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:	BOARD MEETING:	PROJECT NO:	PROJECT COST:
H-01	December 17, 2024	24-028	Original: $2.5M
FACILITY NAME: **Advocate Christ Medical Center**		CITY: Oak Lawn	
TYPE OF PROJECT: Non-substantive			**HSA:** VII

PROJECT DESCRIPTION: The Applicants (Advocate Health and Hospitals Corporation d/b/a Advocate Christ Medical Center, Advocate Aurora Health, Inc., and Advocate Health, Inc.) propose to transition 12 obstetrics beds to 12 medical surgical beds at a cost of approximately $2.5 Million. The expected completion date is March 20, 2026.

Information on this Application for a Permit can be found at this link:
https://hfsrb.illinois.gov/projects/project.24-028-advocate-christ-medical-center.html

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Advocate Health and Hospitals Corporation d/b/a Advocate Christ Medical Center, Advocate Aurora Health, Inc., and Advocate Health, Inc.) propose to transition 12 obstetrics beds to 12 medical surgical beds for a total of 437 medical surgical beds. The obstetric category of service will be reduced to 44 obstetric beds. The cost of the project is approximately $2.5 Million. The expected completion date is March 20, 2026.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- This project is before the State Board because the number of beds requested has exceeded the lesser of 10% or 20-bed rule over the past two years.

PURPOSE OF THE PROJECT:

- The project aims to add medical-surgical beds to address the hospital's high utilization of the medical-surgical service category. The Table below outlines the historical and projected utilization of the proposed 437 medical-surgical beds.

EXECUTIVE SUMMARY [(1)] [(2)]
Historical and Projected Information

Year	2019	2020	2021	2022	2023
Days	147,901	140,513	150,989	154,100	154,700
ADC	405	385	414	422	424
Occ	92.72%	88.09%	94.66%	96.61%	96.99%

Year	2024	2025	2026	2027
Days	156,927	159,124	161,351	163,611
ADC	430	436	442	448
Occ	98.38%	99.76%	101.16%	102.57%

1. Occupancy % is based upon the proposed 437 beds for all years presented.
2. State Board Target Occupancy is 90% for a bed complement of 200+beds

PUBLIC HEARING/COMMENT:

- No public hearing was requested, and no letters of opposition were received. However, the State Board has received letters of support.

SUMMARY:

- The Applicants have met all the requirements of the State Board.

STATE BOARD STAFF REPORT
#24-029
Advocate Christ Medical Center

APPLICATION CHRONOLOGY	
Applicants	Advocate Health and Hospitals Corporation d/b/a Advocate Christ Medical Center, Advocate Aurora Health, Inc., and Advocate Health, Inc.
Facility Name	Advocate Christ Medical Center
Location	4440 W. 95th Street, Oak Lawn, Illinois
Permit Holder	Advocate Health and Hospitals Corporation d/b/a Advocate Christ Medical Center, Advocate Aurora Health, Inc., and Advocate Health, Inc
Operating Entity/Licensee	Advocate Health and Hospitals Corporation d/b/a Advocate Christ Medical Center
Owner of Site	Advocate Health and Hospitals Corporation d/b/a Advocate Christ Medical Center
Application Received	September 9, 2024
Application Deemed Complete	September 18, 2024
Anticipated Completion Date	March 20, 2026
Review Period Ends	November 17, 2024
Did the State Board staff extend the review period?	No
Can the Applicants request a deferral?	Yes

I. Project Description

The Applicants (Advocate Health and Hospitals Corporation d/b/a Advocate Christ Medical Center, Advocate Aurora Health, Inc., and Advocate Health, Inc.) propose transitioning 12 obstetrics beds to 12 medical surgical beds for 437 beds. The obstetric category of service will be reduced to 44 obstetric beds. The cost of the project is approximately $2.5 Million. The expected completion date is March 20, 2026.

