



LASHLY & BAER, P.C.  
ATTORNEYS AT LAW

RICHARD D. WATTERS  
Licensed in Missouri and Illinois  
DIRECT: 314 436.8350  
rdwatters@lashlybaer.com

MISSOURI  
714 Locust Street  
St. Louis, MO 63101-1699  
TEL: 314 621.2939  
FAX: 314 621.6844  
www.lashlybaer.com

ILLINOIS  
20 East Main Street  
Belleville, IL 62220-1602  
TEL: 618 233.5587  
By Appointment Only

April 9, 2010

Mr. Tom Piper  
Director  
CN Program  
P.O. Box 570  
Jefferson City, MO 65102

**Re: Patients First Community Hospital**

Dear Tom:

On November 12, 2009, St. John's Mercy Hospital ("Hospital") in Washington, Missouri, revoked the medical staff membership of four board certified, Washington University trained cardiologists who live and practice in Washington, Missouri. This action was not based on the competency or professional conduct of the physicians but because the Hospital entered into an agreement with an affiliated entity, St. John's Mercy Heart and Vascular, LLC of St. Louis County, to provide all cardiovascular services exclusively through St. John's employed physicians. All privileges of these four physicians were revoked, so they cannot even see their patients in the Hospital's emergency room. A copy of St. John's notice to one of these physicians is attached.

As a result of this action, these physicians have no place in Washington where they can monitor their patients experiencing chest pains and similar problems for twenty-four hours or more. To enable these physicians to provide this necessary service to their patients, a new Missouri nonprofit corporation has been created to operate a three-bed hospital that will primarily provide urgent care, overnight cardiac monitoring and related services. You will note that there are no operating rooms or interventional procedure rooms included in this project. Patients requiring interventional cardiovascular procedures will be referred to St. Clare Hospital. (With a few exceptions, St. John's Mercy Washington patients requiring such procedures are transferred from that Hospital to St. John's Mercy in St. Louis County.)

Attached please find a nonapplicability request together with the proposed capital budget for this three-bed hospital. To assure that the proposed budget will not be exceeded, the contractor has agreed to execute a guaranteed maximum price turn-key construction contract which includes all furniture, fixtures and equipment (see letter attached). The schematic drawing for the proposed hospital, which has been reviewed by the DOH, is also attached. We are requesting that you place this on the Committee's May 10, 2010 agenda for its nonapplicability determination.

Sincerely,

Richard D. Watters

RDW/dk

Enclosure

cc: Gordon Kinne



**ST. JOHN'S MERCY  
HOSPITAL**

November 12, 2009

**PERSONAL AND CONFIDENTIAL**

**HAND DELIVERED**  
**AND CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

[REDACTED]  
901 Patients First Drive  
Washington, MO 63090

Re: Revocation of SJMH Medical Staff Membership

Dear Dr. [REDACTED]

The purpose of this letter is to inform you that the Board of Trustees of St. John's Mercy Health System has revoked your medical staff membership at St. John's Mercy Hospital ("SJMH").

To assure the continued availability of cardiovascular services in the community served by SJMH, the Board determined it is necessary to enter into an agreement with St. John's Mercy Heart and Vascular, LLC to be the exclusive provider of professional cardiovascular services at SJMH. Once this new agreement becomes effective on November 16, 2009, you will no longer be permitted to provide professional cardiovascular services at SJMH.

Based on this new exclusive agreement and the Board's consideration of your conflict of interest and related matters, the Board revoked your medical staff membership effective November 16, 2009. I want to emphasize the Board determined that the revocation of your medical staff membership does not constitute a "professional review action" and therefore, will not be reported to the National Practitioner Data Bank.

If you have any inpatients at SJMH on November 16, 2009, you will be granted temporary privileges effective November 16, 2009 so that you may continue to provide any necessary care for these inpatients until they are discharged from SJMH.

If you have any questions, please call my office at (636) 239-8260.

Sincerely,

Terri L. McLain, FACHE  
President, St. John's Mercy Hospital

901 EAST FIFTH STREET ■ WASHINGTON, MO 63090  
636-239-8000 ph.

[www.StJohnsMercy.org](http://www.StJohnsMercy.org)

