



**STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD**

525 WEST JEFFERSON ST, SPRINGFIELD, ILLINOIS 62761 •(217) 782-3516 FAX: (217) 785-4111

DOCKET NO: H-03	BOARD MEETING: June 27, 2023	PROJECT NO: #23-011	PROJECT COST: Original: \$815,112,669
FACILITY NAME: The University of Chicago Medical Center		CITY: Chicago	
TYPE OF PROJECT: Substantive			HSA: VI

PROJECT DESCRIPTION: The University of Chicago Medical Center is proposing the construction of a seven (7) story cancer facility with eighty (80) private inpatient beds, including sixteen (16) ICU beds and sixty-four (64) medical/surgical beds and space for a comprehensive program of ambulatory care services. The estimated cost of the project is \$815,112,669 and the expected completion date is April 30, 2028.

Information on this Application for Permit can be found at this link:

<https://hfsrb.illinois.gov/projects/project.23-011.html>

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- **The** University of Chicago Medical Center **is proposing** the construction of a seven-story building housing cancer services with eighty (80) private inpatient beds, including sixteen (16) ICU beds and sixty-four (64) medical/surgical beds and space for a comprehensive program of ambulatory care services. The estimated cost of the project is \$815,112,669 and the expected completion date is April 30, 2028. The building would consolidate many cancer services currently dispersed throughout the University of Chicago Medical Center campus and would be connected to existing structures on the campus with tunnels and bridges.
- The Cancer Center will not be licensed as a separate hospital but will be licensed under The University of Chicago Medical Center license.

BACKGROUND

- On March 15, 2022, the State Board approved a Master Design Project to establish a Cancer Facility on the University of Chicago Medical Center's Hyde Park Campus (Permit #22-004). The State Board's approval allowed the Medical Center to plan for the design and development of the cancer center. At that time the State Board approved the expenditure of funds more than the capital expenditure threshold for architectural services required to develop a free-standing dedicated cancer facility and to complete underground utility system improvements needed to ensure that the Medical Center's Adult Level I Trauma Emergency Department could operate without interruption as part of the site preparation. Master Design Project included the following:
 - Development of a 128-bed inpatient hospital with all private rooms.
 - Development of space for a program of ambulatory cancer care services including exam rooms, an infusion center, radiation oncology, imaging, lab, interventional radiology and rehabilitation therapy services.
 - Development of dedicated space for clinical trials research and care.
 - Construction of underground utility system improvements and site preparation.
 - Approximately 544,000 GSF for the proposed inpatient and outpatient tower.
 - Cost approximately \$633.3 million.
 - Seven floors, and planning to review various options to connect the new building by tunnels and/or bridges to existing structures on the campus.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the proposed project is a substantial change in the number of beds being added and the cost of the project exceeds the capital expenditure minimum of \$15,723,786.

PURPOSE OF THE PROJECT:

- The Applicant states the purpose of this project is to construct a dedicated cancer facility on The University of Chicago Medical Center's Hyde Park campus on the South Side of Chicago to enhance access to the full continuum of cancer care to the South Side of Chicago in communities where the incidence and mortality from cancer is disproportionately high and the available resources are disproportionately low. The Applicant states the proposed project will reduce fragmentation and improve coordination of care and services across different disciplines. The cancer facility will allow all providers to work under "one roof" and provide patients with a single destination to receive cancer care.

PUBLIC COMMENT:

- No public hearing was requested. The State Board has received several support letters on this project and no opposition letters.

SUMMARY:

- The proposed cancer center is expected to have 200,000 outpatient visits and 5,000 inpatient admissions annually. The facility includes a full suite of imaging and diagnostic solutions, a clinical trials unit and space for clinical research, stem-cell treatment and processing facilities, genetic testing and counseling, radiation oncology and infusion services. It will also provide urgent care to "serve unique needs of patients with cancer."
- Should the State Board approve this project the Medical Center will have 545 medical surgical beds, 158 intensive care beds, 46 obstetric beds, 60 pediatric beds and 53 neonatal intensive care beds for a total of 862 authorized beds.
- The Medical Center currently has a total of 481 medical surgical beds and if approved will have a total of 545 medical surgical beds. The Medical Center's medical surgical patient days has experienced a compound annual growth rate of 4.4% between FY2016 and FY2022. From FY 2023 forward the Applicant is projecting a growth rate of 2.2%. FY 2022 utilization justifies 468 medical surgical beds and not the 545 medical surgical beds being requested.
- The Medical Center currently has a total of 142 ICU beds and if this project is approved will have a total of 158 ICU beds. The Applicant's intensive care patient days has had a historical annual growth rate of 4.7% between FY2016 and FY 2022 and the Applicant is projecting a growth of 1.5% annually from FY 2023 onward. FY 2022 utilization justifies 186 intensive care beds for an occupancy of 79%. The Medical Center can justify the 158 ICU beds being requested.
- The Applicant is proposing a total of 563,512 GSF for the Cancer Center. Of that total approximately 24% or 135,739 GSF is shell space.
- The Applicant addressed a total of 22 criteria and have not met the following:

State Board Standards Not Met	
Criterion	Reasons for Non-Compliance
Criterion 1110.234 (a) - Size of Project	The Applicant exceeds the State Board's standard for medical surgical beds by 239 DSGF per bed or 15,296 total DGSF and the State Board standard for intensive care beds by 166 DGSF per bed or 2,656 total DGSF. Additionally, the Applicant exceeds the State Board Standard for Radiology by a total of 1,669 DGSF.
Criterion 1110. 235 (c) - Relationship to Previously Approved Master Design Projects	This criterion requires the State Board to determine if the proposed construction project is consistent with the approved Master Design Permit. In March of 2022 the State Board approved the Applicant for a Master Design Permit (Permit #22-004). At that time the State Board approved a 5-story building with a lower level and a mechanical penthouse with approximately 30,000 GSF of shelled space at a total cost of approximately \$633.3 million and 544,000 GSF of space. The Master Design estimated a need for 128 beds and 4 additional

State Board Standards Not Met	
Criterion	Reasons for Non-Compliance
	<p>floors of vertical expansion. Subsequently the Applicant submitted the proposed project that included 7-stories with a lower level and mechanical penthouse in 575,000 GSF of space at a cost of approximately \$815.1 million. The Applicant is proposing 80 beds and 135,739 GSF of shelled space and vertical expansion of 3-additional floors.</p>
<p>Criterion 1110.200 (b) (4) - Planning Area Need – Service Demand – Expansion of an Existing Category of Service</p>	<p>Medical Surgical patient days justifies 468 medical surgical beds at the target occupancy of 90% and not the 545 medical surgical beds being requested.</p>
<p>Criterion -1110.270-Clinical Services Other Than Categories of Service</p>	<p>Ultrasound utilization had a growth rate of 4.2% annually from 2016-2022. A straight-line projection through FY29 would justify 8 Ultrasound units and not the 10 units being requested.</p> <p>Mammography volume justifies 4 units, based on the state standard of 5,000 visits per unit. The Medical Center has seen a growth rate of 1.7% annually for ultrasound services from 2016-2022. Applying a straight-line projection through FY29 would justify 4 units.</p>
<p>Criterion – 1120.140 (c) – Reasonableness of Project Costs.</p>	<p>These costs are \$155,477,374 or \$798.01 per GSF ($\\$155,477,374 \div 194,821$ GSF). These costs are HIGH when compared to the State Board Standard of \$495.08 per GSF.</p>



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**STATE BOARD STAFF REPORT
PROJECT #23-011
The University of Chicago Medical Center**

APPLICATION/CHRONOLOGY/SUMMARY	
Applicant	The University of Chicago Medical Center
Facility Name	The University of Chicago Medical Center
Location	5654 South Drexel Avenue, Chicago, Illinois
Permit Holder	The University of Chicago Medical Center
Licensee/Operating Entity	The University of Chicago Medical Center
Owner of Site	The University of Chicago
Application Received	February 6, 2023
Application Deemed Complete	February 8, 2023
Review Period Ends	June 8, 2023
Project Completion Date	April 30, 2028
Review Period Extended by the State Board Staff?	No
Can the Applicant request a deferral?	Yes

I. The Proposed Project

The University of Chicago Medical Center **is proposing** the construction of a seven-story building housing cancer services with eighty (80) private inpatient beds, including sixteen (16) ICU beds and sixty-four (64) medical/surgical beds and space for a comprehensive program of ambulatory care services. The estimated cost of the project is \$815,112,669 and the expected completion date is April 30, 2028.