II. Summary of Findings

A. The State Board Staff finds the project does conform with all relevant provisions of Part 1110.

B. The State Board Staff finds the project does conform with all relevant provisions of Part 1120.

III. General Information

The Applicants are Advocate Health and Hospitals Corporation, Advocate Aurora Health Inc., Advocate Health Inc. Advocate Aurora Health, Inc. This nonprofit corporation owns and operates primarily not-for-profit healthcare facilities in Illinois and Wisconsin. Advocate Aurora Health, Inc. is the sole corporate member of Advocate Health Care Network, an Illinois not-for-profit corporation, and Aurora Health Care, Inc., a Wisconsin nonstock not-for-profit corporation. Effective December 2022, Advocate Aurora Health, Inc. and Atrium Health, Inc.,

a North Carolina not-for-profit corporation, entered into a joint operating agreement under which they created Advocate Health, Inc., a Delaware nonprofit corporation. Advocate Aurora Health, Inc. maintains its separate legal existence, and no sale, transfer, or other conveyance of assets or assumption of debt and liabilities occurred in connection with the formation of Advocate Health. (See Audited Financial Statements page 319 of the Application for Permit). This is a substantive project subject to Part 1110 review and Part 1120 review. Financial commitment will occur after permit issuance. Table One shows the health facilities owned by Advocate Aurora Health, Inc. in Illinois.

TABLE ONE
Facilities owned and operated by Advocate Aurora Health, Inc. in Illinois

Facilities	Planning Area
Advocate Christ Medical Center, Oak Lawn	HSA-VII
Advocate Condell Medical Center, Libertyville	HSA-VIII
Advocate Good Samaritan Hospital, Downers Grove	HSA-VII
Advocate Good Shepherd Hospital, Barrington	HSA-VIII
Advocate Illinois Masonic Medical Center, Chicago	HSA-VI
Advocate Lutheran General Hospital, Park Ridge	HSA-VII
Advocate Sherman Hospital, Elgin	HSA-VIII
Advocate South Suburban Hospital, Hazel Crest	HSA-VII
Advocate Trinity Hospital, Chicago	HSA-VI
Dreyer Ambulatory Surgery Center, Aurora	HSA-VIII

The following CON/COE applications have received permits from the State Board and are in the process of development. According to the Applicants, these projects are expected to be completed on time and within budget without any changes in scope.

Project	Permit Number
Advocate Illinois Masonic Medical Center	# 22-009
Advocate Outpatient Center – Chicago Webster	# 23-002
Advocate Outpatient Center – Lakemoor	# 23-010
Advocate Christ Medical Center	# 23-021/E-051-22
Advocate ASTC – Chicago Webster	# 23-007
Advocate Outpatient Center Hoffman Estates	# 23-028
Advocate Outpatient Center Westmont	# 24-001
Advocate Good Shepherd Hospital	# 24-015
Advocate Naperville ASTC/Cath/Outpatient Center	#24-008

IV. Health Service Area/Health Planning Area

Advocate Christ Medical Center has a **4-star Medicare rating**. This rating reflects the hospital's overall quality, including patient outcomes, safety, and patient experience. Advocate Christ Medical Center is in the HSA VII Health Planning Area and the A-04 Hospital Planning Area. Planning Area A-04 includes the City of Chicago Community Areas of West Pullman, Riverdale, Hegewisch, Ashburn, Auburn Gresham, Beverly, Washington Heights, Mount Greenwood, and Morgan Park; Cook County Townships of Lemont, Stickney, Worth, Lyons, Palos, Calumet, Thornton, Bremen, Orland, Rich, and Bloom. The A-04 Hospital Planning Area has seven hospitals and a calculated excess of 138 medical-surgical pediatric beds **(See Table Two below).** The Applicants state that the primary market area of Advocate Christ Medical Center is like the State Board Planning Area A-04. The Advocate Health Care's South Chicagoland Service Area extends farther southwest into Will County to include Mokena, Frankfort, New Lenox, and northwest Indiana, including Dyer, Gary, Hammond, Merrillville, and Munster. According to the Applicants, it does not include the City of Chicago proper in its service area.

TABLE TWO
Hospitals in the A-04 Hospital Planning Area

Hospital	City	M/S Beds	2023 M/S Occ
Advocate Christ Hospital & Medical Center	Oak Lawn	425	99.76%
Advocate South Suburban Hospital	Hazel Crest	197	65.61%
Franciscan Health-Olympia Fields	Olympia Fields	157	79.02%
Ingalls Memorial Hospital	Hospital Harvey	315	47.19%
OSF Little Company of Mary Medical Ctr.	Evergreen Park	228	72.07%
Palos Community Hospital	Palos Heights	286	81.26%
UChicago Medicine AdventHealth	La Grange	141	61.32%
Total Beds		1,749	

V. Project Details

The Applicants propose adding 12 medical surgical beds and discontinuing 12 obstetric beds. According to the Applicants, the existing Post Partum unit is separated into two locations at Christ Medical Center, consisting of 44 beds in the East Tower, along with the entire Labor and Delivery program, and 12 beds in the West Tower, historically used for Gynecology and Women's Health patients and during the high census. This project intends to reallocate the 12 beds in the West Tower as Medical Surgical beds by creating a boundary to separate from the OB unit and renovation to support the new unit through a giant team station, staff offices, and equipment storage. Table Three outlines the authorized and staffed beds for 2023 and their occupancy percentage, along with the proposed occupancy percentage should the State Board approve this project.

