

DOCKET NO: B	BOARD MEETING: August 12-13, 2008	PROJECT NO: 07-147	PROJECT COST: Original: \$140,267,698 Current:
FACILITY NAME: Central DuPage ProCure Treatment Center		CITY: Warrenville	
TYPE OF PROJECT: Substantive			HSA: VII

PROJECT DESCRIPTION: The applicants propose to establish and operate a proton therapy facility that will include a proton therapy equipment system, a CT scanner and four treatment rooms in 58,000 gross square feet of new construction.

The State Agency notes this project received an Intent To Deny at the April 8, 2008 State Board meeting. Subsequently, the applicants' submitted additional material, dated May 5, 2008.

The original State Agency Report ("OSAR") indicated 15 criteria were reviewed by the State Agency. Of these criteria, four were determined to be not applicable. From the remaining 11 criteria, the State Agency determined the applicant met eight criteria. The following three criteria were not met:

- 1110.230(c) - Alternatives
- 1110.230(d) - Need for the Project
- 1120.310(c) - Reasonableness of Project Cost

The State Agency continues to have negative findings on these three criteria.

SUPPLEMENTAL STATE AGENCY REPORT
PROJECT #07-147

Applicants(s)	Chicago ProCure Management, LLC, ProCure Treatment Centers, Inc., ProCure Chicago Holdings, LLC, ProCure Illinois Holdings, LLC, Central DuPage Hospital Association and Central DuPage Health
Facility Name	Central DuPage/ProCure Treatment Center
Location	Warrenville, Illinois
Application Received	November 16, 2007
Application Deemed Complete	November 29, 2007
Scheduled Review Period Ended	March 28, 2008
Review Period Extended by the State Agency?	No
Public Hearing Requested?	Yes
Applicants' Deferred Project?	No
Can Applicants Request a Deferral?	Yes
Applicants' Modified the Project?	Yes

I. The Proposed Project

The applicants propose to establish and operate a proton therapy facility that will include a proton therapy equipment system, a CT scanner and four treatment rooms in 58,000 gross square feet ("GSF") of new construction. The total estimated project cost is \$140,267,698.

The State Agency notes the projected received an ITD at the April 2008 State Board meeting. Subsequently, the applicants' submitted additional material, dated May 5, 2008.

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 applicants are ProCure Treatment Centers, Inc., ProCure Chicago Holdings, LLC, ProCure Illinois Holdings, LLC, Chicago ProCure Management, LLC, Central DuPage Health and Central DuPage Hospital Association. The

applicants provided organizational charts showing that ProCure Treatment Centers, Inc., is the parent corporation for all other ProCure entities and that Central DuPage Health is the parent corporation for Central DuPage Hospital Association. Chicago ProCure Management LLC is comprised of physician investors and is an entity of ProCure Illinois Holdings. Cantera H-5, LLC is the site owner and is leasing the land to Central DuPage Hospital. Chicago ProCure Management will be the operating entity.

The facility will be located at I-88 and Mill Street (SW Corner) in Warrenville (HSA VII). HSA VII consists of DuPage County and Suburban Cook County (excluding Chicago). The State Agency notes the State Board approved an application from Northern Illinois Proton Treatment and Research Center, LLC, Northern Illinois Research Foundation and Northern Illinois University to establish a proton beam therapy center at the February 2008 meeting (E-013-07). The facility will be known as the DuPage National Technology Park and will be located in West Chicago. It is estimated that the approved facility is six miles from the applicants' proposed facility.

This is a substantive project subject to both a Part 1110 and Part 1120 review. A public hearing was held on March 5, 2008 in Warrenville. Approximately 250 individuals attending the hearing; 13 individuals testified in opposition and 50 testified in support of the project. Letters of support and opposition were also received by the State Agency during the comment period; those letters have been included in the packet of information sent to the State Board. Project obligation will occur after permit issuance. The anticipated project completion date is November 1, 2011.

The State Agency notes the following in regards to this CON application:

The State Board does not have:

- a. Rules pertaining to the use of the equipment,
- b. Rules pertaining to the utilization and delivery of the service provided by this equipment,
- c. Planning area inventory of this project's equipment or the equipment's service providers.

The State Agency further notes the Illinois Health Facilities Planning Act ("the Act") [20 ILCS 3960/3] defines "major medical equipment" as:

“ . . . medical equipment which is used for the provision of medical and other health services and which costs in excess of the capital expenditures minimum,” In determining whether medical equipment has a value in excess of the capital expenditure minimum, the value of studies, surveys, designs, plans, working drawings, specifications, and other activities essential to the acquisition of such equipment shall be included.”

The State Agency notes the capital expenditure threshold for major medical equipment is currently \$7,122,899.

Table One outlines the average length of stay (“ALOS”), average daily census (“ADC”) and utilization for Central DuPage Hospital for January 1, 2007 - December 31, 2007. The State Agency notes the 2007 data was furnished by the Illinois Department of Public Health’s (“IDPH”) 2007 Annual Hospital Questionnaire.