II. Summary of Findings

- A. The State Board Staff finds the proposed project does not appear to be in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project does not appear to be in conformance with the provisions of Part 1120.

III. General Information

The Applicant is The University of Chicago Medical Center (“Medical Center”). The Medical Center is located at 5841 South Maryland South Drexel Avenue, Chicago, Illinois, and the Cancer Center will be located on the Medical Center’s campus. The Medical Center is the operating entity/licensee, and the owner of the real property is the University of Chicago. The project is a substantive project subject to a 77 IAC 1110 and 77 IAC 1120 review. Financial Commitment will occur after permit issuance.

The **University of Chicago Medical Center** is an Illinois not-for profit corporation. The Medical Center operates the Center for Care and Discovery, the Bernard Mitchell Hospital, the Chicago Lying-In Hospital, the University of Chicago Comer Children's Hospital, the Duchossois Center for Advanced Medicine and various other outpatient clinics and treatment areas. These buildings are operated under a single hospital license.

The University of Chicago as the sole corporate member of the Medical Center elects the Medical Center Board of Trustees and approves its' By-Laws. The Medical Center President reports to the University's Executive Vice President for Medical Affairs. The relationship between the Medical Center and the University is defined in the Medical Center By-Laws, an Affiliation Agreement, an Operating Agreement, and several Leases. The Medical Center is a tax-exempt organization under Section 501(c) 3 of the Internal Revenue Code. *(See Footnotes to Audited Financial Statements provided by the Applicant)*

Table One outlines the number of beds by location at the University of Chicago Medical Center campus that have been authorized by the State Board. Note all the locations listed in Table One are licensed by IDPH under one license as The University of Chicago Medical Center and not multiple licenses.

TABLE ONE					
Beds by Location					
The University of Chicago Medical Center					
Category of Service	Bernard A Mitchell	Center for Care and Discovery	Comer Center for Children and Specialty Care	Proposed Cancer Center	Total
Medical Surgical Beds	171	310	0	64	545
ICU Beds	16	96	30	16	158
Obstetric Beds	46				46
Pediatric Beds			60		60
NICU Beds			53		53
Observation Beds ⁽¹⁾	39				0
Total Beds	262	406	137	80	862
1. Observation beds not included in total beds.					

Table Two lists the Applicant's beds, occupancy rates, average length of stay ("ALOS") and average daily census ("ADC"), by category of service, for the period January 1, 2021, thru December 31, 2021. This data was furnished by the applicant. Target utilization for medical surgical pediatric beds is 90%, obstetric beds is 78%, intensive care beds 60%, neonatal intensive care beds is 75%. There is a calculated excess of 518 medical surgical pediatric beds, an excess of 48 obstetric beds, and an excess of 3 intensive care beds in the A-03 Hospital Planning Area as of May 2023. There is no bed need calculation for NICU beds.

Service	Authorized Beds	Staffed Beds	Adm	Days	ALOS	ADC	Authorized Bed Occ	Staffed Bed Occ
Medical Surgical	481	453	19,409	150,154	7.74	411.38	85.53%	90.81%
Obstetrics	46	32	2,945	5,847	1.99	16.02	34.82%	50.06%
Pediatrics	60	60	3,303	16,497	4.99	45.20	75.33%	75.33%
Intensive Care	142	134	7,775	40,624	5.22	111.30	78.38%	83.06%
Neonatal Intensive Care	53	53	883	18,615	21.08	51.00	96.23%	96.23%
Total	782	732	34,315	231,737				

Service	Authorized Beds	Average Daily Census							
		2015	2016	2017	2018	2019	2020	2021	7-Year Ave
M/S	481	317.1	320.4	331.7	347.1	371.6	370.8	411.4	353
Pediatric	46	45.9	43.4	45.7	46.9	44.6	41.8	45.2	45
ICU	60	84.8	58.7	91	92.8	96.7	97.5	111.3	91
OB/GYN	142	17.9	34.9	16.5	17.6	18.2	16.5	16	20
Neonatal	53	39.2	83.4	40.7	44.3	41.1	47.4	51	50
Total	782								

IV. Health Service Area

The University of Chicago Medical Center is in the HSA VI Health Service Area and the A-03 Hospital Planning Area. The A-03 Hospital Planning Area includes the following: City of Chicago Community Areas of Douglas, Oakland, Fuller Park, Grand Boulevard, Kenwood, Near South Side, Washington Park, Hyde Park, Woodlawn, South Shore, Chatham, Avalon Park, South Chicago, Burnside, Calumet Heights, Roseland, Pullman, South Deering, East Side, Garfield Ridge, Archer Heights, Brighton Park, New City, West Elsdon, Gage Park, Clearing, West Lawn, West Englewood, Englewood, Chicago Lawn and Greater Grand Crossing. In total there are nine hospitals within this planning area.

Hospital	City	Beds	Hospital Utilization	Safety Net Hospital
Advocate Trinity Hospital	Chicago	205	50.7%	

TABLE FOUR				
Hospitals in the A-03 Hospital Planning Area				
Hospital	City	Beds	Hospital Utilization	Safety Net Hospital
Holy Cross Hospital	Chicago	248	35.0%	√
Insight Hospital & Medical Center	Chicago	412	2.60%	√
Jackson Park Hospital & Medical Center	Chicago	236	33.9%	√
Provident Hospital of Cook County	Chicago	48	14.7%	
Roseland Community Hospital	Chicago	134	45.6%	√
South Shore Hospital	Chicago	137	34.5%	√
St. Bernard Hospital	Chicago	174	40.9%	√
University Of Chicago Medical Center	Chicago	782	81.1%	

IV. The Proposed Project – Details

The seven-story building will have 575,000 square feet with seven floors, a mechanical penthouse, and a lower-level support floor including shell space. The first floor will contain the breast center and radiology, the second floor will have examination rooms and infusion therapy, the third floor will have shell space and additional examination rooms and infusion therapy. The fourth floor will have 48 inpatient beds and the fifth floor will include the pharmacy and shell space. The sixth floor will have shell space and 32 inpatient beds, and the seventh floor will contain more shell space. The Applicant is proposing 135,739 DGSF of shell space.

There will be 64 medical surgical beds and 16 ICU beds with space for family to accommodate overnight stays, 90 consultation and outpatient exam rooms, urgent care clinic, infusion therapy rooms, two MRIs, two CT scanners, 2 ultrasound unit, 2 procedure rooms with mobile C-arm/fluoroscopy and X-ray. A breast center will include screening and diagnostic imaging and biopsy rooms and a dedicated clinical trial space for access to the latest research. According to the Applicant 41% of the contract dollars will go to minority-owned and woman-owned firms.

