

DOCKET NO: A -	BOARD MEETING: January 15-16, 2008	PROJECT NO: 07-125	PROJECT COST: Original: \$617,273,380 Current:
FACILITY NAME: Rush University Medical Center, Rush -Copley Medical Center and Rush North Shore Medical Center, d/b/a Rush University Medical Center		CITY: Chicago	
TYPE OF PROJECT: Substantive			HSA: VI

PROJECT DESCRIPTION: The applicants propose a 15-level patient care tower, including a mechanical penthouse to be known as the Atrium Addition on the Rush University Medical Campus (located at 1653 West Congress Parkway, Chicago, Illinois). This project is considered Phase II of the Master Design Project (CON #06-009) previously approved by the State Board. Based on the review of this application, this proposal appears consistent with the Master Design permit.

The State Agency Notes the following:

As part of the Phase II project, the applicants propose to reduce medical-surgical beds ("M/S") by 128 beds, add 37 intensive care beds ("ICU") and add 15 neonatal intensive care beds ("NICU"). At the completion of all phases of the Master Design project, the applicants expect to reduce a total of 181 beds at the facility.

Under the current Board rules, the State Agency is unable to accept projections as a justification for the modernization of an existing facility unless certain occupancy targets are achieved. The applicants' proposal relies on projections to justify the extent of the modernization proposed. The applicants' projection methodology is based on U.S. census data, historic market share, new physician admissions, new programs and historic average daily census. The applicants' methodology has been reviewed by the State Agency and appears reasonable and attainable by the second year after project completion (calendar year "CY" 2016).

APPLICATION SUMMARY	
Applicants	Rush University Medical Center, Rush-Copley Medical Center and Rush North Shore Medical Center, d/b/a Rush University Medical Center
Facility Name	Rush University Medical Center
Location	Chicago, Illinois
Application Received	August 7, 2007
Application Deemed Complete	August 21, 2007
Scheduled Review Period Ended	December 19, 2007
Review Period Extended by the State Agency?	No
Public Hearing Requested?	No
Applicants' Deferred Project?	No
Can Applicants Request Another Deferral?	Yes
Applicants' Modified the Project?	No

STATE AGENCY REPORT

Rush University Medical Center, Rush -Copley Medical Center and
Rush North Shore Medical Center, d/b/a
Rush University Medical Center
Chicago, Illinois
Project # 07-125

I. The Proposed Project

The applicants propose a 15-level patient care tower, including a mechanical penthouse, to be known as the Atrium Addition on the Rush University Medical Center campus located at 1653 West Congress Parkway, Chicago. This project is Phase II of the Master Design Project (CON #06-009) previously approved by the State Board. The applicants propose to reduce (M/S) by 128, add 37 ICU beds and 15 NICU beds. The project calls for 486,024 gross square feet ("GSF") of new space with a total estimated cost of \$617,273,380.

II. Items for State Board Consideration

The State Agency notes the following for State Board consideration. On June 6, 2006, the State Board approved Project #06-009. The permit authorized Rush University Medical Center ("RUMC") to initiate a master design project for the completion of the planning process for new patient care facilities on the hospital's campus. The master design permit allowed the applicants to retain facility planners and other consultants, and hire a construction manager for the development of a

major construction and modernization project that will be completed on the campus of RUMC.

Project #06-009 was obligated on September 19, 2006 has a required completion date of October 30, 2008. The State Agency further notes that the Master Design project was for planning and design only and did not contain any construction elements. Findings on the need for beds and services and financial feasibility that were made during the review of Project #06-009 were only applicable for the Master Design project. Although the State Board approved the Master Design application, it is not obligated now to approve or determine positive findings on this (or any other) application that would implement the design.

In February 2007, the Planning Board approved Project #06-073 for the applicants. This project included a medical office building ("MOB") but did not include clinical services. Project #06-073 is considered Phase I of the Master Design Project. Project #06-073 was approved for two buildings with a related bridge and tunnel. The first building is an MOB, which will be known as the Orthopedics Ambulatory Building and include a consolidated and expanded materials management function, a computer center, administrative space, a mechanical penthouse and four levels of medical office space. All of the medical office space will be leased to Midwest Orthopedics at Rush ("MOR", a physician group practice organization). The second building will include a central utility plant at the two lower levels and parking above. These two buildings, as well as a bridge connecting the two building and a tunnel from the central utility plant to the existing patient care buildings will contain 577,111 GSF. The total estimated project cost is \$137,866,000. Project #06-073 has a required completion date of August 31, 2009.

III. 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 appears to be in conformance with the provisions of Part 1120.

IV. General Information

The applicants are RUMC, Rush-Copley Medical Center and Rush North Shore Medical Center, d/b/a Rush University Medical Center. The State Agency notes that the co-applicants for this project are Rush-Copley Medical Center (Aurora) and Rush-North Shore Medical Center (Skokie). These facilities are co-applicants

because they are members of RUMC's obligated group. As members of the obligated group, they have financial liability for any debt on the project not paid by RUMC.

RUMC is located in the A-02 hospital planning area. There are 12 other providers of acute care service in A-02. The Illinois Department of Public Health's ("IDPH") December 2007 update to the Inventory of Healthcare Facilities and Services and Need Determination ("Inventory") shows a computed excess of 825 M/S and six ICU beds in the A-02 planning area. There is no need determination for NICU beds for any planning area in the State of Illinois.

This is a substantive project, which is subject to both a Part 1110 and Part 1120 review. An opportunity for a public hearing was offered on this project; however, no hearing was requested. Additionally, the State Agency did not receive public comments on this proposal. Letters of support were included in the application (pages 14-78). No letters of opposition were received by the State Agency. Project obligation will occur after permit issuance. The anticipated project completion date is January 29, 2014. The State Board's modernization target utilization for M/S beds is 88%, for the addition of ICU beds it is 60% and for the addition of NICU it is 75%.

Table One outlines the average length of stay ("ALOS"), average daily census ("ADC") and utilization for RUMC for January 1, 2006 - December 31, 2006. The State Agency notes data in Table One was furnished by IDPH's 2006 Hospital Questionnaire.

Service	Authorized Beds	Proposed Beds	Admissions	Patient Days	ALOS	ADC	Occupancy	Proposed Occupancy
M/S	468	340	18,514	92,312	5.0	252.9	54.0%	74.4%
Pediatrics	70	70	1,071	5,165	4.8	14.2	20.2%	20.2%
OB	44	44	2,919	10,061	3.5	27.6	62.7%	62.7%
ICU	95	132	3,707	20,175	5.4	55.3	58.2%	41.9%
Neonatal (1)	57	72	580	17,057	29.4	46.7	82.0%	64.9%
AMI	101	101	1,971	18,936	9.6	51.9	51.4%	51.4%
Rehab	66	66	1,017	11,171	11.0	30.6	46.4%	46.4%
TOTALS	901	825	29,779	174,877				

Source: IDPH 2006 Profile.
 1. Approved to add 5 NICU beds in December 2006

Table Two displays the applicants' patients by payment source. The State Agency notes the data in Table Two is for CY 2006 and is from the IDPH Hospital Profile.

