p> <p>(2) Advocate Good Shepherd (Mobile)–Mobile cardiac catheterization unit serving Good Samaritan Hospital (Downers Grove), Delnor Community Hospital (Geneva) and Advocate Good Shepherd Hospital (Barrington).</p> <p>(3) Delnor Community Hospital (Mobile)–Mobile cardiac catheterization unit serving Good Samaritan Hospital (Downers Grove), Delnor Community Hospital (Geneva) and Advocate Good Shepherd Hospital (Barrington).</p> <p>(4) The State Agency obtained distance and travel times via the internet using MapQuest.</p>					

Data from the 2004 Illinois Department of Public Health Annual Hospital Questionnaire indicates nine of the ten existing providers of cardiac catheterization service in HSA VIII performed more than the required 400 annual procedures. Victory Memorial Hospital (Waukegan) only performed 338 catheterizations.

The criterion also states, in instances where existing providers have not achieved the target utilization, the applicant can satisfy the requirement if historical referral volume in each of the prior three years for cardiac catheterization is in excess of 400 annual procedures. For 2002, 2003 and 2004, the applicant transferred 20, 78 and 74 patients respectively for cardiac catheterization. According to the applicant, these numbers do not accurately reflect the demand for this service, since these numbers only include patients seen in the emergency room and referred to other providers. The applicant contends non-emergency catheterization procedures are referred to other facilities and are not tracked by the hospital. The applicant identified 172 referrals that Lake Forest Hospital physicians referred to other hospitals from 2002 to 2004. It appears the applicant cannot document historical referral volume in excess of 400 annual procedures; therefore, a positive finding cannot be made.

**THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE ABOVE CRITERION.**

C. Criterion 1110.1330(c) - Unnecessary Duplication of Services

This criterion requires the applicant to document the following: 1) whether its service will cause an existing program's volume to fall below 200 procedures annually; and 2) to contact all existing providers within the planning area to ascertain the project's impact.

As required, the applicant contacted the ten providers of cardiac catheterization service in HSA VIII. The applicants stated they had not received any impact letters from the hospitals at the filing date. The State Agency notes that it received impact letters from three of the providers: Provena Saint Joseph Hospital (Elgin), Condell Medical Center (Libertyville) and Provena Mercy Center (Aurora). Table Seven displays the responses from the area providers.

TABLE SEVEN	
Hospital	Response
Highland Park Hospital	Response Not Received
Condell Medical Center	<p>"Geographically, both Condell and Lake Forest Hospitals serve many of the same communities. Condell provided diagnostic catheterization services ...to 464 patients...during this one-year period. The potential impact to Condell is estimated at approximately 45 patients per year."</p> <p>"Extending the impact analysis to our secondary service areas...it is estimated that the potential impact to Condell at 150-225 patients per year, being that approximately 50% of Circulatory category inpatients enter through the Emergency Department."</p> <p>"The conclusion of this market assessment is that Condell Medical Center could be impacted by approximately 200-275 diagnostic catheterization procedures per year if Lake Forest Hospital would establish a diagnostic-only cardiac catheterization service at Lake Forest."</p>
Victory Memorial Hospital	Response Not Received
Advocate Good Shepherd	Response Not Received
Northern Illinois Medical Center	Response Not Received
Sherman Hospital	Response Not Received
Provena Saint Joseph Hospital	"Because of this great distance, we anticipate the impact of the proposed service on the cardiac catheterization program at Provena Saint Joseph Hospital would be minimal (i.e., less than 5 cases per year)."
Provena Mercy Center	"Because of this great distance, we anticipate the impact of the proposed service on the cardiac catheterization program at Provena Mercy Medical Center would be minimal (i.e., less than 5 cases per year)."
Rush Copley Memorial Hospital	Response Not Received
Delnor Community Hospital	Response Not Received

All of the ten facilities performed over 200 cardiac catheterization procedures in 2004. The only facilities indicating a potential impact are Condell Medical Center (2,168 catheterizations performed in 2004), Provena Saint Joseph Hospital (519 catheterizations performed in 2004) and Provena Mercy Center (1,007 catheterizations performed in 2004). It appears the establishment of a cardiac catheterization laboratory at the proposed facility will not reduce these facilities below 200 procedures. As a result, a positive finding can be made.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ABOVE REVIEW CRITERION.

D. Criterion 1110.1330(d) - Modernization of Existing Cardiac Catheterization Equipment

This criterion is not applicable as the project represents the establishment of a new service.

E. Criterion 1110.1330(e) - Support Services

The applicant provided documentation that the required support services will be available.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ABOVE REVIEW CRITERION.

F. Criterion 1110.1330(f) - Laboratory Location

This criterion is not applicable as the project represents the establishment of cardiac catheterization services in one lab.

G. Criterion 1110.1330(g) - Staffing

The applicant documented that the required laboratory team will be available.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ABOVE REVIEW CRITERION.

H. Criterion 1110.1330(h) - Continuity of Care

The applicant provided transfer agreements with Condell Medical Center (Libertyville) and Highland Park Hospital (Highland Park) for the provision of open-heart surgery services.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ABOVE REVIEW CRITERION.

I. Criterion 1110.1330(i) - Multi-Institutional Variance

This criterion is not applicable.