V. Uses and Sources of Funds

The Applicant is funding this project with cash in the amount of \$365.1 million and a bond issue of \$450 million. The Fair Market Value of the lease of the premises between The University of Chicago Medical Center and The University of Chicago is approximately \$19.4 million

TABLE FIVE				
Uses and Sources of Funds				
USES OF FUNDS	Reviewable	Nonreviewable	Total	% Of Total
Site Survey and Soil investigation	\$210,000	\$490,000	\$700,000	0.09%
Site Preparation	\$4,075,214	\$9,508,832	\$13,584,046	1.67%
Off Site Work	\$1,442,100	\$3,364,901	\$4,807,001	0.59%
New Construction Contracts	\$141,343,067	\$329,548,365	\$470,891,432	57.77%
Modernization Contracts	\$0	\$2,863,539	\$2,863,539	0.35%

TABLE FIVE				
Uses and Sources of Funds				
USES OF FUNDS	Reviewable	Nonreviewable	Total	% Of Total
Contingencies	\$14,134,307	\$33,241,190	\$47,375,497	5.81%
Architectural/Engineering Fees	\$7,454,049	\$17,392,782	\$24,846,831	3.05%
Consulting and Other Fees	\$8,833,335	\$20,611,116	\$29,444,451	3.61%
Movable or Other Equipment	\$71,463,795	\$27,073,900	\$98,537,695	12.09%
Bond Issuance Expense	\$1,216,701	\$2,838,968	\$4,055,669	0.50%
Net Interest Expense	\$20,257,800	\$47,268,200	\$67,526,000	8.28%
Other Costs to Be Capitalized	\$15,144,152	\$35,336,356	\$50,480,508	6.19%
TOTAL USES OF FUNDS	\$285,574,520	\$529,538,149	\$815,112,669	100.00%
SOURCES OF FUNDS	Reviewable	Nonreviewable	Total	
Cash and Securities			\$365,112,669	44.79%
Bond Issues			\$450,000,000	55.21%
TOTAL SOURCES OF FUNDS			\$815,112,669	100.00%

VI. Background of the Applicants

Criterion 1110.110 (a) – Background of the Applicants

The Applicant provided a listing of all health care facilities owned by the Applicant, their IDPH license number and Joint Commission Organization Number at beginning at page 67 of the Application for Permit. The Applicant attests that no adverse action has been taken against any facility owned and/or operated by the Applicant during the three years prior to filing this certificate of need application. The Applicant has authorized the State Board and the Illinois Department of Public Health to access any documentation which it finds necessary to verify information that has been submitted to the State Board. The Applicant is fit, willing and able and have the qualifications, background, and character to adequately provide a proper standard of healthcare service for the community.

VII. Purpose of the Project, Safety Net Impact, Alternatives to the Project

Criterion 1110.110 (b) – Purpose of the Project

Criterion 1110.110 (c) – Safety Net Impact Statement

Criterion 1110.110 (d) – Alternatives to the Proposed Project

A. Purpose of the Project

The Applicant states the purpose of this project is to construct a dedicated cancer facility on the University of Chicago Medical Center's Hyde Park campus on the South Side of Chicago to enhance access to the full continuum of cancer care to the South Side of Chicago in communities where the incidence and mortality from cancer is disproportionately high and the available resources are disproportionately low. The Applicant believes it is the responsibility of a National Cancer Institute designated comprehensive cancer center (The University is Chicago Medical Center) to build a facility that has not been built before - one that recognizes the revolution underway in cancer therapies because of the understanding of cancer at the molecular level, that is ready to grow with the future of

cancer research, and that can optimize the delivery of cutting-edge treatment. (The entire narrative can be found at pages 74-107 of the Application for Permit)

B. Safety Net Impact Statement

The Applicants stated in part: *“The University of Chicago Medical Center is an established provider of safety net services, and is, itself, an essential, safety-net resource for the communities that it serves. At a time when many neighboring hospitals have reduced the scope of their medical services or closed entirely, UCMC has invested in its facilities, creating additional inpatient and emergency room capacity, and establishing an Adult Level I Trauma Center. With the construction of a dedicated, comprehensive cancer facility, UCMC proposes one of the largest investments on the South Side of Chicago, which is a demonstration of its enduring commitment to low-income and other vulnerable populations and the South Side communities in which they make their homes. UCMC recognizes that financial and other barriers to healthcare are endemic to its constituency and seeks to remove a patient’s zip code or its own strained capacity as potential obstacles to their timely receipt of quality health care in the community. UCMC further recognizes the existing maldistribution of healthcare resources within the City of Chicago, including access to high quality cancer care, and through this Project champions the fight against cancer injustice for its community.”*

- The complete safety net impact statement was provided by the Applicants at pages 302-315 of the Application for Permit.
- 2021 Community Benefit Report provided at pages 316-327.
- UChicago Medicine Strategic Implementation Plan for Fiscal Years 2023-2025 provided at pages 328-343.
- Community Health Needs Assessment 2021-2022 provided at pages 344-431. Community Benefit Evaluation Report Fiscal Years 2020-2022 pages 432-477.

C. Alternatives to the Proposed Project

The Applicants considered several alternatives to the proposed project.

1. Doing Nothing

According to the Applicant the Medical Center has been unable to consistently meet the community demand because of capacity challenges on an inpatient and outpatient level. The Applicant states this shortfall is visible in ongoing denials for inpatient transfers due to a lack of available inpatient beds and long waiting times for outpatient clinics. According to the Applicant the delivery of cancer care on the Medical Center campus is fragmented, with key portions of routine cancer care spread among several buildings on campus and multiple points of entry. According to the Applicant doing nothing would not address the significant and ongoing access and service limitations confronted by the South Side of Chicago that results in a health care injustice. According to the Applicant doing nothing was not a viable choice.

2. Cancer Hospital off Campus

The Applicant considered the construction of a free-standing cancer hospital built off the Medical Center’s campus on a suburban Chicagoland location. According to the Applicant

suburban construction may be less expensive for many reasons (better soil quality, less wind vibration) but the construction on a remote site would require the Medical Center to duplicate all ancillary services needed to run a hospital. The facility would have to be separately licensed as a hospital and meet all the requirements under the Illinois Hospital Licensing Act, including having its own CLIA-certified clinical laboratory and an emergency department. It would also require a purchase of approximately 75 acres and the construction of a 1,000-car parking deck. The Applicant stated the suburban site would not be in the heart of the South Side of Chicago where patients in the Hyde Park area are struggling with some of the highest rates of cancer. The site would not be able to take advantage of the rich academic environment of the University of Chicago Hyde Park campus. Given that the intent and scope of the Project is to increase access to cancer services in the community, the Applicant rejected this option.

3. Renovation of Mitchell Hospital

The Applicant also considered a more comprehensive renovation of Mitchell Hospital than proposed previously along with the construction of an annex building. The current renovation of Mitchell Hospital involves 113,452 square feet and the potential use of Mitchell Hospital would require renovation of the remaining 336,548 square feet, additional upgrades to the 113,452 square feet, the demolition of an adjacent building and the construction of 188,000 square feet of adjacent space to support modern clinical needs and to replace the faculty office and research space lost to the demolition. This would also require the Medical Center to decrease its current bed capacity by 88 during most of the multi-year renovation. This alternative would require 10 years to complete due to the amount of the phasing required to work on an occupied building and would be more expensive than the alternative chosen. **Estimated Cost \$992.0 million.**

4. Joint Venture

The Applicant states a joint venture often is the only mechanism to bring comprehensive cancer care to a community that lacks ready access to academic medical centers and research institutions. The Applicant states because cancer patients frequently require prolonged treatment over **several** weeks, having state-of-the-art treatment facilities closer to the patients' homes and patients' family members is optimal. Joint ventures may also provide a meaningful opportunity for a community to receive "cutting edge" care based on a relationship with academic medical centers or dedicated, comprehensive cancer facility and the latest research. The Medical Center rejected this option because a joint venture on the Hyde Park Campus is not necessary to achieve its goals. The Medical Center is an academic medical center with a cancer program and according to the Applicant seeks to improve the delivery of cancer care with the communities it serves.