**TABLE TWO
 RUMC Payor Mix**

Type	Medicare		Medicaid		Other Public		Other Insurance		Private Pay		Charity Care		Total
	#	%	#	%	#	%	#	%	#	%	#	%	
Inpatient	9,955	33.40%	5,685	19.10%	38	0.10%	13,022	43.70%	347	1.20%	732	2.50%	29,779
Outpatient	95,495	27.80%	38,196	11.10%	220	0.10%	198,114	57.70%	8,216	2.40%	2,990	0.90%	343,231

Source: IDPH 2006 Hospital Questionnaire

V. The Proposed Project - Details

The applicants propose a 15-level patient care tower, including a mechanical penthouse. The lower level will include central sterile, security, material management and other non-clinical services. Level 1 of the building will include the emergency department, the Center for Advanced Emergency Response and the Center for Bio-terrorism Preparedness. Level 2 will include non-invasive diagnostic and recovery. Levels 3, 4, and 5 will include interventional services. Level 7 will include NICU; while Levels 10 and 11 will include ICU. Levels 12, 13, and 14 will include M/S beds. Levels 8 and 9 are for mechanical functions. The State Agency notes there is level six in the building. As part of this project, 284,792 GSF will be vacated and will either be demolished or modernized. At the time the application was submitted to the State Agency, no decision had been made on the use of this space. The applicants state that an application for permit will be filed for the vacated space if necessary. Table Three displays the cost / space requirements for the clinical portions of the project.

**TABLE THREE
 Project's Clinical Cost / Space Requirements**

Department/Area	Cost	Existing GSF	Proposed GSF	New Construction	As Is	Vacated
Medical Surgical Beds	78,345,557	131,191	190,850	130,050	60,800	70,391
Intensive Care Beds	51,070,825	56,949	93,720	82,925	10,795	46,154
LDR and Surgical Delivery Suites	6,673,736	11,134	10,974	10,974		11,134
Surgical Delivery Suites	2,784,865	1,264	3,987	3,987		1,264
Neonatal Beds	21,681,044	7,686	31,539	31,539		7,686
Surgery / Recovery	59,808,284	44,945	79,359	57,314	22,045	22,900
PACU	14,028,031	10,912	12,627	12,627		10,912
Prep/Phase II	10,498,145	6,171	17,640	17,640		6,171
Extended Recovery	6,926,132		8,777	8,777		
Interventional Radiology	11,132,177	9,489	9,694	9,694		9,489
Cath. Labs	15,190,820	7,964	4,340	4,340		7,964
Electro. Labs	2,776,023	5,959	4,315	4,315		5,959
Diagnostic Imaging	16,062,517	42,533	28,051	11,320	16,731	25,802

TABLE THREE Project's Clinical Cost / Space Requirements						
Department/Area	Cost	Existing GSF	Proposed GSF	New Construction	As Is	Vacated
Cardio-Diagnostic	4,682,355	6,245	5,052	5,052		6,245
Neuro-Diagnostic	870,471		1,417	1,417		
MRI	4,687,679	5,317	8,013	8,013		5,317
PET/Nuclear Medicine	11,801,834	14,836	9,122	9,122		14,836
Emergency Department	19,023,235	16,696	27,615	27,615		16,696
ED Observation	948,180		1,672	1,672		
Employee Health	1,090,201	2,802	1,847	1,847		2,802
OB Triage	1,060,432		1,935	1,935		
Central Sterile Processing	21,624,617	9,302	33,412	33,412		9,302
Respiratory Therapy	3,689,348	3,768	5,602	5,602		3,768
Pharmacy	1,095,936	10,945	12,963	2,018	10,945	
Inpatient Therapy	2,182,927	9,745	12,562	2,817	9,745	
TOTALS	\$369,735,371	415,853	617,085	486,024	131,061	284,792

Source: Information provided by the applicants.

VI. Project Costs and Sources of Funds

The project is being funded with cash and securities of \$181,691,498, gifts and bequests of \$163,012,502 a bond issue of \$260,467,380 and \$12,102,000 from a grant. Table Four displays the project's cost information. The State Agency notes the project consist of both clinical and non-clinical components. The clinical portion comprises 59.9% of total project cost.

TABLE FOUR Project Uses and Sources of Funds			
Use of Funds	Clinical	Non Clinical	Amount
Site Preparation	0	2,850,000	2,850,000
New Construction	189,231,463	171,526,002	360,757,465
Contingencies	16,389,708	14,856,203	31,245,911
Architectural and Engineering Fees	9,071,304	5,975,268	15,046,572
Consulting and Other Fees	7,779,289	5,124,218	12,903,507
Movable or Other Equipment	93,815,425	12,000,000	105,815,425
Bond Issuance Expense	13,726,054	9,041,351	22,767,405
Net Interest During Construction	28,757,446	18,942,529	47,699,975
Other Costs to be Capitalized	10,964,684	7,222,437	18,187,121
TOTALS	\$369,735,372	\$247,538,008	\$617,273,380
Source of Funds	Clinical	Non Clinical	Amount
Cash & Securities			181,691,498
Gifts and Bequests			163,012,502
Bond Issue			260,467,380
Grants			12,102,000
TOTAL			\$617,273,380

VII. Review Criteria - Relating Only to Master design and Related Projects

- A. Criterion 1110.235(c) - Relationship to Previously Approved Master Design Projects.

The criterion states:

- "1) The applicant must document that any construction or modification project submitted pursuant to an approved master design project is consistent with the approved design permit. When such construction or modification represents a single phase of a multiple phase master plan, the applicant must document that the proposed phase is consistent with the approved master plan, and that any elements which will be utilized to support additional phases are justified under the approved master design permit. Documentation shall consist of:
- A) schematic architectural plans for all construction or modification approved in the master design permit;
 - B) the estimated project cost for the proposed project and also for the total construction/modification project approved in the master design permit;
 - C) an item by item comparison of the construction elements (i.e., site, number of buildings, number of floors, etc.) in the proposed project to the approved master design permit; and
 - D) a comparison of proposed beds and services to those approved under the master design permit.
- 2) Approval of a proposed construction or modification project that is but one phase in a multiple phase project does not obligate approval or positive findings on construction or modification projects in future phases. Future applications, including those involving the replacement or addition of beds, are subject to the review criteria and bed need in effect at the time of State Board review."

The State Agency compared this project to the approved master design project (Project #06-009) and it appears to comply with the stipulations and requirements of this criterion. See pages 361-363 of the application for a complete discussion of this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE RELATIONSHIP TO PREVIOUSLY APPROVED MASTER DESIGN PROJECTS CRITERION.

VII. Criterion 1110.320 - Bed Related Review Criteria

The criterion states:

- “A) Criterion 1110.320 (a) - Establishment of Additional Hospitals
A proposed general hospital to be located within a Metropolitan Statistical Area (M.S.A.*) must contain a minimum of 100 MS beds.
AGENCY NOTE: *M.S.A.'s are defined and named in the U.S. Bureau of the Census publication, Metropolitan Statistical Areas: 1984, available from the U.S. Government Printing Office, Washington, D.C. 20402.”

This criterion is not applicable to this project.

- B) Criterion 1110.320 (b) - Allocation of Additional Beds

The criterion states:

“The applicant proposing to establish a category of service must document that access to the service will be improved. Documentation shall consist of at least one of the following:

- 1) the proposed service is not available within the planning area;
- 2) existing facilities have restricted admission policies resulting in access limitations;
- 3) existing service providers are experiencing occupancy levels in excess of the category of service target levels;
- 4) the travel time to existing service providers is excessive (exceeds 45 minutes) for area residents to be served by the project.”

This criterion is not applicable because the applicants are not establishing a category of service.