Service	Authorized Beds	Admissions	Patient Days	ALOS	ADC	Occupancy	Target Occupancy	Target Occupancy Met?
Med/Surg	261	12,319	52,266	4.4	148	69.5%	88%	No
Obstetrics	35	3,789	11,242	3.1	31.9	91.1%	78%	Yes
ICU	32	3,191	9,843	3.1	27.1	84.8%	60%	Yes
Pediatric	10	1,123	3,163	3.0	9.3	93.3%	65%	Yes
Neonatal	8	184	1,257	6.8	3.4	43.1%	75%	No
AMI	15	1,266	5,475	4.3	15.0	100.1%	85%	Yes
TOTALS	361	21,478	80,455					

Source: IDPH 2007 Annual Hospital Questionnaire

Table Two displays the applicants’ patients by payment source. The State Agency notes the data in Table Two is for calendar year 2007 and is supplied by IDPH 2007 Annual Hospital Questionnaire. The State Agency notes the applicants indicate that the facility’s charity care policy will be consistent with the charity care policy of Central DuPage Hospital.

Payor Source	Admissions	Percentage
Charity Care	780	2.9%
Insurance	10,284	48.2%

TABLE TWO Central DuPage Hospital 2007 Payor Source Distribution		
Medicaid	1,815	8.5%
Medicare	7,543	36.4%
Other Public	24	0.1%
Private Pay	877	4.0%
TOTALS	21,323	100.0%
Source: IDPH 2007 Annual Hospital Questionnaire		

IV. The Proposed Project - Details

The applicants are ProCure Treatment Centers, Inc., ProCure Chicago Holdings, LLC, ProCure Illinois Holdings, LLC, Chicago ProCure Management, LLC, Central DuPage Health and Central DuPage Hospital Association. The applicants propose to establish and operate a proton therapy facility that will include a proton therapy system, a CT scanner, four treatment rooms and contain 58,000 GSF. The total project cost is \$140,267,698.

Table Three displays the project's cost/space allocation.

TABLE THREE Cost/Space Allocation						
				Amount of Proposed GSF That Is:		
Department	Cost	Existing GSF	Proposed Total GSF	New	Remodeled	As Is
Proton Treatment Rooms	\$100,224,176	0	29,358	29,358	0	0
CT Scan	2,102,847	0	512	512	0	0
Patient Prep	11,608,795	0	8,607	8,607	0	0
Patient Registration	517,925	0	384	384	0	0
Mechanical Electrical	8,000,856	0	5,932	5,932	0	0
Public	5,656,708	0	4,194	4,194	0	0
Administrative	12,156,391	0	9,013	9,013	0	0
TOTALS	\$140,267,698	0	58,000	58,000	0	0

V. Project Costs and Sources of Funds

The total project cost is \$140,267,698. The project will be funded with cash (\$28,000,000), a lease (\$10,049,203) and Senior Debt Financing (\$102,218,495). Table Four displays the project's cost information.

TABLE FOUR	
Project Cost and Sources of Funds Information	
Use of Funds	Total
Preplanning Costs	200,000
Site Survey and Soil Investigation	6,500
Site Preparation	125,000
New Construction	36,000,000
Contingencies	3,600,000
Architectural/Engineering Fees	2,625,000
Consulting and Other Fees	9,280,258
Movable Equipment	60,897,660
Net Interest Expense During Construction	17,484,077
Fair Market Value of Equipment	10,049,203
TOTAL	\$140,267,698
Sources of Funds	Total
Cash	28,000,000
FMV of Leases	10,049,203
Other Funds and Sources (Senior Debt Financing)	102,218,495
TOTAL	\$140,267,698

VI. General Review Criteria

A. Criterion 1110.230(a) – Location

The criterion states:

“Any applicants who proposes to establish a new health care facility or a new category of service or who proposes to acquire major medical equipment that is not located in a health care facility and that is not being acquired by or on behalf of a health care facility must document the following:

- 1) that the primary purpose of the proposed project will be to provide care to the residents of the planning area in which the proposed project will be physically located. Documentation for existing facilities shall include patient origin information for all admissions for the last 12 months. Patient origin information must be presented by zip code and be based upon the patient's legal residence other than a health care facility for the last six months immediately prior to admission. For all other projects for which referrals are required to support the project, patient origin information for the referrals is required. Each referral letter must

- contain a certification by the health care worker physician that the representations contained therein are true and correct. A complete set of the referral letters with original notarized signatures must accompany the application for permit.
- 2) that the location selected for a proposed project will not create a maldistribution of beds and services. Maldistribution is typified by such factors as: a ratio of beds to population (population will be based upon the most recent census data by zip code), within 30 minutes travel time under normal driving conditions of the proposed facility, which exceeds one and one half times the State average; an average utilization rate for the last 12 months for the facilities providing the proposed services within 30 minutes travel time under normal driving conditions of the proposed project which is below the Board's target occupancy rate; or the lack of a sufficient population concentration in an area to support the proposed project."

This criterion is not applicable to this project because the applicants are not establishing a health care facility (as defined in the Act). However, the applicants are purchasing major medical equipment that will be by and behalf of a health care facility. Although not applicable, the applicants chose to submit material for this criterion. Therefore, the State Agency is including this discussion for the State Board's consideration.