5. Neighboring Hospitals

The Applicant considered whether it would be possible to simultaneously make improvements to its existing facilities to meet the demand for increased services in combination with a reliance on the resources and affiliations with neighboring hospitals. The Applicant rejected this alternative because it is the only academic medical center on the South Side of Chicago and demand for cancer care is increasing and the population remains underserved. Additionally, this option would not increase capacity for more

complex care and if the Medical Center would rely on neighboring hospitals, it would not be able to provide the continuum of care and co-location of services that can be achieved by building a dedicated cancer facility on the campus.

VIII. Section 1110.234 - Project Scope and Size, Utilization and Unfinished/Shell Space

Criterion 1110.234 (a) - Size of Project

Criterion 1110.234 (b) – Projected Utilization

Criterion 1110.234 (c) – Unfinished Shell Space

Criterion 1110.234 (d) - Assurance

A. Size of the Project

The Applicant exceeds the State Board’s standard for medical surgical beds by 239 DGSF per bed or 15,296 total DGSF and the State Board standard for intensive care beds by 166 DGSF per bed or 2,656 total DGSF. Additionally, the Applicant exceeds the State Board Standard for Radiology by a total of 1,669 DGSF.

The Applicant states the inpatient areas will be organized in pods of 16 beds each intended to provide optimal visualization and efficiency. The fourth floor will consist of three pods of 16 beds for a total of 48 acuity adaptable beds - 16 of which are to be ICU beds. The fifth floor will include two pods of 16 beds for a total of 32 beds. According to the Applicant this design is intended to accommodate varying levels of patient acuity as well as to maintain adequate nursing ratios. All patient rooms will be private with dedicated family space to accommodate overnight stays. Additionally, there will be a unit patient and family amenity spaces to include a family shower, laundry accommodations, a family living room, and a multi-purpose room that can accommodate recreational therapy. There will be (1) medication room, (1) clean supply room, (1) equipment room, and (1) nourishment room for every 16 beds. Nursing stations will also be decentralized at the ratio of 2 per 16 beds to maximize visibility to patient rooms - this is partnered with charting alcoves between every two (2) patient rooms.

Reason for Increased Size of Beds

The Applicant states the increased size for the Medical-Surgical and ICU beds is to support the Medical Center’s mission as an Academic Medical Center with intense integrated research and teaching. This requires additional medical staff space for students, Residents, Fellows as well as Clinical Research Coordinators. This academic and research component results in more staff coming into the patient room during clinical rounds. The workspaces and multidisciplinary work rooms on the floors also need to accommodate teaching rounds. The Applicant states further that another driver for the size and layout of the inpatient units is the learnings from the pandemic. The Medical Center has increased the percentage of negative pressure isolation rooms on each unit. According to the Applicant this will allow the Medical Center to continue to provide cancer care to patients who are being ruled out or are diagnosed with respiratory illnesses such as flu or Covid. The size of the room is also meant to accommodate the intense needs for managing personal protective equipment and other necessary supplies and trash to manage care during pandemics.

B. Projected Service Utilization

Projected utilization is discussed in detail in the sections below. Should the State Board accept the Applicants projection the Medical Center can justify the 545 medical surgical beds and the 158 intensive care beds being proposed.

C) Unfinished or Shell Space

The proposed project will consist of 135,739 BGSF of shelled space for future expansion. The Applicant states the shelled space is intended to enable growth and provide flexibility for the medical campus, particularly for the Cancer Service line where new drugs and clinical therapies will continue to emerge for future treatments. Additionally, the shelled space will also include the structural support to allow for the vertical expansion of the building in the future. The Applicant states future shelled space may include Radiation Oncology, additional outpatient clinics, infusion space, inpatient beds, and research. **Shelled space expansion** is required to be submitted to the State Board for approval.

The total gross square footage of the proposed shell space at the cancer center will include 135,739 BGSF. The shell space is located on the following floors:

- a. **Lower Level** - 29,710 BGSF for a future Radiation Oncology department that is planned for four Linear Accelerator vaults and various patient and staff support spaces.
- b. **Level 5** - 36,300 BGSF for future medical/surgical inpatient units that would include (32) patient beds plus various family and staff support spaces.
- c. **Level 6** - 13,454 BGSF for a future medical/surgical inpatient unit that would include (16) patient beds plus various family and staff support spaces.
- d. **Level 7** - 56,275 BGSF for future medical/surgical inpatient units that would include (32) patient beds plus various family and staff support spaces. Other shell space on Level 7 might include a cGMP Facility¹ that would be directly involved with cancer treatment and research performed in cancer center.

D) Assurances

The Applicant stated an Application for Permit will be submitted to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved. The Applicant is estimating the first Application for Permit will be filed April 30, 2029.

IX. Relationship to Previously Approved Master Design Projects

Criterion 1110. 235 (c) - Relationship to Previously Approved Master Design Projects

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 the 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 that will be utilized to support additional phases are justified under the approved master design permit. Documentation shall consist of:

¹ CGMP refers to the Current Good Manufacturing Practice regulations enforced by the FDA. CGMP provides for systems that assure proper design, monitoring, and control of manufacturing processes and facilities.

- 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 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.

This criterion requires the State Board to determine if the proposed construction project is consistent with the approved Master Design Permit. In March of 2022 the State Board approved the Applicant for a Master Design Permit (Permit #22-004). At that time the State Board approved a 5-story building with a lower level and a mechanical penthouse with approximately 30,000 GSF of shelled space at a total cost of approximately \$633.3 million and 544,000 GSF of space. The Master Design estimated a need for 128 beds and 4 additional floors of vertical expansion. Subsequently the Applicant submitted the proposed project that included 7-stories with a lower level and mechanical penthouse in 575,000 GSF of space at a cost of approximately \$815.1 million. The Applicant is proposing 80 beds and 135,739 GSF of shelled space and vertical expansion of 3-additional floors.

Reason for the Change

The Applicant states the Master Design Permit allowed the Applicant time to engage the community in the planning effort, alongside the architects and to redefine the design based on community input. According to the Applicant the project is like the project approved under the Master Design Permit, *“but better tailored to the depth and breadth of the community's needs and to account for increased demand for cancer services in the coming years. While the Project is incrementally larger, with a cost increase and an increase in square footage, the increases are commensurate with the anticipated demand for a cancer hospital dedicated to both treating and preventing cancer.”*

Increase in cost result of:

- Increase in cost of over \$100 million because of hyperinflation
- Number of built floors from 6 to 7 and total capacity from 10 to 11 floors
- Flexibility to accommodate the role of academic medical center
- Shift from Silver to Gold LEED certification
- City of Chicago Building Code Updates
- Increased resiliency of the building to weather storms

Increase in Shelled Space:

- 30,000 GSF of Radiology Oncology shelled because of the high cost of building the vaults now with no increase in volume
- 50,000 GSF of shelled space attributable to the reduction in the number of beds
- 50,500 GSF of shelled space was added to ensure “future speed to market”

See pages 144-206 of the Application for Permit for documentation of the Applicant engagement with the community.