- C) Criterion 1110.320 (c) - Addition of Beds to Existing Facilities

The criterion states:

- “1) The applicant must document that the addition of beds is necessary. Documentation shall consist of evidence that:

- A) existing inpatient bed services over the latest 12 month period have averaged at or above the target occupancy; or
 - B) when occupancy levels over that period fall below the target occupancy the services affected cannot be converted to provide the needed bed space due to architectural or programmatic considerations.
- 2) An applicant proposing to add beds while operating an acute care service (for purposes of this subsection, acute care services means: M-S, OB, Pediatrics, ICU, Acute Mental Illness, and Burn services) must document the appropriateness of the length of stay in existing services. Documentation shall consist of a comparison of patient length of stay with other providers within the planning area. An applicant whose existing services have a length of stay longer than that of other area providers must document that the severity or type of illness treated at the applicant facility is greater.”

A. **ICU and NICU Beds**

The applicants propose to increase the number of ICU beds from 95 to 132 (an increase of 37 beds) in 82,925 GSF of new space. It is noted that 10,795 GSF will remain as is. The ICU beds will be located on levels 10 and 11 of the new patient tower. The CY 2006 occupancy for ICU beds as reported to IDPH by the applicants was 58.2%. The applicants’ CY 2006 utilization does **not** warrant the addition of 37 ICU beds. (56 ADC/60%target utilization = 94 beds).

The applicants propose to increase the number of NICU beds from 57 to 72 (an increase of 15 NICU beds) in 31,539 GSF of new space. The NICU beds will be located on Level 7 of the new patient tower and will be single rooms. The CY 2006 utilization for NICU as reported to IDPH by the applicants was 82.0%. This exceeds the State Board’s target occupancy of 75%. However, this historic utilization does not warrant the addition of the 15 NICU beds requested. Based on the State Board’s target occupancy, the applicants can justify 63 NICU beds (47 Average Daily Census/75% target occupancy = 63 beds). The historic occupancy justifies five additional NICU beds to the facility (see pages 364-368 of the application).

B. **Average Length of Stay**

The average length of stay for ICU beds and NICU beds is 6.9 and 27.6 days respectively in the A-2 planning area in CY 2006. This compares favorably to the ALOS of Rush University Medical Center for 2006 which was 5.4 and 29.4 respectively.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE ADDITION OF BEDS TO EXISTING FACILITIES CRITERION.

VII. Criterion 1110.420 - Modernization Review Criteria

A) Criterion 1110.420 (a) - Modernization of Beds

The criterion states:

“The applicant must document that the number of beds proposed in each category of service affected does not exceed the number of beds needed to support the facility's utilization in each service proposed at the appropriate modernization target as found in Part 1100. (Utilization shall be based upon the latest 12-month period for which data are available.)”

1. **M-S Beds**

The applicants propose the modernization of M-S beds in 190,850 GSF of space, in which 130,050 GSF will be new space and 60,800 GSF will be existing space. The applicants' are decreasing M/S beds by 128 (from 468 to 340). There will be 192 M/S beds located on Levels 12, 13, and 14 of the new building and 148 M/S beds located in existing space. All M/S beds will be located in single-bed rooms. The applicants' CY 2006 utilization was 54%. This historic utilization justifies the modernization of 288 M/S beds and not the 340 M/S beds requested ($ADC \text{ of } 253 / 88\% = 288$). See pages 419-425 of the application for complete discussion.

2. **ICU**

The applicants propose to increase the number of ICU beds from 95 to 132 (an increase of 37 ICU beds) in 82,925 GSF of new space. It is noted that 10,795 GSF will remain as is. The ICU beds will on Levels 10 and 11 of the new patient tower. The applicants' utilization data

for CY 2006 as reported to the State Agency for ICU was 58.2%. The historic utilization does **not** warrant the addition of 37 ICU beds. Based on the historic data, the applicants can justify 94 ICU beds (56 ADC/60% target utilization = 94 beds). See pages 426-431 of the application for permit for a complete discussion.

3. NICU

The applicants propose to increase the number of NICU beds from 57 to 72 (an increase of 15 beds) in 31,539 GSF of new space. The NICU beds will be located on Level 7 of the new patient tower and will be single rooms. The applicants' CY 2006 NICU utilization was 82.0%, which exceeds the State board's target occupancy of 75%. This historic occupancy, however, does not warrant the addition of 15 NICU beds requested. The historic data justifies five addition NICU beds to the facility (47 ADC/75% target occupancy = 63 beds). See pages 443-449 of the application for permit for complete discussion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE MODERNIZATION OF BEDS TO EXISTING FACILITIES CRITERION.

B) Criterion 1110.420(b) - Modern Facilities

The criterion states:

"The applicant 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 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 applicants state the modernization is justified because of the outdated facilities, the age of the existing structures, the need to meet new standards of care and the necessary expansion of services provided by the hospital.

1. **M-S Beds**

The applicants propose the modernization of M-S beds in 190,850 GSF of space, in which 130,050 GSF will be new space and 60,800 GSF will be existing space. The applicants’ are decreasing M/S beds by 128 (from 468 to 340). There will be 192 M/S beds located on Levels 12, 13, and 14 of the new building and 148 M/S beds located in existing space. All M/S beds will be located in single-bed rooms. The applicants’ CY 2006 utilization was 54%. This historic utilization justifies the modernization of 288 M/S beds and not the 340 M/S beds requested (ADC of 253 / 88% = 288). See pages 419-425 of the application for complete discussion.

2. **ICU Beds**

The applicants propose to increase the number of ICU beds from 95 to 132 (an increase of 37 ICU beds) in 82,925 GSF of new space. It is noted that 10,795 GSF will remain as is. The ICU beds will on Levels 10 and 11 of the new patient tower. The applicants’ utilization data for CY 2006 as reported to the State Agency for ICU was 58.2%. The historic utilization does **not** warrant the addition of 37 ICU beds. Based on the historic data, the applicants can justify 94 ICU beds (56 ADC/60% target utilization = 94 beds). See pages 426-431 of the application for permit for a complete discussion.

3. **NICU Beds**

The applicants propose to increase the number of NICU beds from 57 to 72 (an increase of 15 beds) in 31,539 GSF of new space. The NICU beds will be located on Level 7 of the new patient tower and will be single rooms. The applicants’ CY 2006 NICU utilization was 82.0%, which exceeds the State board’s target occupancy of 75%. This historic occupancy, however, does not warrant the addition of 15 NICU beds requested. The historic data justifies five addition NICU

beds to the facility (47 ADC/75% target occupancy = 63 beds). See pages 443-449 of the application for permit for complete discussion.

4. **Labor Delivery Recovery**

The applicants propose the modernization of the labor delivery recovery space in 10,974 GSF of space to be located on Level 7 of the new patient tower adjacent to the NICU unit. The applicants propose 10 LDR rooms to be located in the new patient tower. This is an increase of two LDR rooms. The need for the 10 LDR rooms was calculated based upon the number of patients, an average length of stay of 21 hours, and average occupancy rate of 50%. Based upon this methodology the applicants can justify the 10 rooms requested. The current State Board's standard is 750 live births per LDR room. The applicants reported 2,276 live births in CY 2006. Under current State Board rules, the applicants can justify four LDR rooms and not the 10 rooms requested ($2,276 / 750 = 4$ rooms). See pages 432-436 of the application for a complete discussion.