**VII. Modernization Review Criteria**

A. Criterion 1110.420 (a) - Modernization of Beds

This criterion is not applicable.

B. Criterion 1110.420 (b) - Modern Facilities

The applicants must document that the proposed project meets one of the following:

- 1) 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.
- 2) The proposed project is necessary to provide expansion for diagnostic treatment, ancillary training, or other support services to meet the requirements of existing services or services previously approved to be added or expanded. 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 applicant states cardiac catheterization is a fundamental cardiac diagnostic and therapeutic modality and without this modality, it becomes

increasingly difficult for a hospital to maintain cardiologists on staff. Lake Forest Hospital has a large and rapidly increasing portion of patients age 45 and over and patients in this group most often need services of a cardiologist. The applicant points out that market studies have determined the community need for additional cardiac catheterization services. The applicant indicates all the hospitals with cardiac catheterization service report more than 400 cardiac catheterizations per year except Delnor Community Hospital (234 catheterizations in 2003, according to data submitted by the applicant). They suggest that this facility is far enough away that it will not result in duplication of services. However, the most current data indicates Delnor Community Hospital performed 572 cardiac catheterizations. In fact, the 2004 Hospital Profiles show a different hospital, namely, Victory Memorial Hospital in Waukegan (338 catheterizations in 2004), as the only provider within 30 minutes travel time that is below the utilization standards.

THE STATE AGENCY NOTES THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE REVIEW CRITERION.

### VIII. General Review Criteria

A. Criterion 1110.230(a) - Location

The applicant included a map with all facilities providing cardiac catheterization service within HSA VIII along with distance and travel times from each facility to the proposed site. In addition, a service area map and patient origin information for 2004 was submitted. The applicant indicates 6,056 or 76.6% of its current patients reside in the primary service area of Lake County. It appears the primary purpose of the project is to serve the needs of the planning area. Table Eight displays the utilization rate for the last 12 months for facilities providing cardiac catheterizations within 30 minutes travel time under normal driving conditions of the proposed project. The State Agency notes utilization levels are from the 2004 Illinois Department of Public Health Annual Hospital Questionnaire, the most current verifiable data available.

TABLE EIGHT
-------------

Hospital	Location	Distance (miles) (1)	Travel Time (minutes) (1)	HSA	2004 Catheterizations Performed	Number of Catheterization Laboratories
Highland Park Hospital	Highland Park	6.20	11	8	734	1
Condell Medical Center	Libertyville	7.27	11	8	2,168	2
Victory Memorial Hospital	Waukegan	11.60	22	8	338	1
Glenbrook Hospital	Glenview	14.92	21	7	216	1
Rush North Shore Medical Center	Skokie	16.11	23	7	1,456	2
Lutheran General Hospital	Park Ridge	18.74	26	7	1,518	3
<b>TOTALS</b>					<b>6,430</b>	<b>10</b>
(1) The State Agency obtained distance and travel times via the internet using MapQuest.						

All the facilities within 30 minutes travel time exceed the minimum target utilization level of 200 cardiac catheterization procedures. However, Glenbrook Hospital in Glenview (located in HSA VII) performed only 216 cardiac catheterizations in 2004 and Victory Memorial Hospital in Waukegan (located in HSA VIII) performed only 338 catheterizations in 2004. According to 77 IAC 1100.620, in determining need for cardiac catheterization programs, "No additional cardiac catheterization service shall be started unless each facility in the planning area offering cardiac catheterization services operates at a level of 400 procedures annually." Based on the target occupancy figures, it appears this addition could create a maldistribution of service since one provider in the planning area (Victory Memorial Hospital) is below the 400 procedures standard.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE ABOVE REVIEW CRITERION.

B. Criterion 1110.230(b) - Background of Applicant

The applicant provided licensure and certification information as required. The applicant also certified that it has not had any adverse actions within the past three years. It would appear the applicant is fit, willing and able and has the qualifications, background and character to adequately provide a proper standard of healthcare service for the community.



THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ABOVE REVIEW CRITERION.

C. Criterion 1110.230(c) - Alternatives

The applicant must document the proposed project is the most effective or least costly alternative. The applicant considered these alternatives:

1. Do Nothing.

The “Do Nothing” alternative suggests Lake Forest Hospital will continue to provide non-invasive heart-related cardiovascular procedures and services only. According to the applicant, the “Do Nothing” alternative does not allow the organization to respond to community need and enhance its clinical service offering in heart-related cardiovascular services. The applicant states this alternative does not allow the organization to provide enhanced community and patient access to more comprehensive invasive and noninvasive heart-related cardiovascular diagnostic and emergency treatment services. The applicant indicates this alternative does not improve the quality of Lake Forest’s clinical service offering or care. The applicant indicates that doing nothing will negatively impact the hospital’s financial future because patients will seek care in comprehensive centers and that marketplace access will be reduced. The applicant indicates that, in the short-term, this alternative is the least costly; in the long-run, however, the financial burden on the hospital may result in higher costs to patients and third-party payors. Specific costs were not identified, however.