IX. Medical/Surgical, Obstetric, Pediatric and Intensive Care

A. Criterion 1110.200 (b) (2) - Planning Area Need – Service to Planning Area Residents

B. Criterion 1110.200 (b) (4) - Planning Area Need – Service Demand – Expansion of an Existing Category of Service

C. Criterion 1100.200 (e) – Staffing

D. Criterion 1100.200 (f) – Performance Requirements

E. Criterion 1100.200 (g) – Assurance

The Applicant is proposing an increase of 60 medical surgical beds and 16 intensive care beds. Should this project be approved, the Hospital will have an authorized bed count of 545 medical surgical beds and 158 intensive care beds.

A) Service to Planning Area Residents

The Applicant states that in FY2022, 50% of all inpatients resided within the A-03 planning area, which covers the immediate surrounding zip codes that are part of Chicago's South Side, Chicago's Southwest Side, and the Loop. 95% of all inpatients resided within the Medical Center's Primary and Secondary Service Area, composed of the City of Chicago, its suburbs, and neighboring counties. 79% of inpatients resided within Cook County. 54% of all adult med-surg patients are from within the A-03 Planning Area. 43% of ICU patients are from within the A-03 Planning Area. The Applicant states this is due in part to many transfers into the Medical Center for patients who require a higher level of care. The Medical Center is a Level 1 Adult Trauma Center and a Level I Pediatric Trauma Center, and the ICU often sees patients from within the Medical Center's planning area and from other parts of Chicagoland. Based upon the information submitted by the Applicant the proposed cancer center will serve the residents of the A-03 Hospital Planning Area.

B) Planning Area Need – Service Demand – Expansion of an Existing Category of Service

The Applicant is proposing an increase of 60 medical surgical beds and 16 intensive care beds at the Medical Center. The Applicant states these additional beds will be included at the cancer facility for patients who would otherwise be placed in other medical surgical units across the Hospital. According to the Applicant the rate of cancer is increasing overall, with the incidence higher in the South Side communities than elsewhere in the city and state. According to the Applicant the health care needs of the population in Planning Area A-03 are also unique, with some of the highest rates of disease and mortality, which has only been compounded by the COVID-19 public health emergency. The increased demand for cancer care may soon outpace capacity of hospitals and inhibit their ability to provide timely treatment. Both the high acuity that the Medical Center treats and the incidence of cancer on the South Side, contribute to the need for additional beds.

1. Medical Surgical

Historical utilization justifies 468 medical surgical beds at the target occupancy of 90% and not the 545 medical surgical beds being requested. The Medical Center’s medical surgical patient days has experienced a compound annual growth rate of 4.4% between FY2016 and FY2022. From FY 2023 forward the Applicant is projecting a growth rate of 2.2%. The table below outlines the Applicant’s expected growth in patient days. The State Board Standard for a bed complement of 200+ beds are 90%. Table Six shows the ADC, Occupancy and the Number of Beds justified at the State Board Standard of 90%.

TABLE SIX Medical Surgical Utilization					
Year	Beds	Days	ADC	Occ	Beds Justified at 90%
2016	506	118,273	324	64.04%	361
2017	506	130,516	358	70.67%	398
2018	506	130,347	357	70.58%	397
2019	506	136,794	375	74.07%	417
2020	506	130,516	358	70.67%	398
2021	506	146,524	401	79.34%	447
2022	481	153,459	420	87.41%	468
2023	481	156,835	430	89.33%	478
2024	545	160,285	439	80.58%	488
2025	545	163,812	449	82.35%	499
2026	545	167,416	459	84.16%	510
2027	545	171,099	469	86.01%	521
2028	545	174,863	479	87.90%	533
2029	545	178,710	490	89.84%	545

2. Intensive Care

Historical utilization justifies 187 intensive care beds at the target occupancy of 60%. The Applicant currently has been authorized for 142 ICU beds and is proposing 16 additional ICU beds for a total of 158 ICU beds. The State Board Standard for ICU beds is 60% no matter the number of beds. The 158 ICU beds are justified.

The Applicant has had a historical annual growth rate of 4.7% between FY2016 and FY 2022 and is projecting a growth of 1.5% annually from FY 2023 onward. Table Seven shows the ADC, Occupancy and the Number of Beds justified at the State Board Standard of 60%.

TABLE SEVEN Intensive Care Utilization					
Year	Beds	Days	ADC	Occ	Beds Justified at 60%
2016	146	31,114	85	58.4%	142
2017	146	32,629	89	61.2%	149
2018	146	35,254	97	66.2%	161
2019	146	36,348	100	68.2%	166
2020	146	35,000	96	65.7%	160
2021	146	37,663	103	70.7%	172
2022	142	40,902	112	78.9%	187
2023	142	41,516	114	80.1%	190
2024	158	42,138	115	73.1%	192
2025	158	42,770	117	74.2%	195
2026	158	43,412	119	75.3%	198
2027	158	44,063	121	76.4%	201
2028	158	44,724	123	77.6%	204
2029	158	45,395	124	78.7%	207

Based upon historical growth and a reasonable growth estimate it appears the number of medical surgical and intensive care beds being requested is justified.

3. Staffing

The Applicant states it does not foresee any significant challenges to hire and recruit nurses to staff the anticipated service and program needs of the proposed cancer center. The Applicant states the public health emergency has impacted the nursing workforce and contributed to nursing vacancies across Chicagoland, the State, and the Country. The Medical Center has a strong team of recruiters who work to recruit and hire the best nursing talent. The Applicant anticipates being able to fill the positions required for the Center.

4. Performance Requirements

The Applicant is proposing a total of 545 medical surgical beds and 158 intensive care beds. The 545 medical surgical beds exceed the 100 beds within a Metropolitan Statistical Area and the 158 intensive care beds exceeds the 4 ICU beds that are required.

5. Assurance

The Applicant has submitted the necessary attestation that the proposed medical surgical and intensive care beds will meet and sustain the occupancy standards as required by this criterion.

X. Clinical Service Area other than Categories of Service

The Applicant states the proposed project will consolidate cancer care in one facility, and according to the Applicant fostering communication, collaboration, and strategic

deployment of technology. The Applicant states currently, a cancer patient has multiple points of entry to the Medical Center’s system with diffuse physical locations. The new building will allow patients to have all appointments in one area and to improve multidisciplinary collaboration and cooperation. The Applicant is proposing the following imaging equipment:

1. Radiology

TABLE EIGHT Radiology Services Campus Wide				
Service	Existing	Proposed	Increase	State Board Standard
CT	8	10	2	7,000 visits per unit
MRI	9	11	2	2,500 visits per unit
Ultrasound	8	10	2	3,100 visits per unit
X-Ray	21	22	1	6,500 visits per unit
Mammography	4	5	1	5,000 visits per unit

TABLE NINE Utilization				
Service	Proposed Units	2022	Units Justified	Met Standard
CT	10	85,415	13	Yes
MRI	11	26,526	11	Yes
Ultrasound	10	16,421	5	No
X-Ray	22	184,899	29	Yes
Mammography	5	16,525	4	No

- a) **CT utilization** had a growth rate of 11.4% annually from 2016- 2022. The Applicant applied a straight-line projection through FY29 that would justify 25 CT scan units at the State Board’s standard of 7,000 visits per unit. **The 2022 historical utilization justifies the 10 units being requested.**
- b) **MRI utilization** had a growth rate of 4.3% annually from 2016-2022. Applying a straight-line projection through FY29 would justify 15 MRI units and not the 12 being proposed. **The 2022 historical utilization justifies the 11 units being requested.**
- c) **Ultrasound utilization** had a growth rate of 4.2% annually from 2016-2022. A straight-line projection through FY29 would justify 8 Ultrasound units and not the 10 units being requested. Justification of the 10 units as provided by the Applicant. To ensure a smooth patient experience and efficient care delivery, it will be important to have all imaging performed in the same building. According to the Applicant ultrasound units do not contribute significantly to high healthcare spend (relative to other costs), averaging about -\$250,000 per machine. The Medical Center existing ultrasound machines are commonly used for very specific purposes site specific machines see utilization as high as 80% or more.