5. **Surgical Delivery Suites**

The applicants propose 3,987 GSF of new space for the three surgical suites to be located on Level 7 of the new patient tower. This is an increase of one surgical delivery suite. In CY 2006 the applicants reported 949 hours of C-Section deliveries, 826 hours of neonatal surgeries and 385 hours of GYN surgeries for a total of 2,160 hours of surgery. The State Board's standard is 1,500 hours of surgery per room. The applicants cannot justify the three surgical delivery rooms requested ($2,160 / 1,500 = 1.5$ or 2). See pages 437-440 of the application for a complete discussion.

6. **Surgery**

The applicants propose 40 operating rooms ("OR") in 79,359 GSF of space in which 57,314 GSF will be new space and 22,045 GSF will remain as is. In the project, 28 ORs will be located on Levels 4 and 5 of the new patient tower. The remaining 11 ORs will remain as is and be modernized with a later application for permit. The applicants reported 59,776 surgical hours in 2006. Based upon the State Board standard of 1,500 hours per OR, the applicants can justify 40 ORs

(59,776 hours/1,500 hours = 40 rooms). See pages 452-456 of the application for a complete discussion).

7. **PACU**

The applicants request 60 stations in 12,627 GSF of new space consisting of three PACUs with 18 stations with two units to be located on Levels 4 and 5 adjacent to the ORs and a third unit to be located on Level 3 adjacent to interventional services. A fourth unit consisting of six stations will be located on Level 7 adjacent to surgery. The State Board standard is four recovery stations per OR. The applicants can justify 43 ORs (the 43 ORs includes 39 in the surgical suite, one IR/OR hybrid and three surgical delivery suites) and 172 recovery stations. The applicants propose 140 recovery stations (60 PACU stations + 56 Phase II stations + 24 Extended Care Stations). See pages 460-462 of the application for complete discussion.

8. **Prep/Phase II Recovery**

The applicants propose 17,640 GSF of new space to be located Levels 2, 4 and 5 to care for outpatient surgeries, same day admits and diagnostic patients. The applicants propose 56 prep phase II recovery stations. Based upon the number of ORs the applicants can justify, the number of prep phase II recovery stations is appropriate. See pages 463-465 of the application for a complete discussion.

9. **Extended Recovery**

The applicants propose 8,777 GSF of new space for 24 extended recovery stations on Level 3 of the new patient tower. These stations will be used for patients recovering from interventional radiology, cardiac catheterization and electrophysiology procedures. Based upon the number of ORs, the applicants can justify the number of extended recovery stations. See pages 466-467 of the application for a complete discussion.

10. **Interventional Radiology**

The applicants propose 9,694 GSF of new space on Level 3 of the new patient tower. In CY 2006, the applicants reported 3,649 inpatient and 3,919 outpatient interventional procedures. The applicants request

seven interventional rooms. Based upon the State Board’s standard of 400 procedures per room, the applicants can justify the number of rooms requested. See pages 467-468 of the application for a complete discussion.

11. Cardiac Catheterization and Electrophysiology

The applicants proposing 4,340 GSF for cardiac cath labs and 4,315 GSF for electrophysiology for a total of 8,655 GSF of new space to be located on Level 3 of the new patient tower. In CY 2006, the applicants reported 1,217 diagnostic cardiac catheterization, 485 interventional catheterization, and 581 EP catheterizations for a total of 2,283. The applicants currently have four labs and are proposing six labs with this application. Based upon the State Board’s standard of 400 cath per room, the applicants can justify the six rooms requested (2,283 procedures / 400 procedure per room = 5.7 or six rooms). See pages 471-475 of the application for a complete discussion.

12. Diagnostic Imaging

Diagnostic Imaging is located in both the hospital and in the MOB, which was approved as part of Project #06-037. Only outpatients use the imaging department in the MOB. The applicants propose 28,051 GSF for this service to be located on the first, second and third levels of the new patient tower. The applicants currently have nine general procedure rooms at the hospital and will reduce that number to six general procedure rooms. The applicants also request 20 special procedure rooms (seven CT, six ultrasound and seven angiographic rooms) to be located on the first, second and third levels of the new patient tower. The applicants CY 2006 utilization justifies the number of special procedures rooms requested. Table Five displays this information.

TABLE FIVE						
	State Standard	Inpatient	Outpatient	Total	Room Requested	Room Justified
Radiographic/Fluoroscopic	6,500 Exams/Room	48,186	45,378	93,564	6	15
Angiographic	400 Exams/Room	3,649	3,919	7,568	7	19
CT	2,000 Exams/Room	12,846	27,836	40,682	7	21
Sonography/Ultrasound	2,000 Exams/Room	11,479	15,659	27,820	6	14
Source: Information provided by the applicants						

13. Cardio-Diagnostic

The applicants propose cardio-diagnostic in 5,052 GSF of space on the second Level of the new patient tower in 12 rooms. This area will be dedicated to stress testing, echo testing, device clinic and ECG/Holter monitoring for both inpatient and outpatients. The State Board does not have utilization standards for this service. See page 485-487 of the application for a complete discussion.

14. Neuro-Diagnostic

The applicants propose neuro diagnostic in 1,417 GSF to be located on the second level of the patient tower in four rooms. This area will be dedicated to EMG, EEG, and Evoked Potential procedures for both inpatient and outpatients. The State Board does not have utilization standards for this service. See page 488-489 of the application for a complete discussion.

15. MRI

The applicants proposing MRI service in 8,013 GSF to be located on the second level of the patient tower in four rooms. This area will be utilized by both inpatient and outpatients. The State Board's standard for MRI service is 2,000 visits per MRI per year. Based upon CY 2006 utilization of 12,175 examinations, the applicants can justify seven MRI rooms ($12,175 \text{ examinations} / 2,000 \text{ examinations} = 6.08$ or 7 rooms). The applicants propose four MRI rooms. See page 490-492 of the application for a complete discussion.

16. PET/Nuclear Medicine

The applicants propose PET/Nuclear Medicine service in 9,122 GSF to be located on the second level of the patient tower in eight rooms. This area will be utilized for both inpatient and outpatients. The State Board's standard for Nuclear Medicine is 2,000 visits per piece of equipment. Based upon CY 2006 utilization of 13,130 visits, the applicants can justify seven nuclear medicine rooms ($13,130 \text{ visits} / 2,000 = 6.6$ or 7 rooms). The PET volume will justify one room ($837 \text{ visits} / 2,000 = .4$ or 1 room). The additional two rooms will be justified based upon the PET/CT scanning. See Table Five above. In

addition, the applicants propose one room for a thyroid uptake probe to be located in the nuclear medicine department and three PET/CT scanners. In CY 2006, the applicants performed 120 thyroid uptake procedures. The applicants can justify the eight rooms requested for nuclear medicine based upon CY 2006 utilization. Table Six displays this information. See page 493-498 of the application for a complete discussion.

TABLE SIX						
Service	State Standard	Proposed Rooms	Rooms Justified	Inpatient	Outpatient	Total
Nuclear Medicine	2,000 Visits/Equipment	7	7	1,310	10,281	13,130
Thyroid Uptake	2,000 Visits/Equipment	1	1	120		
PET/CT Scanning	2,000 visits/Equipment	1	1	101	736	837
PET/CT Scanning(1)	2,000 visits/Equipment	2	21	12,846	27,836	40,682

(1) Additional rooms justified based upon the CT volume. Historical CT volume will justify a total of 21 rooms, the 7 listed in Table Six above and the 2 rooms PET/CT rooms for a total of 9 CT rooms.