2. Multi-Institutional Variance for Only a Diagnostic Catheterization Lab

Lake Forest explored the option of obtaining a multi-institutional variance for a diagnostic catheterization lab, but rejected it because it did not meet the objective of developing an advanced diagnostic imaging center. The applicant indicates this alternative would not improve patient access or quality of care and it would not address the current community need. Lake Forest Hospital did not identify an

entity with which to pursue an affiliation agreement. This alternative did not proceed to the stage of formally soliciting interest. As a result, specific costs were not identified.

3. Acquire Only a 64-Slice CT.

The applicant explored the option of acquiring only a 64-slice CT. This alternative would enhance the organization's cardiovascular diagnostic capabilities and provide back-up support to meet current CT and interventional radiology demand. However, the applicant states this alternative will not allow invasive cardiovascular studies or emergency invasive cardiology procedures. This technology is supplemental to current diagnostic capabilities, but falls short of providing the more definitive diagnostic capabilities inherent in invasive procedures which can be performed in a catheterization lab. Community need would be partially met, access to services would be partially enhanced and quality would be marginally improved. The cost of this alternative would be approximately \$4.2 million. The applicant does not view this as the most effective alternative.

4. Acquire Only a Cardiac Catheterization Lab

The applicant explored the option of acquiring only a cardiac catheterization lab. This alternative would allow for potential emergency-related therapeutic procedures, thereby improving both quality and access for heart patients. The applicant states it would not improve quality of care for other peripheral vascular or cardiovascular-related diseases. In addition, the applicant indicates in an emergency, the current interventional radiology capability could back up a catheterization lab if the service were available. The cost of this alternative would be approximately \$3.6 million.

5. Acquire Diagnostic Catheterization Lab and 64-Slice CT

The applicant explored the option of acquiring a cardiac catheterization lab and a 64-slice CT. This alternative would enhance its service offering and meet community need in cardiovascular services, both heart and peripheral vascular-related. The applicant indicates this option would significantly improve the quality of the cardiovascular diagnostic service offering and provide for emergency

therapeutic procedures when required by the patient's condition. The applicant states this alternative would better ensure the hospital's short-term and long-term financial viability because patients would not be referred to more comprehensive programs. The cost of this alternative would be approximately \$5.8 million.

6. Develop a Consolidated and Comprehensive Heart-Related Diagnostic Cardiovascular Center

The applicant explored the option of developing a consolidated and comprehensive heart-related diagnostic cardiovascular center. This alternative would provide a convenient "one-stop-shopping" location for all the current diagnostic cardiovascular services and the proposed catheterization lab and 64-slice CT scanner. The applicant states this would fully meet community need, fully enhance access and greatly improve quality of care. The applicant indicates this is the best alternative for the hospital. However, the applicant states the cost of this alternative would be approximately \$12.6 million. The applicants acknowledge that this may not be the most effective alternative.

Considering the applicants did not document the need for an additional service, it does not appear the proposed alternative is the most effective.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE ABOVE REVIEW CRITERION.

D. Criterion 1110.230(d) - Need for the Project

Documentation of need for the project shall include but not be limited to:

1. Area studies (which evaluate population trends and service use factors);
2. Calculation of need based upon models of estimating need for the service (all assumptions of the model and mathematical calculations must be included);
3. Historical high utilization of other area providers; and

4. Identification of individuals likely to use the project.

The applicant provided an in-depth market analysis completed by John Goodman & Associates in July 2004. That study found that the population growth rate in Lake Forest Hospital's service area is projected to be 9.3 percent between 2003 and 2008. In addition, the growth rate in the 45 to 64 and 65+ age cohorts is strong. These factors favor the additional cardiac catheterization capacity in the area. Based upon the market growth and aging dynamics, the study concluded that the area could support an additional two or three labs now and three to four additional labs by 2008. The study indicated the current cardiac catheterization rate in the service area is 4.25 (below the Illinois rate of 9.42), suggesting that there is an outmigration for diagnostic and interventional cardiac catheterization services. The study predicted that, with a potential demand of 1,027 cardiac catheterizations in the service area, a stand-alone catheterization lab would perform 873 catheterizations. The study estimates as many as 5,100 vascular diagnostic cases. The study concluded that there is a strong foundation upon which to build a diagnostic and interventional catheterization program. A copy of the complete study is included in the application (pages 55-85). In November 2004, KaufmanHall & Associates completed an additional market analysis. This study determined that the hospital's core service area's population is expected to increase 6.1 percent. A copy of the complete study is included in the application (pages 86-105).

The applicant stated the hospital did not engage an outside consultant to provide a market study of 64-slice CT scanning technology. This technology is new, becoming available in 2004.

The calculation of need in the Goodman report was based on a ten percent share of the service area population of 1,090,396. Multiplying the market share by the State rate of 9.42, it is expected that 1,027 catheterizations would be completed. The calculation assumes that a stand-alone catheterization lab with primary coronary angioplasty performs approximately 85 percent of what a catheterization lab in a facility with heart surgery would perform. Thus, the market study predicts that Lake Forest Hospital would perform 873 or 85% of 1,027 catheterizations in the service area. The KaufmanHall calculation of need was similar to the Goodman report.

As previously addressed, there are ten providers in HSA VIII which offer cardiac catheterization service. One of the ten providers operated their service below the State Board's target utilization (based upon the most recent data from the 2004 IDPH Hospital profiles). In addition, the applicant identified 172 referrals that Lake Forest Hospital physicians referred to other hospitals. It appears the applicant cannot document historical referral volume in excess of 400 annual procedures. The applicant has not documented the new service is needed in the planning area. Therefore, a positive finding cannot be made.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE ABOVE REVIEW CRITERION.