The applicants indicate the service area for the center is 250 miles from the proposed site. This designation exceeds the border of Illinois (to the north) and Indiana (to the east). The applicants obtained referrals from 12 physicians, all part of the Radiation Oncology Consultants, Ltd., group, indicating that they would anticipate providing 1,159 referrals for the facility. These physicians indicate their offices are located in Hoffman Estates, Elk Grove Village, Park Ridge, Chicago and Barrington, Illinois. The referral letters are signed by physicians and are notarized, but do not contain patient origin information demonstrating the volume of patients that reside in the 250 mile designation.

Since this is not a bed-related project, the second aspect of the location criterion (bed to population ratio) is not applicable. At the time of the filing of this application, there were no other providers of proton therapy within a 30-minute drive time. However, the State Board approved a project at the February 2008 Board meeting (DuPage National Technology

Park - West Chicago) that will be located approximately six miles from the applicants' proposed site. However, the State Board does not have a target utilization standard for proton therapy service to demonstrate a maldistribution of service.

In order to demonstrate a sufficient population concentration in the area to support the proposed project, the applicants state that a caseload of approximately 1,460 patients would represent full utilization of the four treatment rooms. The applicants estimate that over 40,000 patients in the center's 250 mile service area will be eligible for, and could benefit from, proton therapy. The applicants demonstrated 80% utilization with 1,159 referrals. However, the service area exceeds the State of Illinois, and the applicants did not estimate the number of referrals that could be obtained from within the State, or within 30-minutes travel time of the proposed facility. As stated however, this criterion is not applicable to the project.

B. Criterion 1110.230(b) - Background of Applicants

The criterion states:

"The applicants shall 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 fitness of the applicants, the State Board shall consider whether adverse action has been taken against the applicants, or against any health care facility owned or operated by the applicants, directly or indirectly, within three years preceding the filing of the application."

The applicants are ProCure Treatment Centers, Inc., ProCure Chicago Holdings, LLC, ProCure Illinois Holdings, LLC, Chicago ProCure Management, LLC, Central DuPage Health and Central DuPage Hospital Association. The applicants provided organizational charts showing that ProCure Treatment Centers, Inc., is the parent corporation for all other ProCure entities and that Central DuPage Health is the parent corporation for Central DuPage Hospital Association. Central DuPage Hospital is partnering with ProCure Illinois Holdings for this project. Chicago ProCure Management LLC is comprised of physician investors and an entity of ProCure Illinois Holdings.

The applicants provided licensure and accreditation information as required for Central DuPage Hospital. The applicants provided letters certifying no adverse actions have been taken against the applicants, permitting access to information in order to verify any documentation or information submitted in response to the requirements of this subsection. It appears the applicants are fit, willing and able and have 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 BACKGROUND OF APPLICANT CRITERION (77 IAC 1110.230(b)).

C. Criterion 1110.230(c) - Alternatives

The criterion states:

“The applicants must document that the proposed project is the most effective or least costly alternative. Documentation shall consist of a comparison of the proposed project to alternative options. Such a comparison must address issues of cost, patient access, quality, and financial benefits in both the short and long term. If the alternative selected is based solely or in part on improved quality of care, the applicants shall provide empirical evidence including quantifiable outcome data that verifies improved quality of care. Alternatives must include, but are not limited to: purchase of equipment, leasing or utilization (by contract or agreement) of other facilities, development of freestanding settings for service and alternate settings within the facility.”

The applicants considered the following options:

The OSAR

Maintain the status quo (Do Nothing) - The applicants rejected this alternative because it would deny a superior method of treating cancer to patients who would benefit. The applicants estimate this would have not cost.

Utilize existing facilities - The applicants rejected this alternative because (at the time of filing) there were no other providers in Illinois of this service. The applicants estimate this would cost over \$140 million.

Consider another location for the proton therapy center - The applicants appear to state they rejected this alternative because it was best for ProCure and Central DuPage to partner for this project, but they do not address how another geographic location was considered. The applicants estimate that this would cost approximately \$140 million.

Develop a Proton Therapy facility without a hospital partner - The applicants rejected this alternative because, in order to perform the treatment effectively, it is important that the therapy center be associated with a comprehensive cancer program such as Central DuPage Hospital. The applicants estimate that this would cost approximately \$140 million.

Develop a Proton Therapy facility with a hospital partner (the proposed project) - The applicants state that they chose this alternative because it provides both the technological and clinical expertise to best insure the delivery of quality care for the patients. The applicants estimate that this would cost approximately \$140 million.

As indicated, the State Board approved another provider of proton therapy service located within approximately six miles of the proposed project. The applicants did not adequately address the alternative of selecting another location; nor did they demonstrate that the primary purpose of the project would be to serve the needs of Illinois.

The SSAR

The applicants explain that the site of the proposed facility was selected, in part, due to proximity to Central DuPage Hospital and for ease of access for patients and physicians throughout the greater Chicago region. The applicants provided data indicating that both facilities would reach peak capacity based on the planning area's current patient diagnoses. The applicants provided physician referral letters indicating that 1,133 patients from the planning area would be referred to the proposed center, which would result in 78% utilization of the facility's capacity. However, the area's approved proton center (Project #E-013-07; Northern Illinois Proton Treatment and Research Center) provided information to the State Agency indicating the applicants' estimations are inaccurate and flawed, and the project would have an adverse impact on their facility. They further explain that it is not reasonable or commonplace to have two proton

centers in close proximity, and the existence of two centers in such proximity is not supported by current evidence, especially with only five centers in the nation.