17. Emergency Department

The applicants propose 40 treatment rooms in the emergency department (“ED”) in 27,615 GSF of space to be located on the first level of the proposed patient tower. In CY 2006, the applicants’ reported 46,666 persons treated in the ED. Under the current State Board standard of 2,000 visits per treatment room, the applicants can justify 24 rooms (46,666/2,000 visits per room = 23.3 or 24 rooms) and not the 40 rooms requested.

The applicants state they have experienced an annual increase in ED visits from CY 2002 to CY 2006 of 9.7%. The State Agency reviewed the 2002 – 2006 profile data for the hospital and also determined that the average annual growth rate in ED visits for this timeframe was 9.7%. If this growth continues, the applicants can justify the number of treatment rooms requested by the second year after project completion. Based on this historical experience, the applicants’ projected volume appears reasonable and achievable. In addition, the applicants state the facility needs more ED treatment rooms because the facility is a university teaching center, a pediatric emergency center, a psychiatric emergency center and has a high proportion of urgent care visits. The facility also has a long length of stay in the ED and a high percentage of admissions from the ED to the hospital that warrants the number of rooms requested. See pages 500-525 of the application for a complete discussion.

18. **ED Observation**

The applicants propose six observation stations in 1,672 GSF of space to be located on the first level of the proposed patient tower. The State Board does not have utilization standards for this area. See pages 526-527 of the application for a complete discussion.

19. **Employee Health**

The applicants propose eight stations in 1,847 GSF of space to be located on the first level of the proposed patient tower. The State Board does not have utilization standards for this area. See page 528-530 of the application for a complete discussion.

20. **OB Triage**

The applicants propose six OB triage rooms in 1,935 GSF of space to be located on the first level of the proposed patient tower. The State Board does not have utilization standards for this area. See pages 531-533 of the application for a complete discussion.

21. **Central Sterile Processing**

The applicants propose 33,412 GSF for central sterile processing to be located on the lower level of the new building. The State Board does not have utilization standards for this department. Sterile core areas will also be located on Levels 3, 4, and 5. See pages 534-538 of the application for a complete discussion.

22. **Respiratory Therapy**

The applicants propose 5,602 GSF for respiratory therapy to be located on the lower level of the proposed patient tower. Satellite respiratory therapy locations will also be located in the ICU and NICUs. The State Board does not have utilization standards for this department. See pages 539-540 of the application for a complete discussion.

23. **Pharmacy**

The applicants propose 2,018 GSF of new space for satellite pharmacy stations to be located on Levels 5 and 7 of the proposed patient tower. In addition, 10,945 GSF of space will remain unchanged for this service. The State Board does not have utilization standards for this department. See pages 541-544 of the application for a complete discussion.

24. Inpatient Therapy

The applicants propose 2,817 GSF of new space to be located on the medical surgical floors (Levels 12, 13 and 14) and the ICU (Level 11) of the proposed patient tower. In addition, 9,745 GSF of space will remain unchanged. Table Seven displays the applicants' utilization for these areas in CY 2006. The State Board does not have utilization standards for this department. See pages 545-550 of the application for a complete discussion.

TABLE SEVEN			
Modality	Inpatient	Outpatient	Total
Physical Therapy	1118,880	51,681	170,561
Occupational Therapy	93,933	12,408	106,341
Speech Therapy	5,785	902	6,687
Source: Information provided by the applicants.			

Summary

The extent of modernization proposed is not warranted (based on CY 2006 utilization data) for M-S, NICU, ICU, labor delivery and recovery (LDR), and the emergency department.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE MODERNIZATION OF BEDS TO EXISTING FACILITIES CRITERION.

C) Criterion 1110.420 (c) - Major Medical Equipment

The criterion states:

“Proposed projects for the acquisition of major medical equipment must document that the equipment will achieve or exceed any applicable target utilization levels specified in Appendix B within 12 months after acquisition.”

The applicants have attested that no major medical equipment is part of this application for permit. Therefore, the criterion is not applicable.

IX. Criterion 1110.530 - Medical/Surgical, Obstetric, Pediatric and Intensive Care

The criterion states:

“A) Criterion 1110.530(a) - Unit Size

- 1) Obstetrics
 - A) The minimum unit size for a new obstetric unit within a Metropolitan Statistical Area is 20 beds.
 - B) The minimum unit size for a new obstetric unit outside a Metropolitan Statistical Area is 7 beds.
- 2) Intensive Care. The minimum unit size for an intensive care unit is 4 beds.
- 3) Pediatrics. The minimum size for a pediatric unit within a Metropolitan Statistical Area is 16 beds.

The applicants’ project conforms to the stated requirements of this criterion.

THE STATE AGENCY NOTES THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE UNIT SIZE CRITERION.

B) Criterion 1110.530 (b) - Variances to Bed Need

The criterion states:

“The applicant must document one or more of the following.

- 1) High Occupancy Variance
 - A) The applicant must document that the applicant facility has experienced high occupancy. Documentation shall consist of evidence that the historical average annual occupancy rate has equaled or exceeded the target occupancy for the prior 24-month period.
 - B) The applicant must also document that the number of beds proposed will not exceed the number needed to reduce the facility's high occupancy to the target occupancy, or if the number of beds proposed exceeds the number of beds justified by the applicant’s historical workload, then projections may be

used. Utilization projections must be based upon the following:

- i) projections shall be based upon population projections from the U.S. Bureau of the Census;
- ii) projections shall be for a maximum period of 5 years from the date the application is submitted;
- iii) projections shall be zip code and age-specific; and
- iv) projections shall be based upon the applicant's service area as defined by historical patient origin, and shall not include projected changes in market share.

The projections provided must also demonstrate that the proposed number of beds will not exceed the number of beds needed to meet the target occupancy rate over the next 5 years.

2) Medically Underserved Variance

- A) The applicant must document that access to the proposed service is restricted in the planning area as documented by:
 - i) the absence of the service within the planning area;
 - ii) limitations on governmentally funded or charity patients;
 - iii) restrictive admission policies of existing providers;
 - iv) the area population and existing care system exhibit indicators of median care problems such as an average family income level below the State average poverty level, high infant mortality or designation as a Health Manpower Shortage Area; or
 - v) the project will provide service for a portion of the population who must currently travel over 45 minutes to receive service.
- B) Documentation shall consist of location and utilization of other planning area service providers; patient location information and all applicable time-travel studies; a certification of waiting times and scheduling or admission restrictions that exist in area providers; and an assessment of area population characteristics which would indicate an access problem.
- C) The applicant must also document that the number of beds proposed will not exceed the number needed at the target occupancy rate to meet the health care needs of the population identified as having restricted access."

The applicants addressed the high occupancy variance because there is a computed excess of ICU beds in the planning area. The State Board does not have a bed need determination for the NICU service.

1. Intensive Care Beds

The applicants propose to increase ICU beds from 95 to 132 (an increase of 37). The applicants' historic occupancy for the prior 24 months does not warrant the beds proposed. Based on the data, the applicants can justify 92 ICU beds. As a result, the requirements of the variance are not met. Table Eight displays this information.

TABLE EIGHT								
Service	2005		2006		Average 2005-2006		Beds Proposed	Beds Justified Based on 24 Month Average
	ADC	OCC%	ADC	OCC%	ADC	OCC%		
ICU (1)	55.1	58.0%	55.3	58.2%	55.2	58.1%	132	92

1. Target Occupancy for ICU is 60%.
 Source: IDPH 2005 & 2006 Hospital Profiles

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES **NOT** APPEAR TO BE IN CONFORMANCE WITH THE VARIANCE TO CALCULATED BED NEED CRITERION.