E. Criterion 1110.230(e) - Size of the Project

The applicant proposes to modernize 3,096 GSF of clinical space within the hospital to establish the catheterization laboratory, the 64-slice CT scanner and pre/post procedure bays. The applicant indicates the cardiac catheterization laboratory will consist of 811 GSF, the 64-slice CT scanner will consist of 892 GSF and the pre/post procedure bays will consist of 753 GSF. The remaining 640 GSF will be devoted to unrelated space, including a physician reading room, a nurses' station, linen/clean and soiled utility and a patient toilet. This unrelated space is identified in Table Nine as follows:

TABLE NINE	
Cardiac Cath Lab support space	211
64-slice CT Scanner support space	233
Pre/Post Procedure Bays support space	196
<b>Total</b>	<b>640</b>

The State standard for the size of a catheterization laboratory is 1,596 GSF. The proposed 1,022 GSF cardiac catheterization laboratory is within the State standard. The State standard for diagnostic radiology is 1,386 GSF. The proposed 1,125 GSF for the CT area is within the State standard. There is no State standard for Pre/Post Procedure bays. Thus, it appears the applicant meets the size requirement.

The applicant projects 228 catheterization procedures the first year of operation and 240 by the second year. According to the applicant, the

projections were based upon the number of referrals indicated by the physicians at Lake Heart Specialists Group and the projected growth identified in the market studies. It appears the service will meet the required 200 procedures by the second year of operation.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ABOVE REVIEW CRITERION.

**IX. Review Criteria - Financial Feasibility**

- A. Criterion 1120.210(a) - Financial Viability
- B. Criterion 1120.210(b) - Availability of Funds
- C. Criterion 1120.210(c) - Start-Up Costs

The applicant has documented a bond rating of "A." Therefore, these criteria are not applicable.

**X. Review Criteria - Economic Feasibility**

- A. Criterion 1120.310(a) - Reasonableness of Financing Arrangements

The applicant has documented a bond rating of "A." Therefore, this criterion is not applicable.

- B. Criterion 1120.310(b) - Terms of Debt Financing

The applicant indicated the project is solely funded with cash and securities. Therefore, this criterion is not applicable.

- C. Criterion 1120.310(c) - Reasonableness of Project Cost

Preplanning Costs - This cost is \$54,500, or 1.1% of modernization, equipment and contingency costs of \$4,770,966. This appears reasonable compared to the State Agency standard of 1.8%.

Construction Contracts and Contingencies - The costs of building "build-out" are estimated to be \$1,026,770 for the 3,096 GSF, which is \$331.64 per GSF. This appears reasonable compared to the adjusted State standard of \$573.47 per GSF.

Contingencies - The contingency allocation is \$153,500, or 14.9% of modernization costs. This appears reasonable compared to the State standard of 10% - 15%.

Architectural & Engineering Fees - This cost is \$110,000, or 9.3% of modernization and contingencies cost. The estimated cost exceeds the State standard of 3.9% - 9.0%. The standard would allow \$92,409 for these costs. The applicant exceeds the standard by \$18,231, or 19.7%. Table Ten displays the State Agency findings.

TABLE TEN		
Applicant's A & E Fees	State Standard	Difference
\$110,000	\$92,409	\$18,231

Consulting and Other Fees - These costs total \$136,300. The State Board does not have a standard for these costs.

Equipment - These costs total \$3,590,696. The State Board does not have a standard for hospital-based equipment costs.

Other Project and Related Costs – Cost for the construction manager is \$63,700, cost for wayfinding is \$2,500 and cost of reimburseables is \$9,330. There is no State Standard for these costs.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE ABOVE REVIEW CRITERION.

D. Criterion 1120.310(d) - Projected Operating Costs

TABLE ELEVEN	
Labor	\$273,000
Benefits	71,000
Supplies*	186,700
Total Costs	\$530,700
Divided by # of units	228
Equals Cost per unit	\$2,327.63

The applicant projects \$2,327.63 of annual operating costs per cardiac catheterization procedure for the first full year after project completion. The State Board does not have a standard for these costs.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ABOVE REVIEW CRITERION.

E. Criterion 1120.310(e) - Total Effect of the Project on Capital Costs

The applicant projects capital costs to be \$228.44 per equivalent patient day. The State Board does not have a standard for these costs.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ABOVE CRITERION.

F. Criterion 1120.310(f) - Non-Patient Related Services

The criterion is not applicable.





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## Condell's Expansion Plans

Condell Medical Center is a comprehensive, not-for-profit healthcare system serving Lake County and surrounding communities. Condell Medical Center is investing in a two-part strategic expansion plan with the ultimate goal of becoming the first Level I Trauma Center to serve Lake County.

### Bed Tower Expansion

Condell was granted approval by the Illinois Health Facilities Planning Board in 2006 to build a medical/surgical bed tower adjacent to the west wing of its main campus in Libertyville in response to the hospital's consistently serving more patients than the previous licensure limit accomodated.