TABLE THREE [1]

Advocate Christ Medical Center
2023 Utilization

Category of Service	Auth Beds	Staffed Beds	Proposed Beds	Adm	Days	ALOS	ADC	Auth. Occ	Staffed Occ	Proposed Occ
Medical Surgical	425	393	437	24,352	154,760	6.36	424.00	99.76%	107.89%	97.03%
Pediatric	45	45	45	3,278	13,268	4.05	36.35	80.78%	80.78%	80.78%
Intensive Care	170	170	170	5,953	42,613	7.16	116.75	68.68%	68.68%	68.68%
OB/GYN	56	56	44	4,894	14,432	2.95	39.54	70.61%	70.61%	89.86%
Neonatal	61	61	61	139	15,806	113.71	43.30	70.99%	70.99%	70.99%
AMI	0	21	0	651	5,017	7.71	13.75	0.00%	65.45%	0.00%
Rehabilitation	37	37	37	764	9,763	12.78	26.75	72.29%	72.29%	72.29%
Total	794	783	794	40,031	255,659	6.39	700.44	88.22%	89.46%	88.22%

1. #E-051-22 added 20 M/S beds & permit #23-021 added 11 M/S beds. AMI service was discontinued effective 12-12-2023.

VI. Project Costs and Sources of Funds

The Applicants are funding this project with $1,002,407 cash and bond proceeds of $1,472,945.

TABLE FOUR
Project Costs and Sources of Funds

Preplanning Costs	$28,214	$6,386	$34,600	1.40%
Modernization Contracts	$874,690	$198,000	$1,072,690	43.33%
Contingencies	$130,467	$29,533	$160,000	6.46%
Architectural/Engineering Fees	$88,554	$20,046	$108,600	4.39%
Consulting and Other Fees	$38,406	$8,694	$47,100	1.90%
Movable or Other Equipment	$563,372	$127,528	$690,900	27.91%
Bond Issuance Expense	$14,828	$3,357	$18,185	0.73%
Net Interest Expense During Construction	$51,516	$11,661	$63,177	2.55%
Other Costs to Be Capitalized	$228,398	$51,702	$280,100	11.32%
TOTAL USES OF FUNDS	**$2,018,445**	**$456,907**	**$2,475,352**	**100.00%**
Cash and Securities	$817,380	$185,027	$1,002,407	40.50%
Bond Issues (project related)	$1,201,065	$271,880	$1,472,945	59.50%
TOTAL SOURCES OF FUNDS	**$2,018,445**	**$456,907**	**$2,475,352**	**100.00%**

VII. Background of the Applicant, Purpose of Project, Safety Net Impact Statement, and Alternatives − Information Requirements

A) 1110.110 (a) – Background of the Applicant
B) 1110.110 (b) – Purpose of the Project
C) 1110.110 (c) – Safety Net Impact Statement
D) 1110.110 (d) – Alternatives of the Proposed Project

A) Background of Applicant

An applicant must demonstrate that he is fit, willing, and able and *has the qualifications, background, and character to provide a proper healthcare service for the community.* [20 ILCS 3960/6] In evaluating the qualifications, background, and character of the applicant, HFSRB shall consider whether adverse action has been taken against the applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed health care facility, or against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application. A healthcare facility is considered "owned or operated" by every person or entity directly or indirectly owning an ownership interest.

The Applicants attest that no adverse action was taken against any facility owned and operated by the Applicants during the three years before the filing of this application. The Applicants have given authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to, official records of IDPH or other State agencies; the licensing or certification records of different states, when applicable; and the records of nationally recognized accreditation organizations. The Applicants are fit, willing, and able and have the qualifications, background, and character to provide a proper healthcare service for the community.

B) Purpose of the Project

The applicant shall document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area, market area, or other area according to the applicant's definition.

According to the Applicants, the planned project will help address the high utilization of specialty medical programs and the associated medical-surgical beds at Advocate Christ Medical Center. Additional medical/surgical beds are needed to adequately address the acute care needs in Advocate Health Care's South Chicagoland Service Area.