X. General Review Criteria

A. Criterion 1110.230(a) - Location

This criterion is not applicable to this project.

B. Criterion 1110.230(b) - Background of Applicants

The criterion states:

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

The applicants provided licensure and certification information as required. The applicants certified they have not had any adverse actions within the past three years. The applicants appear fit, willing and able and have the qualifications, background and character to adequately provide a proper standard of healthcare service for the community. Information on the applicants' background and charity care information, including the Community Benefit Report filed with the State of Illinois Office of the Attorney General, can be found at pages 109-202 of the application."

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE BACKGROUND OF THE APPLICANT REVIEW CRITERION.

C. Criterion 1110.230(c) - Alternatives

The criterion states:

"The applicant 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 applicant 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."

To address this criterion, the applicants considered six alternatives as part of the Master Design project (#06-009). Once the Master Design Project was approved, the applicants narrowed the six alternatives to three alternatives that are discussed below. A complete discussion on the three alternatives for this project can be found at pages 202-225 of the application.

1. Do Nothing - The applicants rejected this option because it will not improve patient care, access and would not provide services in the most cost beneficial ways. In addition, with the approval of the first phase of the Master Design project by the State Board which includes

campus infrastructure and a medical office building that project (Project #06-073) would be oversized. There is no cost to this alternative.

2. The First Schematic Project (Ideal Project) - This option was rejected because it did not allow for the redevelopment of the Center for Advanced Emergency Response and the Center for Bioterrorism Preparedness. The applicants also state the cost of this alternative was approximately 17% higher than the proposed project.
3. Project as proposed. The applicants chose this option because it provides for: infection control and patient safety during major construction, earlier completion than other alternative considered, perinatal program continues to be located at Level 7 and connected by a bridge, provides for two levels of operating rooms, improved time to make operational the Center for Advance Emergency Response and the Center for Bio-terrorism Preparedness, and is approximately \$70 million less than Alternative Two. Table Nine displays this information.

TABLE NINE Alternatives to the Proposed Project							
	Description	Community Need	Access	Quality	Construction Cost	Benefit to Service Area	Status
1	Do Nothing	Status Quo	Same	Same	\$0	None	Reject
2	Ideal Project	Partially Met	Partially Enhanced	Same	\$685 Million	Improved	Reject
3	Project as Proposed	Optimal	Optimal	Same	\$617 Million	Optimal	Accept

Source: Information provided by the applicants.

Based on the information provided, it appears the alternative chosen is the most cost-effective solution to meet the applicants’ needs.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS 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 applicant 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 applicant must document that the equipment will achieve or exceed any applicable target utilization levels specified in Appendix B within 12 months after acquisition."

A complete discussion regarding the need for this project is at pages 226-276 of the application. The need for this project is based upon an aging infrastructure, identified code deficiencies, functional incapability of the existing structures, an increase in demand for beds and services and the need to meet current standards of care for all departments.

Bed Need

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. As noted, the applicants have not met the variance to bed need.

There is a computed excess of beds in the A-02 planning area for all bed services proposing to be added as the result of the proposed project. To justify the number of beds proposed, the applicants' utilized three different trend analysis to determine the appropriate number of beds to meet projected bed capacity.

- Average annual growth
- Average historical percentage growth
- Compound annual growth rate

These scenarios were then adjusted to reflect the hiring of new physicians and the establishment of new programs and the expanded emergency department volumes. Subsequently, the applicants identified a need for 333 M/S beds and 143 ICU beds by this analysis. The methodology reviewed by the State Agency appears reasonable and attainable. However based upon the State Board's current rules, the number of beds requested for M/S and ICU exceed the applicants most recent 12 months utilization,

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

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

The criterion states:

"The applicant 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 applicant 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.”

A. Size of the Project

As referenced, the facility will contain 617,085 GSF at the conclusion of this project. Of this amount, 486,024 GSF is new space. Table Ten displays the GSF proposed for the project and a comparison to the State Board’s standards (where applicable).

TABLE TEN					
Department/Area	State Standards	Standard	Proposed	Difference	Exceed Standard
Medical Surgical Beds (340)	401/GSF/Bed	136,340	190,850	54,510	Yes
Intensive Care Beds (132)	601/GSF/Bed	79,332	93,720	14,388	Yes
Neonatal Care Beds (72)	355/GSF/Bed	25,560	31,539	5,979	Yes
LDR and Surgical Delivery Suites					
• LDR	4.6 GSF/Procedure	11,017	10,974	-43	No
• Surgical Delivery Suites	No Standard		3,987	NA	
Surgery (39 Surgery Rooms)	2,078/GSF/Room	81,042	79,359	-1,683	No
Recovery					
• PACU (60 Rooms)	180/GSF/Room	10,800	12,627	1,827	Yes
• Prep/Phase II (56 Rooms)	No Standard		17,640	NA	
• Extended Recovery (24 Rooms)	No Standard		8,777	NA	
Interventional Radiology (6 Rooms)	2,078/GSF/Room	12,468	9,694	-2,774	No
Cath. Labs (3 labs)	1,596/GSF/room	4,788	4,340	-448	No
Electro. Labs (3 Labs)	1,596/GSF/room	4,788	4,315	-473	No
Diagnostic Imaging (37 Rooms)	1,386/GSF/Room	51,282	28,051	-23,231	No
Cardio-Diagnostic	No Standard		5,052	NA	
Neuro-Diagnostic	No Standard		1,417	NA	
MRI (4 Rooms)	3,400/GSF/Room	13,600	8,013	-5,587	No
PET/Nuclear Medicine (11 Rooms)	1135/GSF/Room	12,485	9,122	-3,363	No
Emergency Department (40 Rooms)	744.6/GSF/Room	29,784	27,615	-2,169	No
ED Observation	No Standard		1,672	NA	
Employee Health	No Standard		1,847	NA	
OB Triage	No Standard		1,935	NA	
Central Sterile Processing (825 Beds)	18/GSF/Bed	14,850	33,412	18,562	Yes
Respiratory Therapy (825 Beds)	8.9/GSF/Bed	7,343	5,602	-1,741	No
Pharmacy (825 Beds)	12/GSF/Bed	9,900	12,963	3,063	Yes
Inpatient Therapy (825 Beds) *		26,041	12,562	-13,479	No

TABLE TEN					
Department/Area	State Standards	Standard	Proposed	Difference	Exceed Standard
* Information includes occupational therapy, physical therapy, and respiratory therapy.					

B. Utilization for Beds and Services

As discussed under criterion 77 IAC 1110.230 (d) - Need for the Project, the methodology used to calculate the projected number of beds appears reasonable and attainable.

The applicants exceed the State Board’s size standards for M-S, ICU, and NICU, surgical recovery, central sterile processing and pharmacy.

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

XI. 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 provided evidence of an “A” bond rating (pages 619-645 of the application). Therefore, these criteria are not applicable.

XII. Review Criteria - Economic Feasibility

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

The applicants have provided evidence of an “A” bond rating (pages 619-645 of the application). Therefore, this criterion is not applicable.

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

The criterion states:

“The applicant 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 applicant 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 applicant entity.”

A portion of this project will be funded with a bond issue. The applicants provided the required certification that the selected debt financing will be at the lowest net cost available.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO MEET THE CONDITIONS OF DEBT FINANCING CRITERION.