- 68-bed, four-level tower (bringing Condell's total licensed beds to 283)
- Patient care in a private room environment
- Expanded clinical, non-clinical and ancillary service space; including physical therapy, respiratory therapy, and a sleep lab

### Emergency Department Expansion

Since 2001, trauma cases at Condell have increased by 40 percent. Condell's Emergency Department (ED), the busiest in Lake County, served more than 48,000 patient visits in 2005 and 53,000 patient visits in 2006. Condell was granted approval by the Illinois Health Facilities Planning Board in 2006 to expand its Emergency Department to better serve the needs of the community.

- 9 new emergency patient bays, bringing Condell's authorized total to 28
- Vastly improved ED configuration, with imaging services located immediately adjacent to the ED, an expanded ambulance port, dedicated EMS training and support areas, additional patient/family waiting and new inpatient admitting areas

### **Level I Trauma Designation**

Level I Trauma designation means that Lake County residents with traumatic injuries will no longer have to be transported out of the county to receive state-of-the-art trauma care. Although Planning Board approval is not required for Level I Trauma, the bed tower, coupled with the ED expansion, will provide the necessary capacity and facilities to position Condell for Level I Trauma status. Level I Trauma is accredited by the Illinois Department of Public Health and includes:

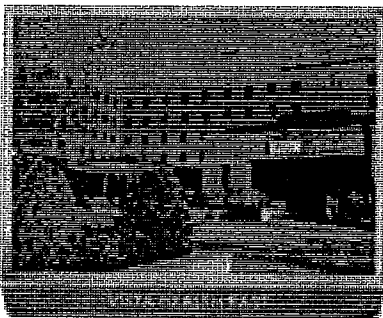
- 24-hour in-house trauma surgeon, pharmacy, operating room availability and radiography imaging
- Increased surgical and non-surgical services
- Responsibility for coordinating entire trauma region
- Helicopter landing capabilities (Condell already meets this requirement)
- Special, high-level trauma training for nurses and staff

Upon accreditation, Condell will be Lake County's first Level I Trauma Center. Condell is centrally-located and can be reached within 25 minutes from any point in Lake County.

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In addition to the \$99.8 million we're spending on our new facility, Vista Medical Center Lindenhurst, we've filed a Certificate of Need (CON) application for open-heart services to be available at Vista Medical Center East. We are investing \$70 million in capital improvements at our existing facilities, Vista Medical Center East and Vista Medical Center West in Waukegan. These improvements include:

- Transforming Vista West's former emergency room into a 24-hour urgent care center;
- Modernizing the ICU and same-day surgery area at Vista East;
- Expanding behavioral health care and inpatient rehabilitation at Vista West;
- Renovating Vista East's New Family Center, which is for pregnant women and their families; and
- Developing an open heart surgery program\* at Vista East, ensuring that residents receive cardiac care close to home

Construction of the open heart surgery facilities will be managed to avoid inconvenience to patients and visitors at Vista East. All of this is in addition to the \$20 million invested in the last 12 months in Vista East, this included adding a catheterization lab and endoscopy suites, as well as renovations to the emergency


Show your support for improvements in our two current Waukegan facilities by **signing our petition form online.**

\* Subject to the approval of the Illinois Health Facilities Planning Board

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Columnists  
Malcolm Berko

## Cardiac-care center to open at Vista in Waukegan

June 14, 2007

BY KENDRICK MARSHALL [kmarshall@scn1.com](mailto:kmarshall@scn1.com)

The Illinois Health Facilities Planning Board has approved Vista Health System's application to provide open-heart surgical health care at Vista Medical Center East in Waukegan.

Condell Medical Center in Libertyville, Advocate Good Shepherd Hospital in Lake Barrington and Highland Park Hospital all perform open-heart surgeries within Lake County.

» Click to enlarge image



The Illinois Health Facilities Planning Board has approved Vista Health System's application for an open-heart surgery center at Vista Medical Center East in Waukegan. (News-Sun File)

"Historically, a cardiac emergency required many patients and families to travel south to the North Shore or to Wisconsin," said Vista Health CEO Barbara Martin. "With this ruling, a door has opened to provide that same care locally."




In March, Vista submitted an 800-page certificate of need application to the board, and last November announced plans to upgrade its two hospitals in Waukegan that included a \$950,000 open-heart center at Vista East.

"As Lake County grows, it is our mission to provide the quality health care to complement the growing population we serve," Martin said.

The state's approval will now allow Vista to provide a variety of surgical



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procedures such as coronary artery bypass grafts and heart valve repairs or replacements. The hospital is hoping to provide the first procedures by the end of the year, hospital spokesperson Adam Beeson said.

Condell Medical Center in Libertyville has opposed Vista's plan.

After providing testimony against an additional open-heart surgery program at a March meeting with the planning board, Condell's Vice President of Business Development Jodi Levin said the hospital would lose hundreds of patients and suffer severe financial setbacks if another program were established in the county.

In the meantime, Martin is anticipating another appearance before the planning board tentatively scheduled for next month to discuss Vista's plan to build a \$99 million hospital in Lindenhurst.

Nevertheless, Vista ensured that Tuesday's board approval would have no bearing on the outcome of the July 24 planning board meeting.

"I am confident the next meeting will drastically improve access to health care to all citizens in Lake County," she said.