Based on all of the information submitted, it appears there will be a maldistribution of services. It also appears there is sufficient access to proton therapy service with the existence of the approved proton therapy center.

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

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

The criterion states:

- "1) If the State Board has determined need pursuant to Part 1100, the proposed project shall not exceed additional need determined unless the applicant meets the criterion for a variance.
- 2) If the State Board has not determined need pursuant to Part 1100, the applicants must document that it will serve a population group in need of the services proposed and that insufficient service exists to meet the need. Documentation shall include but not be limited to:
 - A) area studies (which evaluate population trends and service use factors);
 - B) calculation of need based upon models of estimating need for the service (all assumptions of the model and mathematical calculations must be included);
 - C) historical high utilization of other area providers; and
 - D) identification of individuals likely to use the project.
- 3) If the project is for the acquisition of major medical equipment that does not result in the establishment of a category of service, the applicants must document that the equipment will achieve or exceed any applicable target utilization levels specified in Appendix B within 12 months after acquisition."

The OSAR

As indicated under the Modernization section (Criterion 1110.420(b)) of the State Agency Report, the applicants can justify the CT scanning portion of this project.

The State Board has not determined need for proton therapy; therefore, the applicants must demonstrate compliance with subsections 2) and 3) of the criterion. The applicants reaffirm that their service area is 250 miles of the proposed location and that over 40,000 patients will be candidates for the treatment. The applicants provided a need methodology, which demonstrates that 1,457 patients would represent full utilization of the facility. The applicants provided 1,159 physician referrals for the facility, which represents 80% utilization. The State Board does not have utilization standards for this type of medical equipment. The applicants' state they will achieve 1,159 referrals (80% utilization) within 12 months of service as required of the criterion.

When establishing need, the State Board's rules pertain to the needs of the planning area. As referenced, there is no defined planning area for proton therapy service. As discussed under the Location criterion, the service area established by the applicants exceeds the boundaries of Illinois and the applicants did not indicate the number of referrals from within a 30-minute travel time or from HSA VII. Also, there will be another provider within six miles of the proposed site and the applicants did not demonstrate how the existence of this provider will impact its utilization.

The SSAR

The applicants provided information in regards to the area needing two proton centers. The applicants state there are at least five U.S. cities much smaller than Chicago that have, or have plans for, two proton centers and all but one of these cities have, or will have, proton centers separated by less than nine miles. The applicants performed an analysis to justify need in Illinois for two centers. The analysis concluded that given the sizeable need, both facilities would remain full irrespective of their proximity. The applicants explain that the site of the proposed facility was selected, in part, due to proximity to Central DuPage Hospital and for ease of access for patients and physicians throughout the greater Chicago region. The applicants provided data indicating that both facilities would reach peak capacity based on current patient diagnoses. The applicants provided physician referral letters indicating that 1,133 patients from the planning

area would be referred to the proposed center, which would result in 78% utilization of the facility's capacity.

As noted, additional information was also received by the State Agency from the planning area's approved proton center (Project #E-013-07; Northern Illinois Proton Treatment and Research Center). The permit holders state the applicants' estimated volumes are inaccurate and flawed, and the project would have an adverse impact on their facility. They further explained that it is not reasonable or commonplace to have two proton centers in close proximity, and the existence of two centers in such proximity is not supported by current evidence, especially with only five centers in the nation.

Based on the information submitted, it appears there will be a maldistribution of services and sufficient access to proton therapy services exists with the existence of the approved proton therapy center.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE NEED FOR THE PROJECT CRITERION 77 IAC 1110.230(d)).

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

The criterion states:

"The applicants must document that the size of a proposed project is appropriate.

- 1) The proposed project cannot exceed the norms for project size found in Appendix B of this Part unless the additional square footage beyond the norm can be justified by one of the following:
 - A) the proposed project requires additional space due to the scope of services provided;
 - B) the proposed project involves an existing facility where the facility design places impediments on the architectural design of the proposed project;
 - C) the proposed project involves the conversion of existing bed space and the excess square footage results from that conversion; or
 - D) the proposed project includes the addition of beds and the

historical demand over the last five year period for private rooms has generated a need for conversion of multiple bed rooms to private usage.

- 2) When the State Board has established utilization targets for the beds or services proposed, the applicants must document that in the second year of operation the annual utilization of the beds or service will meet or exceed the target utilization. Documentation shall include, but not be limited to, historical utilization trends, population growth, expansion of professional staff or programs (demonstrated by signed contracts with additional physicians) and the provision of new procedures which would increase utilization."

As indicated under the Modernization section (Criterion 1110.420(b)) of the State Agency Report, the applicants can justify the CT scanning portion of this project. Further, the GSF designated for the CT service is within the State Board's established standard. The applicants also propose to construct space for a proton therapy facility with four treatment rooms. The State Board has not established size or utilization standards for proton therapy.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE SIZE OF THE PROJECT CRITERION (77 IAC 1110.230(e)).