A member of the Sisters of Mercy Health System



# LETTER OF INTENT

<b>1. Project Information</b> <small>(attach additional pages as necessary to identify multiple project sites.)</small>		
Title of Proposed Project Patients First Community Hospital		County Franklin
Project Address <small>(Street/City/State/Zip Code or plat map, if no address)</small> 911 Patients First Drive Washington, Missouri 63090		
<b>2. Applicant Identification</b> <small>(attach additional pages as necessary to list all owners and operators)</small>		
<b>List All Owner(s):</b> <small>(list corporate entity)</small> Address (Street/City/State/Zip Code)      Telephone Number		
Patients First Community Hospital <small>(furniture &amp; equipment)</small> +	901 Patients First Drive, Washington, MO 63090	636-390-1400
Creekside Land & Development Company, LLC <small>(land &amp; building)</small> +	901 Patients First Drive, Washington, MO 63090	636-390-1400
<b>List All Operator(s):</b> <small>(list entity to be licensed or certified)</small> Address (Street/City/State/Zip Code)      Telephone Number		
Patients First Community Hospital	901 Patients First Drive, Washington, MO 63090	636-390-1400
<b>3. Type of Review</b>	<b>4. Project Description</b> <small>(information should be brief but sufficient to understand scope of project)</small>	
<b>Full Review:</b> <input type="checkbox"/> New Hospital <input type="checkbox"/> New/Add LTC Beds <input type="checkbox"/> New/Add LTCH Beds/eqpt <input type="checkbox"/> New/Additional Equipment <input type="checkbox"/> Replacement Equipment not previously approved  <b>Expedited Review:</b> <input type="checkbox"/> 6-mile RCF/ALF Replacement <input type="checkbox"/> 15-mile LTC Replacement <input type="checkbox"/> 30-mile LTC Replacement <input type="checkbox"/> LTC Bed Expansion <input type="checkbox"/> LTC Renov./Modernization <input type="checkbox"/> Equipment Replacement  <b>Non-Applicability Review:</b> <input checked="" type="checkbox"/> <small>(See 7. Applicability next page)</small>	Project description to include the number of long-term care beds to be added, deleted or replaced, square footage of new construction and/or renovation, services affected, and major medical equipment to be acquired or replaced. If applying for a non-applicability review, also complete the next page of this form.  The applicants propose to construct a 4,330 square foot, three bed hospital with an emergency room. No operating rooms, interventional procedure rooms or major medical equipment will be built or purchased as part of this project. Creekside Land & Development Company, LLC, as the owner of the land, will finance the construction of the building and lease the land and building to Patients First Community Hospital.	
<b>Legend:</b> LTC = Long-Term Care; LTCH = Long-Term Care Hospital; RCF/ALF = Residential Care and Assisted Living Facility		
<b>5. Estimated Project Cost:</b> \$ <u>953,750</u>		
<b>6. Authorized Contact Person Identification</b> <small>(only one per project, regardless of number of owners/operators)</small>		
Name of Contact Person Richard D. Watters		Title Attorney
Contact Person Address <small>(Company/Street/City/State/Zip Code)</small> Lashly & Baer, P.C., 714 Locust, St. Louis, MO 63101		
Telephone Number 314-621-2939	Fax Number 314-621-6844	E-mail Address rdwatters@lashlybaer.com
Signature of Contact Person 		Date of Signature 4/9/10



# LETTER OF INTENT

## 7. Applicability *(check the box below to indicate the rationale for the exemption or waiver being sought)*

- If proposed expenditures are **less than the minimums** in §197.305(6), then attach a Proposed Expenditures form and all necessary supporting documentation to illustrate how those amounts were determined, such as schematic drawings, equipment quotes, and contractor estimates. See attached
- §197.305(10)(e) for additional long term care beds in the same category (certified as RCF/ALF, ICF or SNF) in a RCF/ALF, nursing home, or acute care hospital costing less than \$600,000, and are 10 beds or 10% of that facility's existing capacity, whichever is less.

If the proposal meets one of the **exemptions** or **exceptions** below, then check the appropriate box, explain how the proposal qualifies, and attach detailed documentation substantiating compliance with the statutory provisions as set out in Rule 19 CSR 60-50.410:

- §197.312 for an RCF/ALF previously owned and operated by the city of St. Louis; or
- §197.314(1) for a long term care facility in a tax increment financing (TIF) district with a skilled nursing facility (SNF);
- If the proposal meets the definition of "**nonsubstantive projects**" in §197.305(11) and 19 CSR 60-50.300(13) for a **waiver** from review, complete both pages of this form as the first step in the process, and provide the rationale as to why the proposal should be deemed to be "nonsubstantive" in the space below.
- If the proposal meets the definition of "**purchase**" or "**replacement**" in §197.318(8) and 19 CSR 60-50.450(3-4) for an **exception** from review, complete both pages of this form, plus the Proposed Expenditures form on the next page, and provide the rationale in the space below, including attached schematics and other documentation as to why the proposal should be deemed to be "nonapplicable".