The Applicants believe the additional M/S beds would permit Advocate Christ Medical Center to:

- Accommodate increased projected patient days
- Manage the Hospitals' high patient census and appropriate patient placement into the right level of care
- Improve throughput, patient flow, and emergency department access
- Modernize facilities for patients with increasing complexity
- Assist with transfer requests from community hospitals for a higher level of care for the following service lines: Neurology, ENT, Orthopedics, Cardiovascular, General Medical and Trauma

Table Five below outlines Advocate Health Care's South Chicagoland Service Area demographics.

TABLE FIVE
South Chicagoland Primary Service Area Demographics

Ethnicity	2023 Pop	2028 Pop	2023 % of Total	Pop Change	Pop Change %
Asian	65,027	66,572	3.00%	1,545	2.40%
American Indian	21,432	21,459	1.00%	27	0.10%
Black	904,339	884,362	42.00%	19,977	-2.20%
Pacific Islander	735	747	0.00%	12	1.60%
White	675,662	633,391	31.30%	-41,771	-6.20%
Other Race	275,984	288,653	12.80%	12,669	3.80%
Multiple Races	212,566	220,656	9.90%	8,090	-1.80%
TOTAL	2,155,745	2,115,840	100.00%	-39,315	-1.80%
Hispanic	551,458	569,119	25.60%	17,661	3.20%

C) Safety Net Impact Statement

All healthcare facilities, except skilled and intermediate long-term care facilities licensed under the Nursing Home Care Act, shall provide a safety net impact statement filed with an application for a substantive project (see Section 1110.40). *Safety net services are those offered by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation*. [20 ILCS 3960/5.4]

This is a non-substantive project, and a safety net impact statement is not required. However, the applicants did provide Medicaid and Charity Care information on pages 156-162 of the Application for Permit.

D) Alternatives to the Proposed Project

The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the population's healthcare needs to be served by the project.

Alternative One - Maintain Status Quo/Do Nothing

This alternative was rejected because additional medical/surgical beds are needed to address the acute care needs in the Advocate Health Care South Chicagoland Service Area. According to the Applicants, maintaining the status quo would not address the growing need for tertiary/quaternary care services at Advocate Christ Medical Center. It would not address the discontinuation of waivers allowing Advocate Christ Medical Center to operate with additional beds temporarily.

Alternative Two - Add an addition to a hospital building to create an additional M/S unit.

The most operationally efficient option was adding new square footage on the Advocate Christ Medical Center campus for inpatient rooms, extending the existing East Tower vertically. However, this alternative was rejected because of its cost, which is **approximately $180.8 Million.**

Alternative Three – Relocate the programs on 4 South to create an additional M/S unit.

This option would include creating an additional Medical-Surgical floor and relocating the programs on 4 South (Inpatient Dialysis, Nuclear Medicine, and Cardio diagnostics) to the Ground Floor in the former location of the hospital kitchen and cafeteria. This alternative was rejected because of its cost, which is approximately **$37.8 Million**.

VIII. Project Scope and Size, Utilization and Unfinished/Shell Space − Review Criteria

A) 1110.120 (a) – Size of the Project
B) 1110.120 (b) – Projected Utilization

A) Size of Project

The applicant shall document that the physical space proposed for the project is necessary and appropriate. The proposed square footage cannot deviate from the square footage range indicated in Appendix B or exceed the square footage standard in Appendix B if the standard is a single number unless the square footage can be justified.

The State Board's Departmental Gross Square Standard ("DGSF") for medical surgical beds is 500-660 DGSF. The Applicants are proposing 7,606 DGSF or 634 DGSF per bed. The Applicants have met the State Board's Size requirements.

B) Project Services Utilization

The applicant shall document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Appendix B. The number of years projected shall not exceed the number of historical years documented. If the applicant does not meet the utilization standards in Appendix B, or if service areas do not have utilization standards in 77 Ill. Adm. Code 1100, the applicant shall justify its utilization standard by providing published data or studies, as applicable and available from a recognized source.

The State Board Standard for adding medical-surgical beds for a bed complement greater than 200 beds is 90%. In 2023, the Applicants had 154,760 patient days, or an Average Daily Census (ADC) of 424 patients, which results in an occupancy percentage of 97.1% (424 ADC ÷ 437 proposed M/S beds = 97.1%). The Applicants are projecting a Compound Annual Growth of 1.4% in Medical Surgical Patient Days to 2027. The Applicants' 2023 ADC will justify the additional 12 medical-surgical beds. See Table Six below.