VII. Criterion 1110.420 - Modernization Review

A. Criterion 1110.420(b) - Modern Facilities

The criterion states:

"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 which have deteriorated and need replacement. Documentation shall consist of, but it not limited to: historic 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.”

This purpose of the project is to establish a proton beam therapy center, which includes four treatment rooms, a CT scanner and proton beam therapy equipment.

a. Diagnostic Imaging

The facility will contain space for CT scanning services. Central DuPage Hospital currently has three CT scanners. Table Five displays this information along with corresponding utilization data. This data was obtained from IDPH’s 2007 hospital profile.

TABLE FIVE					
Diagnostic Examinations by Procedures for Central DuPage Hospital					
	2007 Hospital Volume*	Procedures per Room per Standard	Rooms Justified	Total Rooms Proposed (Hospital + Center)	Exceeds Standard
CT Scan	33,847	2,000	17	4	No

*Source: IDPH 2007 Annual Hospital Questionnaire.

b. Proton Beam Therapy

The State Board does not have a utilization or size standards for this service. Regardless, this criterion requires data to substantiate the service. The applicants indicate the service area for the center is 250 miles from the proposed site and provided referral volume that substantiates an 80% utilization within the first year of service.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE MODERN FACILITIES CRITERION (77 IAC 1110.420(b)).

VIII. 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 applicants demonstrated an “AA” bond rating. Therefore, these criteria are not applicable.

IX. Review Criteria - Economic Feasibility

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

The applicants demonstrated an “AA” bond rating. Therefore, this criterion is not applicable.

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

This criterion states:

“The applicants must certify that the selected form of debt financing the project will be at the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs, and other factors. In addition, if all or part of the project involves the leasing of equipment or facilities, the applicants must certify that the expenses incurred with leasing a facility and/or equipment are less costly than constructing a new facility or purchasing new equipment. Certification of compliance with the requirements of this criterion must be in the form of a notarized statement signed by two authorized representative (in the case of a corporation, one must be a member of the board of directors) of the applicants entity.”

The project’s sources of funds are \$28,000,000 in cash, \$102,218,495 in senior debt financing and \$10,049,203 in equipment leases. Central DuPage Health holds an “AA” bond rating and is providing the cash portion for the project. A letter was provided by KBC Fortis verifying the senior debt financing and a proposal and lease was provided for the

leasing of the equipment portion. The applicants provided a statement attesting that leasing and debt financing are the least costly alternatives.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE DEBT FINANCING CRITERION (77 IAC 1120.310(b)).

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

The criteria states:

"1) Construction and Modernization Costs

Construction and modernization costs per square foot for non-hospital based ambulatory surgical treatment centers and for facilities for the developmentally disabled, and for chronic renal dialysis treatment centers projects shall not exceed the standards detailed in Appendix A of this Part unless the applicants documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities. For all other projects, construction and modernization costs per square foot shall not exceed the adjusted (for inflation, location, economies of scale and mix of service) third quartile as provided for in the Means Building Construction Cost Data publication unless the applicants documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities.

2) Contingencies

Contingencies (stated as a percentage of construction costs for the stage of architectural development) shall not exceed the standards detailed in Appendix A of this Part unless the applicants documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities. Contingencies shall be for construction or modernization only and shall be included in the cost per square foot calculation.

BOARD NOTE: If, subsequent to permit issuance, contingencies

are proposed to be used for other line item costs, an alteration to the permit (as detailed in 77 Ill. Adm. Code 1130.750) must be approved by the State Board prior to such use.

- 3) Architectural Fees
Architectural fees shall not exceed the fee schedule standards detailed in Appendix A of this Part unless the applicants documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities.
- 4) Major Medical and Movable Equipment
 - A) For each piece of major medical equipment, the applicants must certify that the lowest net cost available has been selected, or if not selected, that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.
 - B) Total movable equipment costs shall not exceed the standards for equipment as detailed in Appendix A of this Part unless the applicants documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities.
- 5) Other Project and Related Costs
The applicants must document that any preplanning, acquisition, site survey and preparation costs, net interest expense and other estimated costs do not exceed industry norms based upon a comparison with similar projects that have been reviewed."

The OSAR

Preplanning Costs – These costs are \$200,000, or .4% of construction, contingencies and equipment. This appears reasonable compared to the State standard of 1.8%.

Site Survey, Soil Investigation and Site Preparation - These costs are estimated to be \$131,500, or .33% of the new construction and contingency costs. This appears reasonable compared to the State standard of 5%.

New Construction Contracts and Contingencies - These costs are \$39,600,000, or \$682.75 per GSF. This appears high compared to the adjusted State standard of \$388.30 per GSF. Under the standard, the applicants would be allowed \$22,521,429. The applicants exceed the standard by \$17,078,571, or 75.8%. Table Six displays the State Agency's finding.