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

The criterion 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 applicant 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 applicant 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 applicant 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 applicant 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 applicant 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 applicant 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 applicant 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 State Agency notes only the clinical costs will be reviewed against the established standards in Part 1120. The State Agency calculated the State

Board Construction Standard using the third quarter of 2007 RS Means data unadjusted for complexity by department/function. This number was then inflated by 3% per year until project conclusion (January 31, 2014). Table Eleven displays how the standard was calculated.

TABLE TWELVE Calculation of State Construction Standard	
Cost Figure (from RS Means)	\$360.00
Mix Adjustment	1
Size Adjustment	1
Inflation	3.00%
Number of years to inflate	7
Adjusted Costs	\$442.75
Modernization 70%	\$309.93

New Construction and Contingencies - These costs total \$205,621,171, or \$423.06 per GSF. This appears reasonable compared to the adjusted State standard of \$442.75 per GSF.

Contingencies - These costs total \$16,389,708, or 8.9% of construction costs (see page 614 for a description of these costs). This appears reasonable compared to the State standard of 10%.

Architectural and Engineering Fees - These costs total \$9,071,304, or 4.41% of construction and contingencies (see page 614 for a description of these costs). This appears reasonable compared to the State standard of 2.3% - 5.80%.

Consulting or Other Fees - These costs total \$7,779,289 (see pages 614-615 of the application for a complete description of these costs). The State Board does not have standards for this cost.

Equipment - These costs total \$93,815,425. The applicants attested that none of the equipment proposed represents major medical equipment, which exceeds the State Board's threshold (see page 615 of the application for a description of these costs). Also, the State Board does not have an equipment standard for hospital-based projects.

Bond Issuance Expense – These costs total \$13,726,054 (see page 615 for a description of these costs). The State Board does not have standards for these costs.

Net Interest Expense during Construction – These costs total \$28,757,446. The State Board does not have standards for these costs.

Other Costs to be Capitalized – These costs total \$10,964,684 (see page 615 for a description of these costs). The State Board does not have standards for these costs.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COST CRITERION.

D. Criterion 1120.310(d) - Projected Operating Costs

The criterion states:

“The applicant 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 costs mean the fully allocated costs of salaries, benefits, and supplies for the service.”

The applicants project \$3,443.54 of annual operating costs per equivalent patient day for the first year of operation. See page 616 of the application for complete calculation of this amount. The State Board does not have a standard for this cost.

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

The criterion states:

“The applicant must provide the total projected annual capital costs (in current dollars per equivalent patient day) 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.”

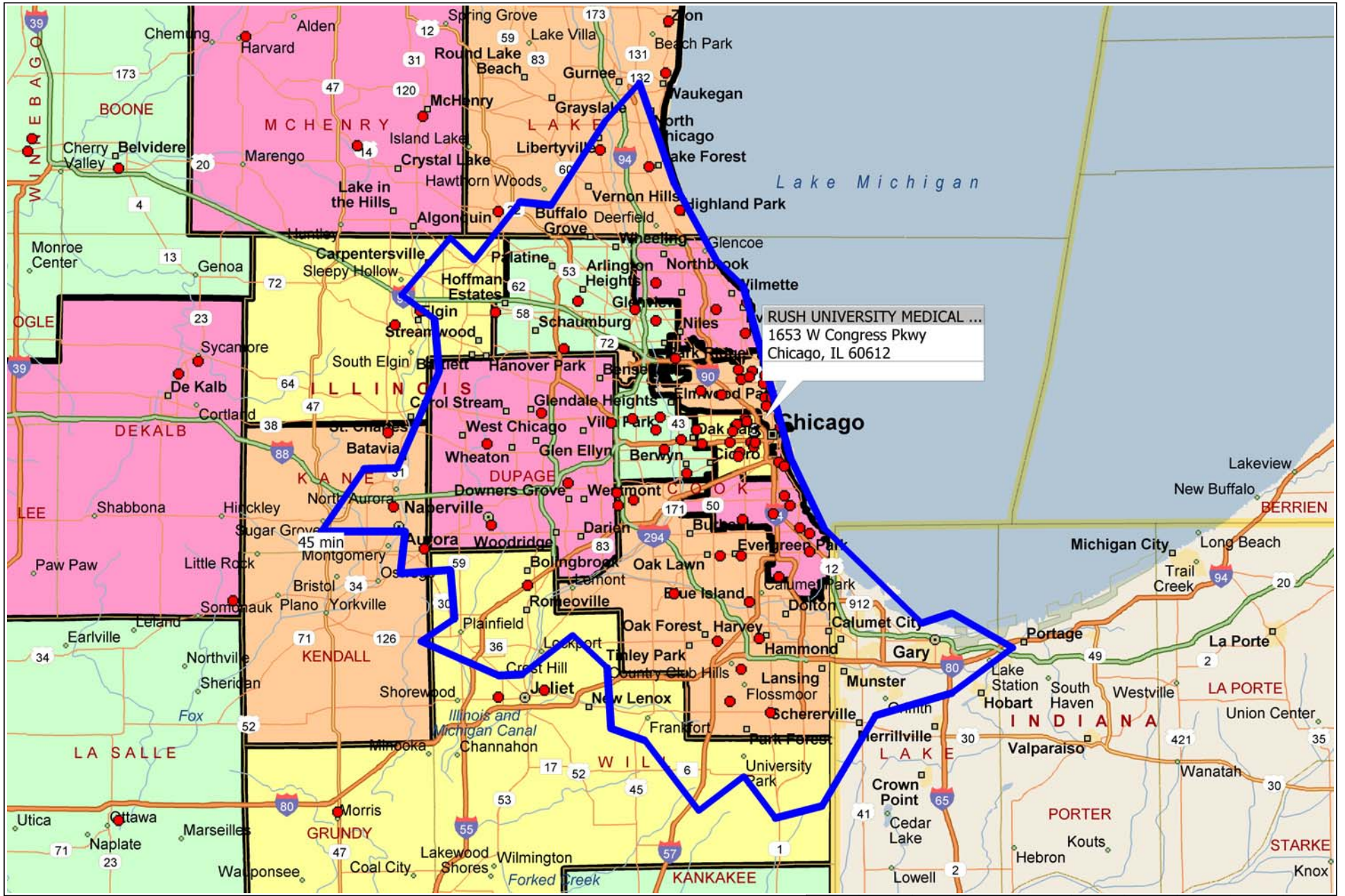
The applicants project \$85.94 per adjusted patient day in annual capital costs for the first year of operation. See page 617 of the application for a complete calculation of this amount. The State Board does not have a standard for this cost.

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

The applicant must document that projects involving non-patient related services (medical office buildings) will be self-supporting and not result in increased charges to patients or that increased charges to patients are justified based upon such factors as, but not limited to, a cost benefit or other analysis which demonstrates that the project will improve the applicant's financial viability.

This criterion is not applicable.