- d) **X-ray utilization** had a growth rate of 5.7% annually from 2016-2022. Applying a straight-line projection through FY29 would justify 42 X-ray units at the State Board’s target of 6,500 visits per unit and not the 22 units being requested. **The 2022 historical utilization justifies the 22 units being requested.**
- e) **Mammography volume** justifies 4 units, based on the state standard of 5,000 visits per unit. The Medical Center has seen a growth rate of 1.7% annually for ultrasound services from 2016-2022. Applying a straight-line projection through FY29 would justify 4 units. The Applicant is projecting higher than historical growth for mammograms and is requesting to add one additional mammography unit. While volume projection based on historical growth will not justify the additional mammography unit the Medical Center anticipates higher demand for mammograms in the future as it continues to grow its breast cancer screening and diagnostics program, as evidenced by the annual growth rate of 4.6% in the most recent 4 years.

2. Radiation Therapy

The Medical Center currently has 4 linear accelerators on the Medical Center Campus. The Applicant states co-locating radiation therapy in the dedicated, comprehensive cancer facility along with other disciplines is a **long-term vision** of the Medical Center. In FY22, there were 16,584 radiation therapy treatments at the Medical Center. Based on Sg2's forecast, radiation therapy will experience a modest growth in the next 10 years (4%) as new and expanded use of combination treatments of immune and radiation becomes common. The Medical Center does not anticipate needing an additional Linear Accelerator in the future and may leverage the shell space for new therapies and technologies that have not been identified.

3. Ambulatory

	Existing Rooms	Proposed Rooms	Increase
Outpatient Clinic Exam Rooms	57	90	47
Outpatient Breast Center Clinic Exam Rooms	8	18	10
Outpatient Infusion Therapy	54	67	13
Outpatient Cellular Therapy	5	12	7
Cancer Urgent Care - Oncology Rapid Assessment Clinic (ORAC)	3	8	5

The State Board **does not have standards** for the 5 services listed in the table above.

a) Outpatient Clinic Exam Rooms

The Applicant states outpatient cancer care is forecasted to increase over the next 10 years (16%) and that has been the case at the Medical Center where the growth has been more substantial for outpatient care than to inpatient care. The Medical Center currently has 57 dedicated exam rooms in medical oncology and are proposing the need for 90 exam rooms by 2029. The Medical Center is projecting an outpatient growth rate of 4.7% annually and the proposed 90 rooms will not be sufficient. The Applicant anticipates room turns of 4.5

to 7 room turns per day due to additional space and efficiency gain from the layout of the cancer center.

b) Outpatient Breast Center Clinic Exam Rooms

According to the Applicant the clinic portion of the suite will include (18) exam/consult rooms and appropriate support spaces. The Prevention Center includes a small clinic and resource library space. The Breast Center will co-locate specialists from medical and surgical oncology as well as Plastic & Reconstructive Surgery. The Applicant states many of these providers see patients on the same day-especially the Breast Surgeons and Plastic & Reconstructive Surgery team. These surgeons typically see more than seven patients per room per day and consequently will need more than 10 rooms between them. The Applicant states while the room turns per day are smaller for medical oncology providers oncology providers, advanced practice providers, survivorship providers and other providers that will practice in this space, an additional ten rooms are needed to accommodate these services.

c) Outpatient Infusion Therapy

The Applicant states the Medical Center currently has 54 infusion bays for oncology patients on the Hyde Park campus and the plan is to **add 13 infusion bays** to improve access and meet the anticipated demand. According to the Applicant in FY22, there were 23,944 infusion visits, which equaled to utilization rate of 67%. The Applicant states academic medical centers typically treat patients with higher acuity and as result have lower utilization rate, around 60%. With the expected 4.7% annual growth rate in the outpatient patient environment, the demand for infusion therapy will grow to about 34,000 infusion visits.

d) Outpatient Cellular Therapy

The Applicant states the Medical Center has seen its Cellular Therapy (Bone marrow transplants, Car-T, etc.) treatment volume grow. From FY16 to FY22, cell therapy volume at the Medical Center increased from 147 to 204, a 39% increase. The Applicant states The Medical Center's existing outpatient cellular therapy consists of five (5) private bays. According to the Applicant over the next decade, the Medical Center is anticipating that cellular therapy volume will nearly double. Historically, cellular therapy offerings have been limited to treating blood cancers. While that will continue to be the case, it is also anticipated that solid tumor cancer diagnoses will also increasingly have cellular therapy options as the standard of care in the future. The Applicant states because of this expected demand for novel treatments, plus the anticipated shift of apheresis² services and bone marrow biopsies to this area, the Medical Center expects that 12 rooms will be needed to meet this patient demand. The Applicant states these private rooms, which will be co-located next to the general infusion bays for Heme malignancies, are designed for Hematopoietic³ Stem Cell Transplantation (HSCT) and Apheresis services. This space is also the location that bone marrow biopsies will be performed.

² A procedure in which blood is collected, part of the blood such as platelets or white blood cells is taken out, and the rest of the blood is returned to the donor.

³ An immature cell that can develop into all types of blood cells, including white blood cells, red blood cells, and platelets. Hematopoietic stem cells are found in the peripheral blood and the bone marrow. Also called blood stem cell.

e) **Oncology Rapid Assessment Clinic (ORAC)** will offer patients an alternative to the emergency room when cancer or treatment related side effects surface. The Applicant state cancer patients, who are immunocompromised, are at enhanced risk of infection in an emergency room environment. According to the Applicant the Medical Center uses roughly 3 ORAC bays per day. In its current form there are a variety of limitations on the services that are offered within this space. The Medical Center proposes to expand ORAC to an eight-bay service and operate it as a 24-hour service. These extended hours will enable the Medical Center to increase the number of services that are offered within this space and thus will need the requested space to meet the needs of its patient population. With more treatments shifting to the outpatient setting, providing a controlled environment of ORAC is a safer environment for patients and the Medical Center will take measured steps to increase the number of services that can be offered within this space

a) **Phlebotomy**

While phlebotomists will be deployed throughout the facility to collect specimens, the comprehensive cancer facility will include a dedicated space for blood draw. The Applicant states patients may have their blood draws completed in the outpatient departments or they can stop by the dedicated phlebotomy chairs on their way in or out of the facility. Inpatient blood draws will be done at the bedside by phlebotomists. According to the Applicant when clinically viable, the inpatient and outpatient blood draws transport the specimen through the pneumatic tube system to the existing Central Lab located in the Mitchell building.

b) **Wellness Center**

The Oncology Patient Support Center in the cancer facility includes supportive and integrative therapies. According to the Applicant this space will include consultation rooms and rehabilitation gym equipment for the delivery of supportive outpatient services to support the cancer patient and family members during cancer treatment. The Applicant states services include palliative care, cancer nutrition, physical and occupational therapy, social work services, psychology/psychiatry services, patient education, support groups, acupuncture, and massage.