TABLE SIX		
<i>Applicants' Proposed New Construction and Contingencies Costs</i>		
<i>Applicants' Proposal</i>	<i>Adjusted State Standard</i>	<i>Difference</i>
\$39,600,000	\$22,521,429	\$17,078,571
<i>Applicants' Proposal per GSF</i>	<i>Adjusted State Standard per GSF</i>	<i>Difference per GSF</i>
\$682.75	\$388.30	\$294.45

Contingencies - These costs are \$3,600,000, or 10% of construction costs. This appears reasonable compared to the State standard of 10% - 15%.

Architectural and Engineering Fees - These costs are \$2,625,000, or 6.6% of construction and contingency costs. This appears high compared to the state standard of 2.45% - 5.65%. Under the standard, the applicants would be allowed \$2,237,400 for this cost. The applicants exceed the standard by \$387,600, or 17.3%. Table Seven displays the State Agency's finding.

TABLE SEVEN		
<i>Architectural and Engineering Costs</i>		
<i>Applicants' Proposal</i>	<i>State Standard</i>	<i>Difference</i>
\$2,625,000	\$2,237,400	\$387,600

Consulting and Other Fees - These costs are estimated to be \$9,280,258. The State Board does not have a standard for these costs.

Movable or Other Equipment - These costs are estimated to be \$60,897,660. The State Board does not have an equipment standard for this type of project.

Net Interest Expense - These costs are \$17,484,077. The State Board does not have standard for these costs.

Fair Market Value of Leased Space and Equipment - These costs are estimated to be \$10,049,203. The State Board does not have a standard for this cost.

The SSAR

The applicants provided the following information in regards to the project's construction costs:

- Any other 4-room proton center will cost as least as much, and likely much more
- NIU has projected costs to be \$160 million, as compared to \$140 million for this center
- The walls of the facility are 14 feet thick with 13,000 cubic yards of concrete and 2 million pounds of rebar
- There is nearly 20 miles of conduit that support the electrical equipment, as well as foundation systems that have to support heavy equipment up to 200 tons for a cyclotron
- There is a far higher presence onsite from all design team members during construction because of the intensive coordination between subcontractors / contractor, design and equipment manufacturer
- The scope of complexity results in far more engineering costs
- A proton therapy facility is physically unlike any other health care structure in Illinois or that the Board has previously reviewed for a CON and cannot be reasonably evaluated under cost/sq ft standards for standard facilities
- Any comparable proton facility in the U.S. is between 90,000 square feet to 120,000 and they contain a higher proportion of less expensive space (for clinical or research uses other than proton treatment). Conversely, this facility is providing the same scope of expensive space (four treatment rooms, cyclotron, power control systems and related support areas) with relatively less inexpensive space. This skews the cost per square foot upwards.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COSTS CRITERION (77 IAC 1120.310(c)).

D. Criterion 1120.310(d) - Projected Operating Costs

The criterion states:

“The applicants must provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year after project completion or the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Direct cost means the fully allocated costs of salaries, benefits, and supplies for the service.”

The applicants project \$9,077 of annual operating costs per treatment for the first full year after project completion. The State Board does not have a standard for these costs. Table Eight displays this information.

TABLE EIGHT	
Projected Operating Costs	
Salaries, Benefits	\$11,551,144
Supplies	\$1,701,325
Total Costs	\$13,252,469
Divided by Number of Treatments	1,460
Cost per treatment	\$9,077

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

The criterion states:

“The applicants must provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full year after project completion or the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later.”

The applicants project a total of \$1,149,032 in capital costs, or \$787 per treatment. The State Board does not have a standard for this cost.