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## News and Press Releases

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### VISTA HEALTH SYSTEM AFFILIATE UNVEILS PLANS FOR LINDENHURST HOSPITAL

*First new hospital in Lake County in more than 30 years*

**Waukegan, Ill., 3/1/07**--Lindenhurst Illinois Hospital Company, LLC, an affiliate of Vista Health System, today submitted its certificate of need (CON) application to the Illinois Health Facilities Planning Board (IHFPB) to build a 140-bed hospital at a site adjacent to Vista Surgery Center in Lindenhurst, near the intersection of Grand Avenue and Deep Lake Road.

The hospital which will be known as Vista Medical Center Lindenhurst will be the first new hospital planned for Lake County in nearly 30 years.

"There is an urgent need for a hospital in Northern Lake County. Residents in this area do not enjoy ready access to modern quality health care facilities and services within or even near their own communities," said Barbara J. Martin, CEO of Vista Health System. "That's why we've worked with medical staff, employees, health care design experts and community leaders to create a new full-service, acute care hospital with quality patient care, safety and satisfaction in mind."

Vista Medical Center Lindenhurst will meet the current and anticipated future health care needs of residents in Northern Lake County, offering a convenient and modern facility, with a full complement of hospital services, including:

- A modern emergency department with 21 beds
- Comprehensive diagnostic imaging such as CT, MRI and nuclear medicine
- Cardiac catheterization
- Surgical services

Vista Medical Center Lindenhurst will have 140 beds including 108 medical/surgical beds, 12 intensive care beds, and 20 obstetrics and gynecology beds. The three-story, triangular-shaped facility will be just over 200,000-sq. ft. and is expected to cost \$99.8 million. The new medical center will offer the growing community a seamless continuity of care and greater health care access for residents of Northern Lake County.

Lindenhurst Mayor James Betustak said, "There is a tremendous need for better access to hospital care – particularly in the northern and western parts of Lake County." Lake County currently has more than 700,000 residents. The population is expected to increase between three and six



percent to approximately 800,000 by 2020. A disproportionate amount of this growth is occurring in the northern half of Lake County.

"Right now some residents of our community are sometimes forced to travel 45 minutes or more to get to the closest hospital. This is unacceptable," said Dr. Nabih Ramadan, Vista Board President. "Our new medical center in Northern Lake County will reduce the travel burden for patients, as well as for the physicians, nurses and medical staff providing care in Lake County."

Vista Health System also recently submitted a CON application to the IHFPB to develop an open heart surgery program at Vista Medical Center East. The open heart surgery program is the next step in bringing additional quality cardiac care to the community.

As part of its plans to respond to health care needs in Lake County, Vista Medical Center East also plans to modernize the ICU and same-day surgery area and renovate its New Family Center, which serves pregnant women and their families. In addition, plans are underway to transform Vista Medical Center West's former emergency room into a 24-hour urgent care center and expand behavioral health care and inpatient rehabilitation services. Vista Health System's total investment in its Waukegan facilities will be more than \$70 million.

This investment in health care facilities for Lake County demonstrate Vista Health System's continued commitment to all people in Lake County, including providing care for the underserved. Through its Waukegan hospitals, Vista Health System serves by far the largest population of Medicaid patients as compared to other area hospitals.

Vista Medical Center Lindenhurst has received strong support from elected officials and community leaders throughout the county, including:

State Representative JoAnn Osmond	State Representative Eddie Washington
State Representative Kathleen Ryg	State Senator Michael Bond
Former State Representative Robert Churchill	Former State Senator Adeline Geo-Karis
State Senator Terry Link	Lake County Commissioner Mary Ross Cunningham
Lake County Board Chairman Suzi Schmidt	Lindenhurst Mayor James Betustak
Lake County Commissioner Randall Whitmore	Waukegan Alderman John Balen
Waukegan Mayor Richard Hyde	Waukegan Alderman Tony Figueroa
Waukegan Alderman Sam Cunningham	Waukegan Alderman Greg Moisio
Waukegan Alderman Richard Larsen	Waukegan Alderman Edith Newsome
Waukegan Alderman Patrick Needham	Waukegan Alderman Larry TenPas

Waukegan Alderman Rafael Rivera	Waukegan Fire Chief Patrick Gallagher
Lake Villa Fire Chief Frank Slazes	Gurnee Mayor Kristina Kovarik
North Chicago Mayor Leon Rockingham, Jr.	Village of Antioch Mayor Dorothy Larson
Village of Wadsworth President Ken Furlan	

Governing boards and councils also have voted to support these plans. Resolutions were passed by the Village of Lindenhurst, City of Waukegan, Village of Antioch and City of North Chicago.

Vista Medical Center Lindenhurst expects to pay more than \$5 million to the community through property/provider taxes in 2007. That translates to additional support for city services such as schools, parks and police protection. Because this project and Vista Health System's health care ventures in Lake County are private, they impose no additional strain on local government agencies or taxpayers.

In addition to financial benefits to the community through taxes, the facility in Lindenhurst will result in more than 100 construction jobs and almost 650 new permanent jobs to Lake County.