TABLE SIX
Historical and Projected Information

Year	2019	2020	2021	2022	2023
Days	147,901	140,513	150,989	154,100	154,700
ADC	405	385	414	422	424

TABLE SIX Historical and Projected Information					
Occ	92.72%	88.09%	94.66%	96.61%	96.99%
Year	2024	2025	2026	2027	
Days	156,927	159,124	161,351	163,611	
ADC	430	436	442	448	
Occ	98.38%	99.76%	101.16%	102.57%	

Occupancy % is based upon 437 beds for all years presented.
Historical information is taken from IDPH Hospital Questionnaire.
Projected Information taken from Application for Permit.

IX. Expansion of Medical-Surgical Category of Service

Expansion of Existing Services 1110.200	(b)(2)	Planning Area Need – Service to Planning Area Residents
	(b)(4)	Planning Area Need – Service Demand – Expansion of Existing Category of Service
	(e)	Staffing Availability
	(f)	Performance Requirements
	(g)	Assurances

A) Service to Planning Area Residents

A) Applicants proposing to establish or add beds shall document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.
B) Applicants proposing to add beds to an existing service category shall provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, applicants shall document that at least 50% of the projected patient volume will be from residents of the area.
C) Applicants proposing to expand an existing service category shall submit patient origin information by zip code, based upon the patient's legal residence (other than a health care facility).

The Applicants provided patient origin information by zip code for admissions to Advocate Christ Medical Center during the last 12 months on pages 100-113 of the Application for Permit. The Applicants state that 91% of the medical-surgical admissions for the past 12 months were residents of the Hospital service area. The Hospital expects that the additional medical-surgical patients will have similar patient origin. The Applicants have successfully addressed this criterion.

B) Service Demand – Expansion of Existing Category of Service

The number of beds to be added for each category of service is necessary to reduce the facility's experienced high occupancy and to meet a projected demand for service. The applicant shall document subsection (b)(4)(A) and either subsection (b)(4)(B) or (C):
A) Historical Service Demand
i) An average annual occupancy rate that has equaled or exceeded occupancy standards for the category of service, as specified in 77 Ill. Adm. Code 1100, for each of the latest two years;

ii) If patients have been referred to other facilities in order to receive the subject services, the applicant shall provide documentation of the referrals, including patient origin by zip code; name and specialty of referring physician; and name and location of the recipient hospital, for each of the latest 2 years.
B) Projected Referrals
The applicant shall provide the following:
i) Physician referral letters that attest to the physician's total number of patients (by zip code of residence) who have received care at existing facilities located in the area during the 12 months prior to submission of the application.
ii) An estimated number of patients the physician will refer annually to the applicant's facility within 24 months after project completion. The anticipated number of referrals cannot exceed the physician's experienced caseload. The percentage of project referrals used to justify the proposed expansion cannot exceed the historical percentage of applicant market share within 24 months after project completion.
iii) Each referral letter shall contain the physician's notarized signature, the typed or printed name of the physician, the physician's office address, and the physician's specialty; and
iv) Verification by the physician that the patient referrals have not been used to support another pending or approved CON application for the subject services.

The Applicants provided historical patient days to justify the 437 medical-surgical beds being requested. The State Board Standard is 90% for a bed complement of 200+ beds, and historical utilization justifies the 437 medical-surgical beds being requested (See Table Seven).

TABLE SEVEN
Historical and Projected Information

Year	2019	2020	2021	2022	2023
Days	147,901	140,513	150,989	154,100	154,700
ADC	405	385	414	422	424
Occ	92.72%	88.09%	94.66%	96.61%	96.99%

Year	2024	2025	2026	2027
Days	156,927	159,124	161,351	163,611
ADC	430	436	442	448
Occ	98.38%	99.76%	101.16%	102.57%

Occupancy % is based upon 437 beds for all years presented.
Historical information taken from IDPH Hospital Questionnaire. Projected Information taken from Application for Permit.

C) Staffing Availability − Review Criterion

The applicant shall document that relevant clinical and professional staffing needs for the proposed project was considered, and that licensure and The Joint Commission staffing requirements can be met. In addition, the applicant shall document that necessary staffing is available by providing a **narrative explanation** of how the proposed staffing will be achieved.

