**Section 1110.110 Background of the Applicant, Purpose of Project, Safety Net Impact Statement, and Alternatives − Information Requirements**

The information requirements contained in this Section are applicable to all projects except projects that are solely for discontinuation. An applicant shall document the *qualifications, background, character and financial resources to adequately provide a proper service for the community* and also demonstrate that the project promotes the *orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of facilities* or service. [20 ILCS 3960/2]

a) Background of Applicant – Review Criteria

1) An applicant must demonstrate that it is fit, willing and able, and *has the qualifications, background and character to adequately provide a proper standard of health care service for the community.* [20 ILCS 3960/6] In evaluating the qualifications, background and character of the applicant, HFSRB shall consider whether adverse action has been taken against the applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed health care facility, or against any health care facility owned or operated by the applicant, directly or indirectly, within 3 years preceding the filing of the application. A health care facility is considered "owned or operated" by every person or entity that owns, directly or indirectly, an ownership interest. If any person or entity owns any option to acquire stock, the stock shall be considered to be owned by that person or entity (see 77 Ill. Adm. Code 1100 and 1130 for definitions of terms such as "adverse action", "ownership interest" and "principal shareholder").

EXAMPLES:

Examples of facilities owned or operated by an applicant include:

The applicant, Partnership ABC, owns 60% of the shares of Corporation XYZ, which manages the Good Care Nursing Home under a management agreement. The applicant, Partnership ABC, owns or operates Good Care Nursing Home.

The applicant, Healthy Hospital, a corporation, is a subsidiary of Universal Health, the parent corporation of Healthcenter Ambulatory Surgical Treatment Center (ASTC), its wholly-owned subsidiary. The applicant, Healthy Hospital, owns and operates Healthcenter ASTC.

Dr. Wellcare is the applicant. His wife is the director of a corporation that owns a hospital. The applicant, Dr. Wellcare, owns or operates the hospital.

Drs. Faith, Hope and Charity own 40%, 35% and 10%, respectively, of the shares of Healthfair, Inc., a corporation, that is the applicant. Dr. Charity owns 45% and Drs. Well and Care each own 25% of the shares of XYZ Nursing Home, Inc. The applicant, Healthfair, Inc., owns and operates XYZ Nursing Home, Inc.

2) The applicant shall submit the following information:

A) A listing of all health care facilities currently owned and/or operated by the applicant in Illinois or elsewhere, including licensing, certification and accreditation identification numbers, as applicable;

B) A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility;

C) A certified listing from the applicant of any adverse action taken against any facility owned and/or operated by the applicant during the 3 years prior to the filing of the application;

D) A certified listing of each applicant, corporate officer or director, LLC member, partner and owner of at least 5% of the proposed facility, identifying those individuals that have been:

i) cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or

ii) the subject of any juvenile delinquency or youthful offender proceeding;

E) Unless convictions have been expunged, all convictions shall be detailed in writing and any police or court records regarding any matters disclosed shall be submitted for HFSRB's consideration;

F) A certified listing of each applicant, corporate officer or director, LLC member, partner and owner of at least 5% of the proposed facility who has been charged with fraudulent conduct or any act involving moral turpitude. Any such matter shall be disclosed in detail;

G) A certified listing of each applicant, corporate officer or director, LLC member, partner and owner of at least 5% of the proposed facility who has any unsatisfied judgments against him or her;

H) A certified listing of each applicant, corporate officer or director, LLC member, partner and owner of at least 5% of the proposed facility. Any matter shall be discussed in detail;

I) A certified listing of each applicant, corporate officer or director, LLC member, partner and owner of at least 5% of the proposed facility who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency. Any matter shall be discussed in detail;

J) Authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide the authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB. Any fees paid will be forfeited.

3) If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the requirements of this subsection (a). In these instances, the applicant shall attest that the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed to update and/or clarify data.

4) The documentation for the Background of the Applicant is required one time per application, regardless of the number of categories of service involved in a proposed project.

b) Purpose of the Project – Information Requirements

The applicant shall document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area or market area, or other, per the applicant's definition.

1) The applicant shall address the purpose of the project, i.e., identify the issues or problems that the project is proposing to address or solve. Information to be provided shall include, but is not limited to, identification of existing problems or issues that need to be addressed, as applicable and appropriate for the project. Examples of such information include:

A) The area's demographics or characteristics (e.g., rapid area growth rate, increased aging population, higher or lower fertility rates) that may affect the need for services in the future;

B) The population's morbidity or mortality rates;

C) The incidence of various diseases in the area;

D) The population's financial ability to access health care (e.g., financial hardship, increased number of charity care patients, changes in the area population's insurance or managed care status);

E) The physical accessibility to necessary health care (e.g., new highways, other changes in roadways, changes in bus/train routes or changes in housing developments).

2) The applicant shall cite the source of the information (e.g., local health department Illinois Project for Local Assessment of Need (IPLAN) documents, Public Health Futures, local mental health plans, or other health assessment studies from governmental or academic and/or other independent sources).

3) The applicant shall detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being. Further, the applicant shall provide goals with quantified and measurable objectives with specific time frames that relate to achieving the stated goals.

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

c) Safety Net Impact Statement – Information Requirements

*All health care facilities, with the exception of skilled and intermediate long term care facilities licensed under the Nursing Home Care Act, shall provide a safety net impact statement, which shall be filed with an application for a substantive project* (see Section 1110*.*40). *Safety net services are the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation*. [20 ILCS 3960/5.4]

1) A safety net impact statement shall describe, if reasonably known by the applicant, all of the following information:

A) *The project's material impact, if any, on essential safety net services in the community;*

B) *The project's impact on the ability of another provider or health care system to cross-subsidize safety net services;* and

C) *How the discontinuation of a facility or service might impact the remaining safety net providers in a given community.*

2) A safety net impact statement shall also include all of the following:

A) Certification describing the amount of charity care provided by the applicant for the 3 fiscal years prior to submission of the application.  *The amount calculated by hospital applicants shall be in accordance with the reporting requirements in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.* (See 77 Ill. Adm. Code 1120.20(c).)

B) Certification describing the amount of care provided to Medicaid patients for the 3 fiscal years prior to submission of the application. Hospital and non-hospital applicants shall provide Medicaid information consistent with data reported in IDPH's Inpatients and Outpatients Served by Payor Source and Inpatient and Outpatient Revenue by Payor Source.

C) *Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.* [20 ILCS 3960/5.4(d)(3)]

3) Safety Net Impact Statement Response

A) *Any person, community organization, provider or health system or other entity wishing to comment upon or oppose the application may file a safety net impact statement response with the Board, which shall provide additional information concerning a project's impact on the safety net services in the community.* [20 ILCS 3960/5.4(f)]

B) *Applicants shall be provided an opportunity to submit a reply to any safety net impact statement response.* [20 ILCS 3960/5.4(g)]

4) HFSRB State Board Staff Report

The HFSRB State Board Staff Report shall indicate:

A) Whether a safety net impact statement was filed by the applicant;

B) Whether the safety net impact statement included information on *charity care, the amount of care provided to Medicaid patients, and information on teaching research, or any other service provided by the applicant that is directly relevant to safety net services* [20 ILCS 3960/5.4(h)]; and

C) *Names of the parties submitting responses and the number of responses and replies, if any, that were filed* [20 ILCS 3960/5.4(h)].

d) Alternatives to the Proposed Project – Information Requirements

The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

1) Alternative options shall be addressed. Examples of alternative options include:

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

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

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

D) Other considerations.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, patient access, quality and financial benefits in both the short term (within one to 3 years after project completion) and long term. This may vary by project or situation.

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