07-125 RUSH UNIVERSITY MEDICAL CENTER



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Ownership, Management, and Other General Information:

Ownership: Rush University Medical Center
 Operator: Rush University Medical Center
 Management: Non-Government Other Non-Profit
 Facility Type:
 Address: 1653 West Congress IDPH Number: 1917
 City: Chicago HPA A-02
 County: Suburban Cook (Chicago) HSA 6

Patients by Race

White 31.4%
 Black 29.3%
 American Indian 0.0%
 Asian 0.7%
 Hawaiian/ Pacific 0.0%
 Unknown: 38.6%

Patients by Ethnicity

Hispanic or Latino: 8.8%
 Not Hispanic or Latino 61.4%
 Unknown: 29.9%

Facility Utilization Data by Category of Service

<u>Clinical Service</u>	Authorized CON Beds	Beds Setup 10/1/2006	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Beds Occupancy Rate %
Medical/Surgical	468	340	343	339	18,514	87,637	4,675	5.0	252.9	54.0	73.7
0-14 Years					55	150					
15-44 Years					4,465	18,632					
45-64 Years					7,547	35,452					
65-74 Years					3,352	16,753					
75 Years +					3,095	16,650					
Pediatric	70	28	28	26	1,071	4,692	473	4.8	14.2	20.2	50.5
Intensive Care	95	85	87	86	4,919	20,073	102	4.1	55.3	58.2	63.5
Direct Admission					3,707	14,485					
Transfers					1,212	5,588					
Obstetric/Gynecology	44	38	38	38	2,919	10,009	52	3.4	27.6	62.6	72.5
Maternity					2,869	9,904					
Clean Gynecology					50	105					
Neonatal	57	52	57	57	580	17,057	0	29.4	46.7	82.0	82.0
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	101	91	92	79	1,971	18,936	0	9.6	51.9	51.4	56.4
Rehabilitation	66	40	40	40	1,017	11,171	0	11.0	30.6	46.4	76.5
Dedicated Observation	6						676				
Totals	901	674			30,991	169,575	5,978	5.7	481.0		
Minus ICU Transfers					1,212						
Facility Utilization	901	674			29,779	169,575	5,978	5.7	481.0		

Inpatient and Outpatient Information by Payor Source

	Medicare	Medicaid	Other Public	Other Insurance	Private Pay	Charity Care	Totals
Inpatients	33.4% 9955	19.1% 5685	0.1% 38	43.7% 13022	1.2% 347	2.5% 732	29779
Outpatients	27.8% 95495	11.1% 38196	0.1% 220	57.7% 198114	2.4% 8216	0.9% 2990	343231

Surgery and Operating Room Utilization

<u>Surgical Specialty</u>	<u>Operating Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	2	2	727	101	3764	291	4055	5.2	2.9
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	6	6	2601	2166	10076	5274	15350	3.9	2.4
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	2	2	1095	129	4684	337	5021	4.3	2.6
OB/Gynecology	0	0	3	3	988	1583	2860	2883	5743	2.9	1.8
Oral/Maxillofacial	0	0	0	0	0	0	0	0	0	0.0	0.0
Ophthalmology	0	0	2	2	25	1159	82	2235	2317	3.3	1.9
Orthopedic	0	0	6	1	3731	962	13888	2461	16349	3.7	2.6
Otolaryngology	0	0	2	2	267	978	981	2543	3524	3.7	2.6
Plastic Surgery	0	0	1	1	330	532	1324	1522	2846	4.0	2.9
Podiatry	0	0	0	0	0	0	0	0	0	0.0	0.0
Thoracic	0	0	1	1	373	107	1315	219	1534	3.5	2.0
Urology	0	0	3	3	450	788	1315	1722	3037	2.9	2.2
Totals	0	0	28	23	10587	8505	40289	19487	59776	3.8	2.3

SURGICAL RECOVERY STATIONS

Stage 1 Recovery Stations

25

Stage 2 Recovery Stations

12

Surgical Utilization - Procedure Rooms

<u>Room Type</u>	<u>Inpatient Rooms</u>	<u>Outpatient Rooms</u>	<u>Combined Rooms</u>	<u>Total Rooms</u>	<u>Inpatient Cases</u>	<u>Outpatient Cases</u>	<u>Inpatient Hours</u>	<u>Outpatient Hours</u>	<u>Total Hours</u>
<i>Gastrointestinal</i>	2	4	0	6	1675	6087	2094	6087	8181
<i>Laser Eye Procedures</i>	0	3	0	3	0	930	0	698	698
<i>Pain Management</i>	0	0	0	0	0	0	0	0	0
<i>C-Section Procedures</i>	0	0	0	0	0	0	0	0	0
<i>Cystoscopy</i>	0	0	0	0	0	0	0	0	0
<i>Magnetic Navigation</i>	0	0	1	1	255	135	929	328	1257
<i>Bronchoscopy Room</i>	0	0	1	1	118	355	148	355	503

Birthing Data

Number of Deliveries:	2,300
Number of Live Births:	2,276
Birthing Rooms:	0
Labor Rooms:	0
Delivery Rooms:	0
Labor-Delivery-Recovery Rooms:	8
Labor-Delivery-Recovery-Postpartum Rooms:	0
C-Section Rooms:	2

Organ Transplantation

Kidney:	159
Heart:	6
Lung:	0
Heart/Lung:	0
Pancreas:	7
Liver:	105
Total:	277

Cardiac Catheterization Labs

Multi-Purpose Catheterization Labs	2
Dedicated Diagnostic Catheterization Labs	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	2
Total Catheterization Labs	4

Cardiac Catheterization Utilization

Diagnostic Catheterizations (0-14)	13
Diagnostic Catheterizations (15+)	1,204
Interventional Catheterizations (0-14)	0
Interventional Catheterization (15+)	485
EP Catheterizations	581

Cardiac Surgery Data

Pediatric (0 - 14 Years):	52
Adult (15 Years and Older):	368
Total:	420
Coronary Artery Bypass Grafts (CABGs):	216

Trauma Care

Level of Trauma Service	
Operating Rooms Dedicated for Trauma Care	0

Laboratory Studies

Inpatient Studies	1,428,089
Outpatient Studies	768,672
Studies Performed Under Contract	67,296

Newborn Nursery Utilization

Level 1 Patient Days	4,279
Level 2 Patient Days	153
Level 2+ Patient Days	0
Total Nursery Patientdays	4432

Emergency Service Data

Emergency Service Type:	Comprehensive
Persons Treated by Emergency Services:	46,666
Patients Admitted from Emergency:	10,192

Outpatient Service Data

Persons Treated by Outpatient Services:	296,565
Patients Admitted from Outpatient Services:	96

Diagnostic and Therapeutic Equipment

<u>Equipment</u>	<u>Hospital Owned</u>	<u>Shared</u>	<u>Contracted</u>
<i>General Radiography/Fluoroscopy</i>	32	0	0
<i>Nuclear Medicine</i>	9	0	0
<i>Mammography</i>	10	0	0
<i>Ultrasound</i>	16	0	0
<i>Angiography</i>	6	0	0
<i>Positron Emission Tomography (PET)</i>	0	0	1
<i>Computerized Axial Tomography (CAT)</i>	3	2	0
<i>Magnetic Resonance Imaging</i>	2	0	2

Examinations

<u>Inpatient</u>	<u>Outpatient</u>	<u>Contractual</u>
48,186	45,378	0
2,849	10,281	0
6	22,547	0
11,479	15,659	0
3,649	3,919	0
101	736	0
12,846	27,836	0
4,193	7,982	0

Treatment Courses

<i>Lithotripsy</i>	2	0	0	44
<u>Radiation Therapy Equipment:</u>				
<i>Linear Accelerator</i>	3	0	0	747
<i>Simulator</i>	1	0	0	747

Contractors for Equipment

<u>Type of Equipment</u>	<u>Contractor</u>
PET	Barrington Biomedical, Inc.

* Note: According to a Bed Change request, approved by the Board on 11/28/2006, Rush University Medical Center received permission to add 5 Neonatal intensive care beds to its existing 52-bed Neonatal unit. The Neonatal bed count is now 57. Neonatal bed total in the planning area is now 657.