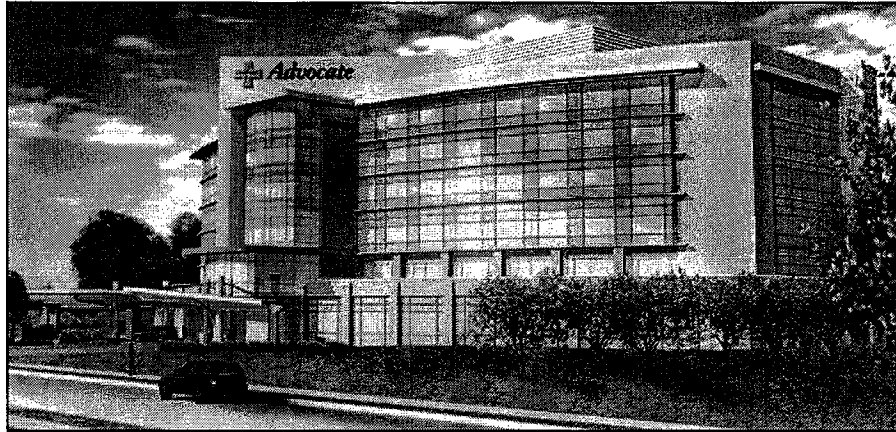
Subject to the approval of the IHFPB, Vista Medical Center Lindenhurst anticipates that construction of the new hospital will be complete in the summer of 2010. Also, pending approval from the IHFPB, the open heart program is projected to be operational by the summer of 2007.

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## Proposed Advocate Hospital-Lake County

**As the largest provider of high quality health care in the Chicago area, Advocate Health Care seeks approval to build a comprehensive, state-of-the-art hospital designed to meet the needs of rapidly growing northwest Lake County. The new hospital will complement the wide range of health care services Advocate already provides to the region.**

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**What:** Proposed Advocate Hospital-Lake County

**Where:** At the southwest corner of the intersection of Route 120 and Wilson Road, across from Baxter in the Round Lake area

**Why:** Northwest Lake County is experiencing tremendous growth and does not have an acute care hospital or emergency facilities to meet the needs of the community

**When:** Planned opening – 2010

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### The Services

- Advocate Hospital-Lake County is designed to meet community expectations for access to vital, high quality health care. The hospital will include 144 single rooms to enhance patient safety, privacy and comfort.
- The hospital will have 108 medical-surgical beds, a 16-bed intensive care unit and 20 obstetrical beds. The obstetrical service also will include six labor/delivery-recovery rooms and a Level II newborn nursery.
- The hospital is designed to include a Level II trauma center, providing immediate access to emergency services for seriously injured patients, 24 hours a day, every day.
- All medical-surgical and obstetric patient rooms will be large enough to allow overnight accommodation of a family member or loved one. A separate family room for overnight stay will be included on the intensive care unit.
- Other hospital services will include eight surgery and procedure suites, cardiology, pediatrics and a full array of diagnostic imaging services.
- Designed as an environmentally sensitive “green” building, Leadership in Energy and Environmental Design (LEED) certification will be sought for the hospital from the U.S. Green Building Council.

## Why Advocate?

Advocate Health Care is best positioned to meet the needs of the rapidly expanding population in the Lake County area, because:

- Advocate meets the health care needs of individuals and families as the largest health care provider in metropolitan Chicago and the State of Illinois.
- Advocate provides outstanding clinical care, and is recognized as one of the top health care systems in the country.
- Advocate is Chicago-based, and has long-served the city and neighboring counties, including Lake County, through its more than 200 sites of care for more than 100 years.
- Advocate has the strong financial resources needed to build and maintain a state-of-the-art, environmentally-friendly hospital in a growing community.
- Advocate is a faith-based, nonprofit health care system, and is guided by a mission to serve the health care needs of the community regardless of ability to pay.
- Advocate helps Chicago area communities by providing jobs, training future doctors, purchasing supplies and equipment, contracting for construction services and supporting local businesses around Advocate sites.

## The Proof

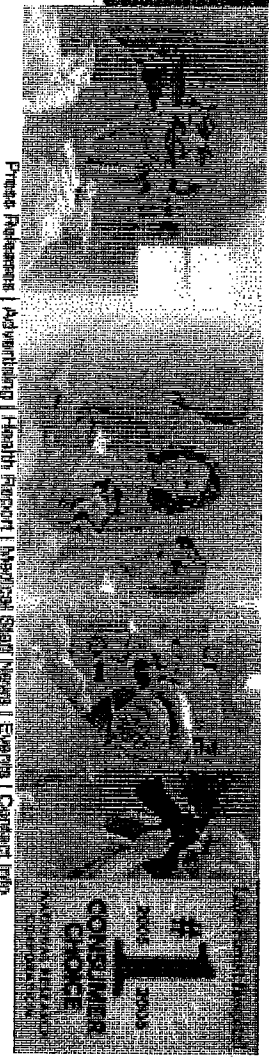
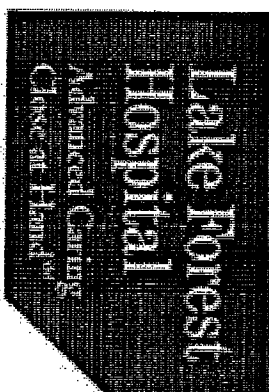
- Advocate serves the health care needs of 3.1 million patients annually, from infants to seniors, through 10 acute care hospitals, including two children's hospitals and a specialty hospital for extended care needs, three large medical groups and comprehensive home health and hospice services.
- Advocate is a leader in providing emergency care through four Level I and one Level II trauma centers.
- Advocate has been ranked among the nation's top 10 health care systems for ten consecutive years by *Modern Healthcare*. Advocate hospitals, including Advocate Good Shepherd in Barrington and Advocate Lutheran General in Park Ridge, are nationally-recognized for their clinical excellence.
- Advocate has long-served Lake County through Advocate Good Shepherd Hospital, based in Lake County for 28 years, and Advocate Lutheran General Hospital/Advocate Lutheran General Children's Hospital, located in the nearby northern suburbs for 50 years.
- Advocate proposes to make a capital investment of more than \$200 million in Lake County by building a new, full-service hospital.
- Advocate, a faith-based, nonprofit health care system, provided \$286 million in community services and programs in 2005, including nearly \$200 million in charity and unreimbursed care.
- Advocate employs nearly 25,000 individuals, including 7,000 nurses; trains 2,000 future doctors at its three teaching hospitals; and provides millions of dollars to businesses through supply and equipment purchases, construction projects and support to local shops and restaurants.







