**Section 1120.20 Financial and Economic Feasibility – Introduction and Applicability**

a) Introduction

1) This Section contains the review criteria that pertain to the financial and economic feasibility of a project. HSFRB shall consider a project's conformance with these criteria (as applicable), as well as a project's conformance with all other applicable review criteria.

2) Applications shall be subject to this Part except for those that are classified as emergency, those requesting a certificate of exemption, those for long-term care facilities and categories of service, and those that have no estimated project cost.

b) Financial Information of Applicants

1) Applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

2) Applicants shall submit the following, if applicable:

A) Current bond rating − The rating must have been affirmed within the latest 18-month period prior to the submittal of the application; and

B) Both:

i) Most recent audited financial statement; or evidence of a performance bond; or evidence of an escrow account with the cash that is being used for the subject project; and

ii) a commitment letter from a loan agency verifying the debt agreement.

3) Sections 1120.120, 1120.130 and 1120.140(a) do not need to be addressed by the applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating must have been affirmed within the latest 18-month period prior to the submittal of the application).

c) Charity Care

1) Applicants shall indicate the amount of charity care provided during the latest three audited fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2) If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3) If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

d) Project Types and Applicable Review Criteria

1) Unless otherwise stated, only the applicants that are responsible for funding or guaranteeing funding of the project shall provide the documentation required by the applicable review criteria.

2) For projects owned/operated by the State of Illinois, exclusive of the University of Illinois hospital, the following review criteria apply:

A) Section 1120.110 Project and Related Cost Data – Review Criteria;

B) Section 1120.120 Availability of Funds – Review Criteria;

C) Section 1120.130 Financial Viability − Review Criteria; and

D) Section 1120.140 Economic Feasibility − Review Criteria:

i) Subsection (c) Reasonableness of Project and Related Cost – Review Criteria;

ii) Subsection (d) Projected Operating Cost.

3) For all projects except those owned/operated by the State of Illinois, exclusive of the University of Illinois hospital, all Sections in this Part apply.

(Source: Amended at 40 Ill. Reg. 14067, effective September 27, 2016)