Cancer Ancillaries

a) **Pharmacy**

The cancer facility will include pharmacy space that will support the highly specialized tertiary and quaternary services that will be delivered. The Applicant states to maximize efficiency, inpatient and ambulatory pharmacy have been combined in the cancer facility. According to the Applicant the pharmacy will be responsible for providing first dose medications, stat medications, routine doses, IV preparation, and compounding for the adult Cancer Patient population. The pharmacy will have chemotherapy, immunotherapy, and oncology supportive care (IV nutrition, narcotics, etc.) production located in the cancer building to minimize the time between testing and treatment for the patient.

b) Human Tissue Resource Center (HTRC)/Biofluids Lab

The comprehensive cancer facility includes a biobanking specimen lab space dedicated for the processing of specimens, bringing together HTRC and Biofluids Lab, for clinical research trials. The Applicant states this space will be co-located near the infusion space to allow for enhanced collaboration and reduced waits between the collection of specimens and the processing of specimen. The new lab accounts for the anticipated growth in innovative and personalized treatment options. According to the Applicant the Medical Center anticipates a significant increase in the number of trials that are needed for its patients. The Medical Center anticipates that the complexity of the trials it offers will continue to increase as well. The dedicated biobanking specimen lab space will enable these needed services to occur in an area that is proximate to where patients are being seen and will reduce the number of wasted steps that the care team has to take to deliver specimens to their existing processing labs.

XI. Financial Viability and Economic Feasibility

A) Criterion 1120.120 - Availability of Funds

B) Criterion 1120.130 - Financial Viability

C) Criterion 1120.140 (a) – Reasonableness of Financing

The Applicant is funding this project with cash in the amount of \$365.1 million and a bond issue of \$450 million. The University of Chicago Medical Center has an “A” or better bond rating and therefore qualifies for the financial viability waiver.

TABLE TEN			
University of Chicago Medical Center			
Audited as of June 30 th			
(In thousands)			
	2022	2021	2020
Cash	\$60,997	\$184,839	\$538,725
Current Assets	\$828,914	\$1,083,667	\$1,123,564
Total Assets	\$4,179,357	\$4,534,317	\$4,100,832
Current Liabilities	\$653,545	\$811,017	\$887,502
Total Liabilities	\$1,954,697	\$2,219,013	\$2,305,054
Patient Service Revenue	\$2,548,487	\$2,331,509	\$2,048,957
Other	\$436,961	\$457,645	\$497,747
Total Revenue	\$2,985,448	\$2,789,154	\$2,546,704
Operating Expenses	\$2,903,167	\$2,669,969	\$2,496,769
Operating Income in Excess of Expenses	\$82,281	\$119,191	\$50,915
Revenue and Gains in Excess of Expenses and Losses	-\$71,959	\$509,588	\$75,558

D) Criterion 1120.140 (b) - Conditions of Debt Financing

The Applicant anticipates financing the project with cash and borrowing and have attested to

- A) portion or all the cash and equivalents must be retained in the balance sheet asset accounts to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
- B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period. (Application for Permit page 301)

Fitchratings states “UChicago Medicine is a major Academic Medical Center system, whose flagship University of Chicago Medical Center campus is located on the campus of University of Chicago. In 2016, Ingalls joined University of Chicago Medical Center. While the University of Chicago is not obligated on University of Chicago Medical Center’s bonds, the University of Chicago Medical Center is a component unit of the University and there is very tight alignment between the two (UChicago would be required to assume certain University of Chicago Medical Center debt only if the University terminated its affiliation agreement or lease with the medical center). UChicago Medicine’s total operating revenue measured nearly \$3 billion in audited fiscal 2022 (June 30 FYE). The planned acquisition of AdventHealth’s Chicagoland assets will add nearly \$1 billion in operating revenue to the system.”

D) Criterion 1120.140 (c) - Reasonableness of Project and Related Costs

The applicant shall document that the estimated project costs are reasonable and shall document compliance with the State Board Standards.

Only the clinical costs will be reviewed. Itemization of these costs can be found at page at the end of this report.

Site Survey and Soil Investigation and Site Preparation – These costs are \$4,285,214 or 2.76% of new construction and contingency costs of \$155,477,374. These costs appear reasonable when compared to the State Board Standard of 5%.

New Construction and Contingencies – These costs are \$155,477,374 or \$798.01 per GSF (\$155,477,374 ÷ 194,821 GSF). These costs appear HIGH when compared to the State Board Standard of \$495.08 per GSF.

Contingency Costs – These costs are \$14,134,307 and are 10% of new construction costs. This appears reasonable when compared to the State Board Standard of 10%.

Architectural/Engineering Fees – These costs are \$7,454,049 or 4.79% of new construction and contingency costs. This appears reasonable when compared to the State Board Standard of 3.59-5.39%

The State Board does not have a standard for these costs.

Consulting and Other Fees	\$8,833,335
Movable or Other Equipment	\$71,463,795
Bond Issuance Expense	\$1,216,701
Net Interest Expense	\$20,257,800

Other Costs to Be Capitalized	\$15,144,152
Total	\$116,915,783

E) Criterion 1120.140 (d) - Projected Operating Costs

The direct cost per equivalent patient day is \$186 per equivalent patient day. The State Board does not have a standard for these costs.

F) Criterion 1120.140 (e) - Total Effect of the Project on Capital Costs

The total effect of the project on capital costs is \$99 per equivalent patient day. The State Board does not have a standard for these costs.

APPENDIX ONE			
Itemization of Project Costs			
	Total	Reviewable	Non-Reviewable
Site Survey and Soil Investigation			
Soil Testing	\$700,000	\$210,000	\$490,000
Site Preparation			
Earthwork	\$1,120,050	\$336,015	\$784,035
Hardscape	\$1,113,846	\$334,154	\$779,692
Landscaping	\$2,475,050	\$742,515	\$1,732,535
Other	\$8,875,100	\$2,662,530	\$6,212,570
Total	\$13,584,046	\$4,075,214	\$9,508,832
Off Site Work			
Network & Pneumatic Tube Connection	\$4,807,001	\$1,442,100	\$3,364,901
Total			
New Construction			
	\$470,891,432	\$141,343,067	\$329,548,165
Modernization			
	\$2,863,539	\$0	\$2,863,539
Contingencies			
	\$47,375,497	\$14,134,307	\$53,241,190
Architectural Engineering Fees			
	\$24,846,831	\$7,454,049	\$17,392,782
Consulting and Other Fees			
Capitalized Staff Salaries	\$11,703,858	\$3,511,157	\$8,192,701
Project Management	\$1,980,000	\$594,000	\$1,386,000
Cost and Permit Review	\$764,500	\$229,350	\$535,150
Public Relations	\$440,000	\$132,000	\$308,000
Utility	\$137,500	\$41,250	\$96,250
Legal	\$1,595,000	\$478,500	\$1,116,500
Donor/Philanthropy	\$605,000	\$181,500	\$423,500
Testing Inspections	\$3,194,114	\$958,234	\$2,235,880
Commissioning	\$2,899,116	\$869,735	\$2,029,381
IT Consulting	\$658,177	\$197,453	\$460,724
Landscaping	\$269,501	\$80,850	\$188,651
Signage and Wayfinding	\$363,756	\$109,127	\$254,629
Medical Equipment Planning	\$460,955	\$138,287	\$322,668
Vertical Transportation Planning	\$152,417	\$45,725	\$106,692
Acoustical/Vibration Consulting	\$136,695	\$41,009	\$95,686
Lighting Consulting	\$596,881	\$179,064	\$417,817
Hardware Consulting	\$17,545	\$5,264	\$12,281
Permit Expeditor	\$55,825	\$16,748	\$39,077
Exterior Enclosure Consulting	\$301,455	\$90,437	\$211,018
Misc. Consulting	\$2,924,250	\$877,275	\$2,046,975
LEED Consulting	\$187,906	\$56,372	\$131,534