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### Press Releases

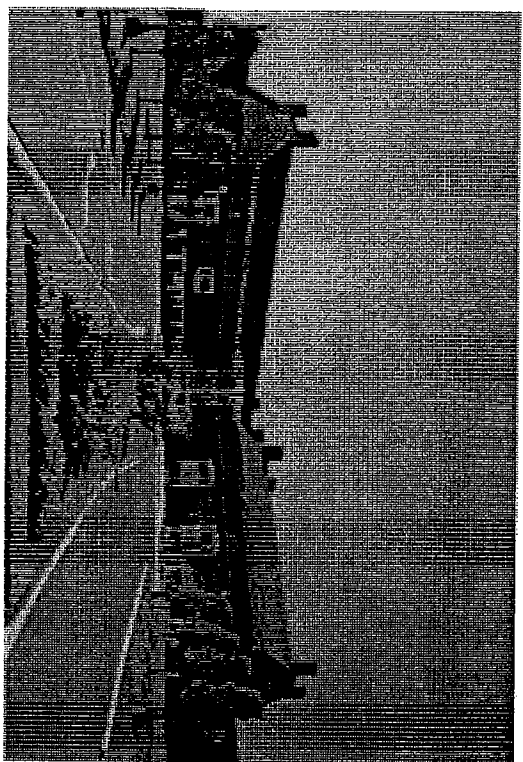
March 22, 2007

## Lake Forest Hospital's plan for Grayslake Freestanding Emergency Center clears another hurdle

*Legislation passes Senate with unanimous support*

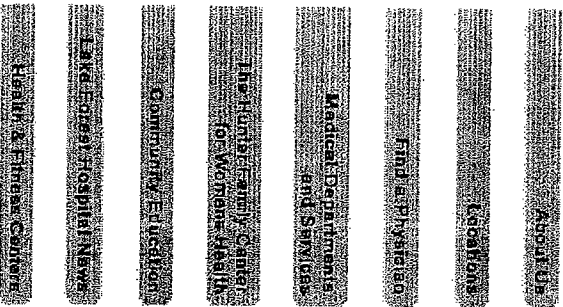
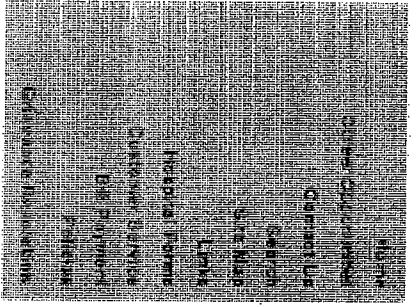
Lake Forest, Ill. – The Illinois Senate Thursday approved a plan that would allow Lake Forest Hospital to bring much-needed emergency medical services to the north and western areas of Lake County.

"We're glad to see our state legislators answer the call for increased emergency access in Lake County," said Thomas J. McAfee, president and CEO of Lake Forest Hospital.



The legislation, introduced by State Sen. Susan Garrett (D-Lake Forest), would allow Lake Forest Hospital to expand its acute care center to a freestanding emergency center at its Grayslake campus.

Construction would begin immediately upon receipt of final approval by the General Assembly and a state planning board.





The current site has been home to the Lake Forest Hospital Outpatient & Acute Care Center, located at 1475 E. Belvidere Road, for three years. The center is open 17 hours a day and treats more than 21,000 patients each year, and is staffed by Lake Forest Hospital's board-certified emergency physicians and trauma-trained registered nurses.

The facility would operate 24 hours a day under the new plan, with enhanced emergency capabilities, including ambulance bays and a helipad.

Senate Bill 1579 now moves to the Illinois House for consideration.

Lake Forest Hospital (LFH) has been named the #1 Consumer Choice hospital in Lake and Kenosha counties for 2006/07 by the independent firm National Research Corporation. LFH has earned this honor two years in a row for having the best doctors, best nurses, best image & reputation and best overall quality.

*Lake Forest Hospital is a fully licensed and accredited 215-bed community hospital offering a complete range of services that are staffed by 625 physicians, with offices conveniently located throughout Lake County. For information about the hospital, call **847.234.5600**, for a physician referral call **847.535.6171**.*

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