*Explain the rationale for the exemption, exception, or waiver being sought:*

The total capital cost of this project as shown on the attached Proposed Expenditures form is less than the \$1 million expenditure minimum for new hospitals.



Certificate of Need Program

# PROPOSED EXPENDITURES

**CAPITAL COSTS:**

**Dollars**

*(fill in every line even if the amount is "0")*

**Description**

1. New Construction Costs	\$ 815,000
2. Renovation Costs	0
3. Architectural/Engineering Fees	98,750
4. Equipment (not in construction contract)	0
5. Land Acquisition Costs	25,000
6. Consultants' Fees/Legal Fees	15,000
7. Interest During Construction (net of interest earned)	0
8. Other Costs (describe what this includes)	0
<b>9. Total Capital Costs</b> (sum of #1 thru # 8)	<b>\$ 953,750</b>

**MEDICAL EQUIPMENT COSTS:**

**Dollars**

*(fill in every line even if the amount is "0")*

**Description**

10. Equipment (fixed and movable)	\$ 0
11. Shielding (if not included in equipment bid quote)	0
12. Installation (if not included in equipment bid quote)	0
13. Software (if not included in equipment bid quote)	0
14. Other (describe what this includes)	0
<b>15. Total Medical Equipment Costs</b> (sum of #10 thru #14)	<b>\$ 0</b>



PARIC CORPORATION

1001 BOARDWALK SPRINGS PLACE  
SUITE 220  
O'FALLON, MISSOURI 63368  
TEL: 636-561-9500  
FAX: 636-561-9501

April 6, 2010

Dr. Mike Rau, Chairman  
Patients First Community Hospital

Mr. Joseph Gubbels  
Creekside Land & Development, LLC

RE: Proposal for a Three Bed Hospital

Gentlemen:

Thank you for placing your trust in Paric Corporation to provide a turnkey project. We look forward to helping you accomplish great things in the field of medicine and in our community.

We propose to construct and fit out a new three bed hospital addition of approximately 4,330 square feet that is in conformance with plans and specifications approved by the Department of Health as well as all other applicable codes and ordinances. In addition to all construction costs, this proposal includes all required furniture, fixtures, and equipment necessary for licensure of the facility. Our guaranteed maximum price for construction and equipment is Eight Hundred Fifteen Thousand Dollars (\$815,000.00).

We pledge our best skill and care to surpass your expectations and to make this a great experience for all of the stakeholders.

Sincerely,

A handwritten signature in black ink that reads "P. Joseph McKee, III". The signature is written in a cursive, flowing style.

P. Joseph McKee, III, P.E.  
President/CEO

Calculation of FMV land cost

Land dedicated to Hospital:	5,000 sq. feet
Land cost per square foot:	\$5.00
Total land cost	(5,000 x \$5.00) \$25,000

See attached valuation from Franklin County Assessor



**Franklin County Assessors Office  
400 E. Locust Ste 105 A  
Union Mo. 63084  
Tom Copeland Assessor  
636-583-6348**

Date: 4/07/2010

To: Mark Vincent

Subject: Land Sq.Ft. Cost

The Franklin County Assessor's Office has an appraised value of \$5.00 per square foot for the property located at 901 Patients First Dr. Washington Mo .

Wayne Overkamp  
Chief Deputy



**Missouri Department of Health and Senior Services**

P.O. Box 570, Jefferson City, MO 65102-0570 Phone: 573-751-6400 FAX: 573-751-6010  
RELAY MISSOURI for Hearing and Speech Impaired 1-800-735-2966 VOICE 1-800-735-2466

**Margaret T. Donnelly**  
Director



**Jeremiah W. (Jay) Nixon**  
Governor

March 25, 2010

Allen Sumner  
ACI Boland, Inc.  
11477 Olde Cabin Road, Suite 100  
St. Louis, MO 63141

RE: New 3-Bed Hospital  
Washington, MO  
H-840

Dear Mr. Sumner:

Preliminary drawings were reviewed in this office on March 25, 2010. The following items should be considered when developing final plans:

1. Verify that patient room windows shall be exposed to an outside area not less than thirty feet horizontally opposite the window and containing no construction which would further diminish the exposure of the window to natural light.
2. Consider installing a drinking fountain in the waiting area.