APPENDIX ONE			
Itemization of Project Costs			
	Total	Reviewable	Non-Reviewable
Total	\$29,444,451	\$8,833,335	\$20,611,116
Moveable and Other Equipment			
Inpatient	\$6,736,117	\$6,736,117	\$0
Imaging	\$19,088,699	\$19,088,699	\$0
Breast Cancer	\$6,677,308	\$6,677,308	\$0
Exam Rooms	\$1,469,605	\$1,469,605	\$0
Infusion	\$3,216,467	\$3,216,467	\$0
ORAC	\$783,905	\$783,905	\$0
Pharmacy	\$7,797,464	\$7,797,464	\$0
Phlebotomy	\$110,358	\$110,358	\$0
Rehab/Nutrition	\$254,518	\$254,518	\$0
HTRC & Biofluids	\$1,161,691	\$1,161,691	\$0
Furniture	\$13,778,285	\$4,133,486	\$9,644,799
Artworks/Graphics	\$1,017,500	\$305,250	\$712,250
Support Services Equipment	\$1,265,000	\$379,500	\$885,500
IT Equipment Management	\$1,949,746	\$1,072,360	\$877,386
Network Equipment	\$19,357,800	\$10,646,790	\$8,711,010
Clinical Systems	\$8,861,441	\$4,873,793	\$3,987,648
Technology Devices	\$5,011,792	\$2,756,486	\$2,255,306
Total	\$98,537,696	\$71,463,797	\$27,073,899
Other Costs to be Capitalized			
Air Monitoring	\$253,000	\$75,900	\$177,100
Utility Usage	\$4,713,038	\$1,413,911	\$3,299,127
Electric Service	\$2,970,000	\$891,000	\$2,079,000
Security	\$6,118,640	\$1,835,592	\$4,283,048
Mock-Up's	\$2,722,500	\$816,750	\$1,905,750
Transition/Activation	\$8,442,500	\$2,532,750	\$5,909,750
Other	\$2,685,582	\$805,675	\$1,879,907
Permit Fees	\$2,493,618	\$748,085	\$1,745,533
Technology Infrastructure	\$5,624,960	\$1,687,488	\$3,937,472
Master Antenna/RFID	\$5,088,710	\$1,526,613	\$3,562,097
Security Systems	\$4,443,230	\$1,332,969	\$3,110,261
Facilities Systems	\$1,424,900	\$427,470	\$997,430
Technology Project Management	\$3,499,830	\$1,049,949	\$2,449,881
Total	\$50,480,508	\$15,144,152	\$35,336,356

**APPENDIX TWO
Cost Space Chart**

	Cost	Existing	Proposed	New	Modernized
Medical Surgical	\$80,754,936		58,085	58,085	
Intensive Care	\$22,151,840		14,864	14,864	
General Radiology	\$24,885,249		14,722	14,722	
Breast Center	\$11,015,404		7,923	7,923	
Outpatient Clinics	\$54,113,301		38,316	38,316	
Infusion Therapy	\$41,759,583		28,994	28,994	
Outpatient Cell Therapy	\$8,197,791		4,850	4,850	
ORAC	\$14,351,335		8,318	8,318	
Phlebotomy	\$2,372,430		1,777	1,777	
Wellness	\$5,455,051		4,074	4,074	
Cancer Ancillaries	\$20,517,599		12,898	12,898	
Reviewable	\$285,574,519		194,821	194,821	
Building Support	\$185,454,257		103,960	103,960	
Staff Support	\$40,577,589		33,566	33,566	
Public	\$134,844,587	4,091	88,749	88,749	4,091
Administrative Offices	\$3,645,068		3,215	3,215	
Shell	\$153,914,866		135,739	135,739	
Bridges	\$8,295,636		2,204	2,204	
Tunnel	\$2,806,146		1,258	1,258	
Non-Reviewable	\$529,538,149		368,691	368,691	
Total	\$815,112,668	4,091	563,512	563,512	4,091

**APPENDIX THREE
Charity Care Expense and Medicaid Revenue
FY 2020 – FY 2022**

	FY 2020	FY 2021	FY 2022
Net Patient Revenue	\$1,746,725,000	\$2,000,232,997	\$2,188,854,056
Charity Patients			
Inpatient	940	340	460
Outpatient	21,192	14,870	10,012
Total	22,132	15,210	10,472
Charity cost			
Inpatient	\$17,320,551	\$3,505,779	\$13,413,005
Outpatient	\$24,157,208	\$16,982,180	\$13,541,260
Total	\$41,477,759	\$20,487,959	\$26,954,265
% Of Net Patient Revenue	2.37%	1.02%	1.23%
Medicaid Patients			
Inpatient	11,635	12,335	12,617
Outpatient	147,940	138,695	159,040
Total	159,575	151,030	171,657
Medicaid Revenue			
Inpatient	\$334,038,769	\$409,276,752	\$447,645,408
Outpatient	\$88,188,976	\$143,646,625	\$167,306,485
Total	\$422,227,745	\$552,923,377	\$614,951,893
% Of Net Patient Revenue	24.17%	27.64%	28.09%

**APPENDIX FOUR
Construction Premiums**

Description	Value	Notes
Deep Foundation System	\$4,000,000	Structural and foundational premiums for a caisson system
Basement Construction	\$4,500,000	Costs for basement including excavation, concrete, and underground work such as plumbing
Contaminated Soils	\$2,500,000	Contaminated soil has a high disposal cost
New Seismic Code Adopted thru Chicago Building Code 2019, require additional supports for MEP systems and additional steel support for curtain wall system	\$2,000,000	Additional supports and miscellaneous steel for MEP systems and still framing for curtain wall system
Exterior wall construction to satisfy the architectural integrity of the University Campus	\$12,000,000	Higher aesthetic façade to align with University of Chicago Campus
Tall floor to floor Heights at lower level in order connecting bridge to align with 5th floor of existing Center for Care and Discovery Building	\$3,000,000	Building is 12 feet taller to have proper alignment with 5th floor of the Center for Deign & Discovery.
Enhance campus landscaping to align with Cancer Center	\$900,000	Landscaping beyond building to coordinate appearance with Cancer Center
Uninterrupted power system (UPS)in a redundant set-up for Technology Systems	\$1,200,000	Technology rooms are on emergency power and have a redundant UPS system
Premiums costs for staging and safety due to urban campus environment and proximity of Emergency Department	\$750,000	To ensure safe and minimize traffic impacts, flaggers are required for all entry/existing of the site
Premium for Phase 2 Structural System	\$1,000,000	Structural steel premiums in phase 1 structure for phase 2 building
Premium for Phased 2 mechanical/electrical/plumbing system	\$900,000	Add capacity for MEP Systems in phase 1 to support phase 2
Additional Structural capacity build into shelled floors for future shelled floor program flexibility	\$1,100,000	Higher floor structural loadings to provide flexible uses in the future
Technology connections to existing campus infrastructure	\$1,050,000	Premiums due to distances sand working in an existing facility and redundant paths

**APPENDIX FOUR
Construction Premiums**

Description	Value	Notes
MEP connections to campus utilities for redundancy	\$500,000	Additional steam & chilled water lines for greater campus reliability and maintenance
Steam tunnel for personnel and utilities to connect to existing hospital system	\$450,000	Concrete tunnel including earth retention and steam tunnel
Pneumatic Tube connection and system enhancement to existing hospital system	\$1,400,000	Premium due to distance to existing services and working in an existing facility
Bridges for connection to Parking Garage B and CCD	\$7,100,000	Bridges are for patient, staff, and family to connect to existing facilities
Sustainability and LEED Gold	\$3,250,000	Enhanced mechanical electrical and plumbing systems and additional landscaping including terraces
Total	\$47,600,000	