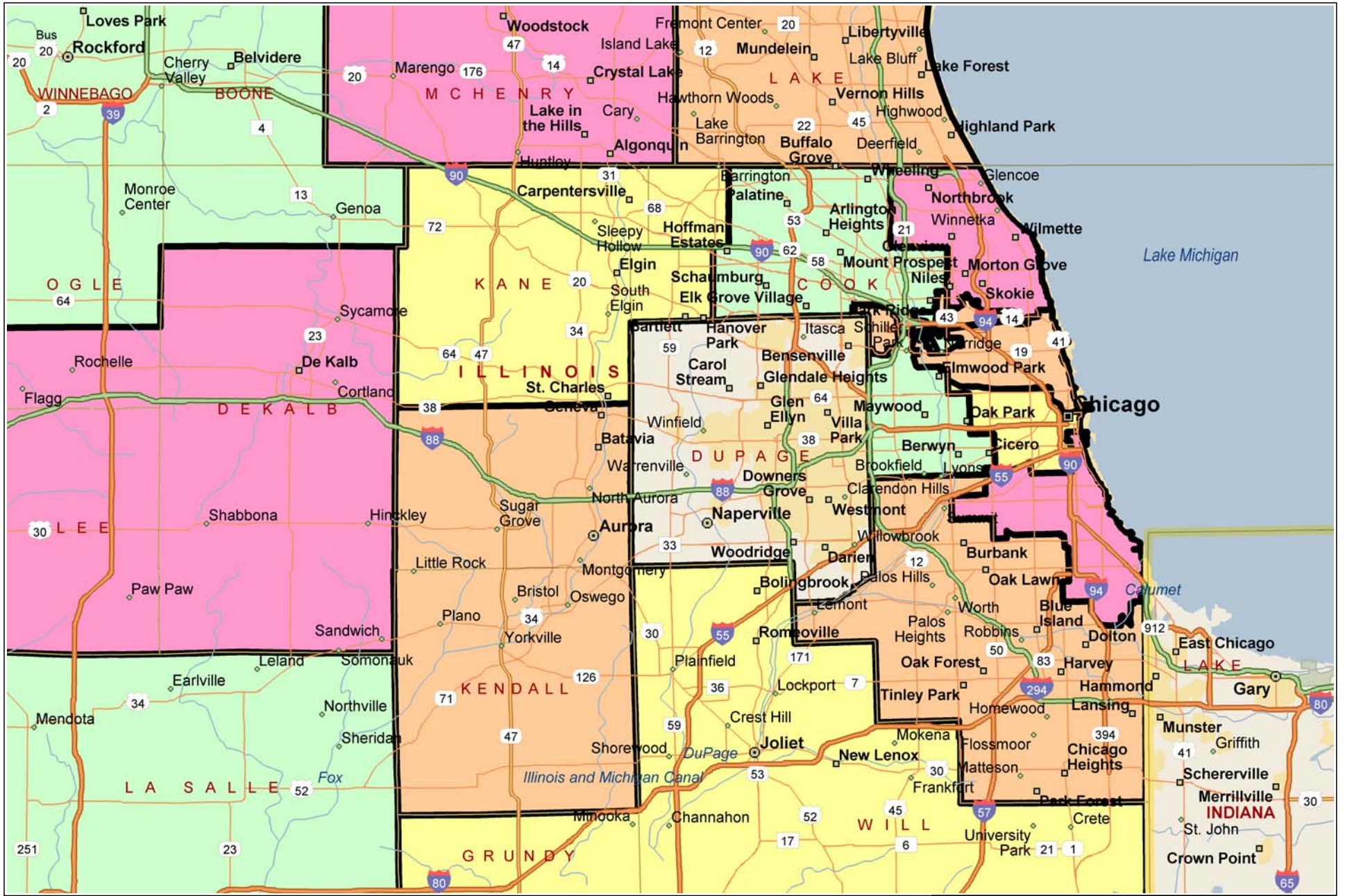
F. Criterion 1120.310(f) - Non-Patient Related Services

This criterion is not applicable to the project.

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KK - completed 6/10/08

07-147 CENTRAL DUPAGE



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Ownership, Management and General Information

ADMINISTRATOR NAME: J. Luke McGuinness
ADMINSTRATOR PHONE 630-933-5500
OWNERSHIP: Central DuPage Hospital Association
OPERATOR: Central DuPage Hospital Association
MANAGEMENT: Non-Government Other Non-Profit
FACILITY DESIGNATION/ Short Term Acute Care Hospital
CERTIFICATION:
ADDRESS 25 North Winfield Road

CITY: Winfield

COUNTY: DuPage County

Patients by Race

White 81.1%
 Black 3.3%
 American Indian 0.1%
 Asian 2.4%
 Hawaiian/ Pacific 0.2%
 Unknown: 12.9%

Patients by Ethnicity

Hispanic or Latino: 6.1%
 Not Hispanic or Latino: 68.4%
 Unknown: 25.5%

 IDPH Number: 0216
 HPA A-05
 HSA 7

Birthing Data

Number of Deliveries: 2,993
 Number of Live Births: 2,981
 Birthing Rooms: 0
 Labor Rooms: 0
 Delivery Rooms: 0
 Labor-Delivery-Recovery Rooms: 11
 Labor-Delivery-Recovery-Postpartum Rooms: 0
 C-Section Rooms: 0
 CSections Performed: 0

Newborn Nursery Utilization

Level 1 Patient Days 6,803
 Level 2 Patient Days 4,453
 Level 2+ Patient Days 0
 Total Nursery Patientdays **11,256**

Organ Transplantation

Kidney: 0
 Heart: 0
 Lung: 0
 Heart/Lung: 0
 Pancreas: 0
 Liver: 0
 Total: **0**

Laboratory Studies

Inpatient Studies 703,635
 Outpatient Studies 1,716,386
 Studies Performed Under Contract 128,540

Facility Utilization Data by Category of Service

Clinical Service	Authorized CON Beds	Beds Setup 10/1/2007	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Bed: Occupancy Rate %
Medical/Surgical	213	213	213	213	12,319	52,266	1,739	4.4	148.0	69.5	69.5
0-14 Years					0	0					
15-44 Years					2,192	7,043					
45-64 Years					4,153	16,588					
65-74 Years					2,131	9,939					
75 Years +					3,843	18,696					
Pediatric	10	10	10	10	1,123	3,163	241	3.0	9.3	93.3	93.3
Intensive Care	32	32	32	32	3,191	9,843	66	3.1	27.1	84.8	84.8
Direct Admission					2,642	7,807					
Transfers					549	2,036					
Obstetric/Gynecology	35	35	35	35	3,789	11,242	397	3.1	31.9	91.1	91.1
Maternity					3,193	9,562					
Clean Gynecology					596	1,680					
Neonatal	8	8	8	8	184	1,257	1	6.8	3.4	43.1	43.1
Long Term Care	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds					0	0		0.0	0.0		
Acute Mental Illness	15	15	15	15	1,266	5,475	7	4.3	15.0	100.1	100.1
Rehabilitation	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation							650				
Facility Utilization	313	313			21,323	83,246	3,101	4.0	236.6	75.6	