Sincerely,

Dennis D Smith  
Consulting Engineer

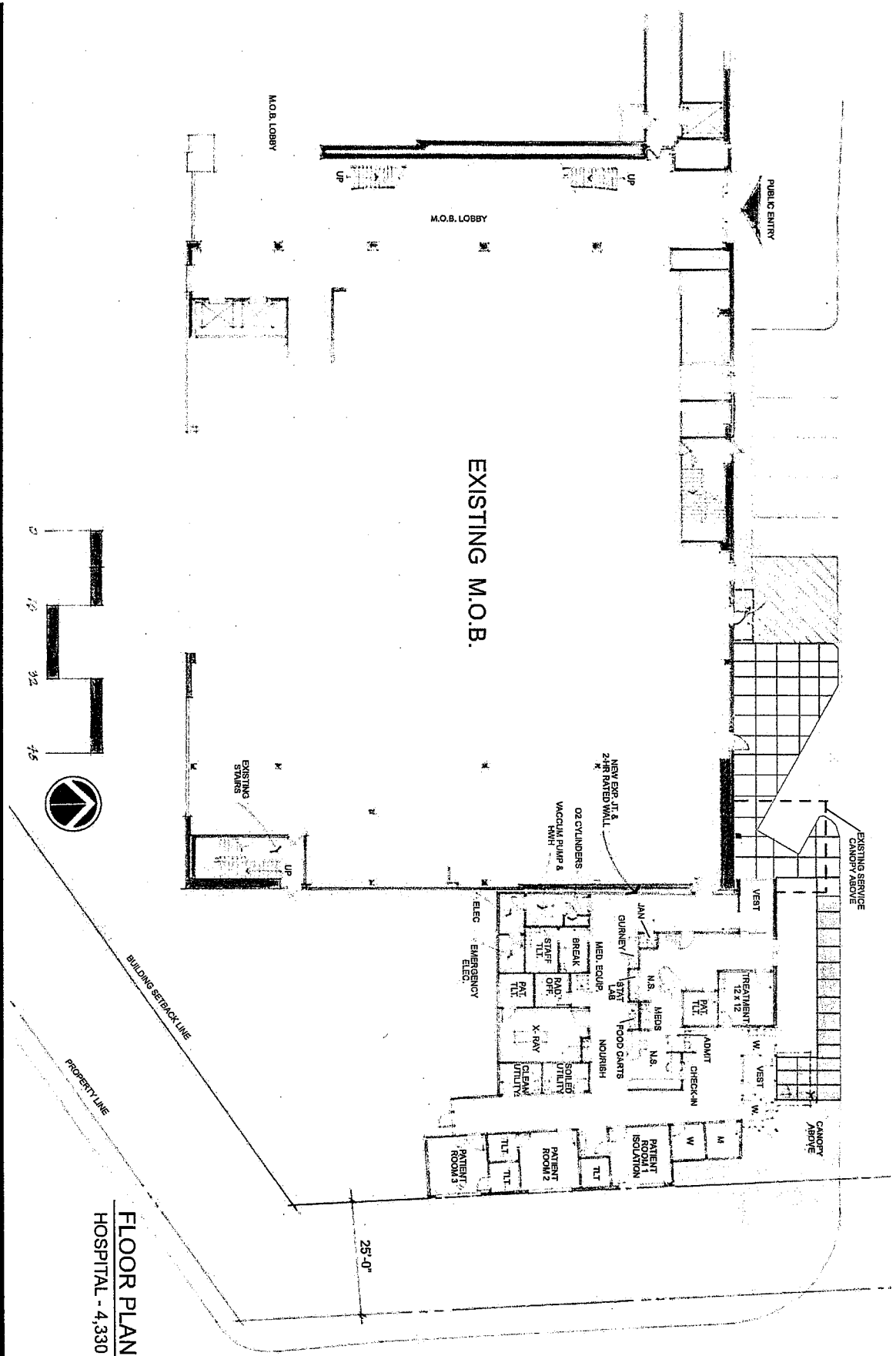
cc: Dan R. Eckles, 1423 Greenberry Rd., Jefferson City, MO 65101,  
Bill Nugent, Bureau of Health Facility Regulation.

[www.dhss.mo.gov](http://www.dhss.mo.gov)

Healthy Missourians for life.

The Missouri Department of Health and Senior Services will be the leader in promoting, protecting and partnering for health.

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER: Services provided on a nondiscriminatory basis.



EXISTING M.O.B.



FLOOR PLAN  
HOSPITAL - 4,330 SF. APPROX

**A Proposed Three Bed Hospital**  
 Patients First Community Hospital  
 911 Patients First Drive  
 Washington, Missouri

REV. - 04.07.2010  
 210006 - 03.23.2010

**ACI BOLDAN**  
 ARCHITECTS PLANNERS INTERIORS DESIGNERS  
 1111 S. MAIN ST. SUITE 200  
 WASHINGTON, MISSOURI 63090  
 PHONE: 636.336.1111  
 FAX: 636.336.1112