(Includes ICU Direct Admissions Only)

Inpatients and Outpatients Served by Payor Source

	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	35.4%	8.5%	0.1%	48.2%	4.1%	3.7%	21,323
	7543	1815	24	10284	877	780	
Outpatients	20.8%	10.0%	0.1%	61.3%	4.7%	3.0%	448,532
	93517	44969	620	274776	21129	13521	

Financial Year Reported: 7/1/2006 to 6/30/2007

Inpatient and Outpatient Net Revenue by Payor Source

	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense	Total Charity Care Expense
Inpatient Revenue (\$)	28.4%	5.3%	0.0%	61.1%	5.1%	100.0%	4,377,950	8,460,000
	69,716,394	12,954,978	117,729	149,962,827	12,522,517	245,274,445		
Outpatient Revenue (\$)	11.9%	2.0%	0.1%	75.8%	10.3%	100.0%	4,082,050	1.8%
	26,449,172	4,485,865	191,597	168,815,260	22,897,243	222,839,137		

* Note: According to project # 07-059 approved on 10/23/2007, Central Dupage Hospital received permit for modernization, including the discontinuation of 48 Medical-Surgical beds.

Surgery and Operating Room Utilization

Surgical Specialty	Operating Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	2	2	317	152	302	151	453	1.0	1.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	17	17	1337	1751	1245	1542	2787	0.9	0.9
Gastroenterology	0	0	0	0	6	14	5	13	18	0.8	0.9
Neurology	0	0	2	2	705	211	668	186	854	0.9	0.9
OB/Gynecology	0	0	3	3	1801	1515	1650	1334	2984	0.9	0.9
Oral/Maxillofacial	0	0	0	0	15	93	16	82	98	1.1	0.9
Ophthalmology	0	0	0	0	26	1297	27	1142	1169	1.0	0.9
Orthopedic	0	0	0	0	2070	1783	1900	1570	3470	0.9	0.9
Otolaryngology	0	0	0	0	117	1847	117	1626	1743	1.0	0.9
Plastic Surgery	0	0	0	0	47	417	43	367	410	0.9	0.9
Podiatry	0	0	0	0	0	0	0	0	0	0.0	0.0
Thoracic	0	0	0	0	140	48	130	43	173	0.9	0.9
Urology	0	0	1	1	357	774	351	682	1033	1.0	0.9
Totals	0	0	25	25	6938	9902	6454	8738	15192	0.9	0.9

SURGICAL RECOVERY STATIONS	Stage 1 Recovery Stations	33	Stage 2 Recovery Stations	52
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Dedicated and Non-Dedicated Procedure Room Utilization

Procedure Type	Procedure Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	4	4	1168	5845	1109	5308	6417	0.9	0.9
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	1	0	1	0	1745	0	1280	1280	0.0	0.7
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
Multipurpose Non-Dedicated Rooms											
Pulmonary	0	0	1	1	144	133	143	133	276	1.0	1.0
None	0	0	0	0	0	0	0	0	0	0.0	0.0

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	3
Cath Labs used for Angiography procedures	1
Dedicated Diagnostic Catheterization Labs	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	1

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	1,816
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	1,202
Interventional Catheterizations (0-14):	0
Interventional Catheterizations (15+)	435
EP Catheterizations (15+)	179

Emergency/Trauma Care

Certified Trauma Center by EMS	<input checked="" type="checkbox"/>
Level of Trauma Service	Level 1 N/A
	Level 2 Adult
Operating Rooms Dedicated for Trauma Care	0
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Comprehensive
Persons Treated by Emergency Services:	61,751
Patients Admitted from Emergency:	11,613
Total ED Visits (Emergency+Trauma):	61,751

Cardiac Surgery Data

Total Cardiac Surgery Cases:	162
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	162
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	132

Outpatient Service Data

Total Outpatient Visits	448,532
Outpatient Visits at the Hospital/ Campus:	249,554
Outpatient Visits Offsite/off campus	198,978

Diagnostic and Therapeutic Equipment

Equipment	Hospital Owned			Examinations		
	Hospital Owned	Shared	Contracted	Inpatient	Outpatient	Contractual
General Radiography/Fluoroscopy	35	0	0	20,963	86,999	0
Nuclear Medicine	5	0	0	904	4,153	0
Mammography	10	0	0	0	22,870	0
Ultrasound	17	0	0	9,447	26,831	0
Angiography	2	0	0	668	1,002	0
Positron Emission Tomography (PET)	0	0	1	0	370	0
Computerized Axial Tomography (CAT)	3	0	0	4,675	33,847	0
Magnetic Resonance Imaging	2	0	0	2,697	7,061	0
Treatment Courses						
Lithotripsy	0	0	0	0		
Radiation Therapy Equipment:						
Linear Accelerator	0	0	0	0	0	0
	0	0	0	0	0	0