The Applicants state they have evaluated the staffing needs and do not expect any issues meeting the licensure and accreditation staffing requirement. According to the Applicants, the hospital's ability to attract and place nurses has historically been strong. Staffing needs for the medical-surgical units were evaluated, and additional staff is **not projected to be needed** due to the project. The Applicants state Advocate Health Care's system has a dedicated team of Recruiters and Sourcing Specialists. If a significant staff need exists in the system, according to Applicants, resources are quickly shifted to address the situation. An additional

source for Advocate Christ Medical Center's applicant pool comes from active partnerships with local nursing programs. The Applicants state Advocate Christ Medical Center has continually benefited from the strong reputation of Advocate Health Care as an excellent place of employment, as evidenced by consistently being named one of the Top 100 Places to Work in Illinois. The Applicants have addressed the requirements of this criterion.

D) Performance Requirements

1) Medical-Surgical

The minimum bed capacity for a new medical-surgical category of service within a Metropolitan Statistical Area (MSA), as defined by the U.S. Census Bureau, is 100 beds.

The minimum bed capacity for a medical-surgical category of service within a Metropolitan Statistical Area (MSA), as defined by the U.S. Census Bureau, is 100 beds. Advocate Christ Medical Center is in the Chicago Metropolitan Statistical Area. With the addition of the 12 M/S beds, the Hospital will have 437 medical-surgical beds, exceeding the State minimum requirements. The Applicants have met the requirements of this criterion.

E) Assurances

The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after project completion, the applicant will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal.

Dia Nichols, President of Advocate Health Care, provided and signed a letter that the Applicants will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 by the second year of operation after project completion. The Applicants have met the requirements of this criterion.

X. 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 Debt Financing

The Applicants provided audited financial statements, and the results shown in Table Eight demonstrate that they have sufficient cash to fund this project through its completion. The Applicants also offered proof of an AA bond rating from Fitch's Ratings Service (dated July 2023), an AA/Stable bond rating from Standard & Poor's Ratings Service (dated May 2023), and an Aa3 bond rating from Moody's Investors Service (dated October 2022). Financial Viability and Reasonableness of Debt Financing do not apply to this project because of the Applicants' "A" or better Bond Rating. The Applicants have sufficient resources available to fund this proposed project.

TABLE EIGHT
Audited Financial Statements
Advocate Aurora Health, Inc.
Years ended December 31st
(In thousands)

	2023	2022	2021	2020
Cash	$857,599	$372,898	$703,725	$959,878
Current Assets	$4,037317	#3,298,360	$3,407,129	$3,379,077
Total Assets	$27,997820	$21,878,270	$23,138,561	$21,449,643
Current Liabilities	$3,648,2954	$3,195,849	$3,713,295	$3,319,862
LTD	$2,939,221	$3,255,423	$3,298,508	$3,310,401
Total Liabilities	$8,738,766	$8,430,723	$8,807,582	$9,049,599
Net Patient Revenue	$12,987,089	$12,065,771	$11,702,581	$10,216,386
Total Revenues	$15,753,054	$14,544,246	$14,062,232	$13,132,189
Income from Operations	$71,621	-$23,887	$593,552	$212,967
Net Income	$774,332	-$750,832	$1,922,253	$608,125

Source: Advocate Aurora Health Audited Financial Statement

Fitch Ratings stated the following:
Advocate Aurora Health (AAH) is now a member of Advocate Health, which results from the December 2022 combination of AAH and Charlotte, NC-based Atrium Health. The combined Advocate Health system recorded over $28 billion in operating revenue in FY 2022. At the same time, the organizations have not yet combined debt obligations. Advocate Health operates with a typical management team and one board, and the system is already deeply integrated. AAH has a firm financial profile in the context of an already sound market position and geographic reach enhanced by the recent combination with Atrium and the formation of Advocate Health. Combined Advocate Health treats nearly six million unique patients in more than 1,000 sites of care (including 67 hospitals) across states in the Midwest (Illinois and Wisconsin) and Southeast (North Carolina, South Carolina, Georgia, and Alabama). The system also benefits from being the primary teaching affiliate of the Wake Forest University School of Medicine. Like most acute care providers in the U.S., Advocate's operating margins were compressed in FY 2022 due to macro trends such as labor pressures and inflation. Fitch

believes the system has the foundation to generate good margins in the long term. Moreover, Advocate's combined capital-related metrics should remain relatively strong in Fitch's forward-looking scenario analysis, even in a stressful case. Advocate Health has diversified operations across multiple markets in six states in distinct regions of the U.S. (the Midwest and Southeast). While diversified in many service areas, hospital operations are centered around the Chicago area in Illinois, Milwaukee, and Green Bay in Wisconsin—Charlotte, Winston Salem in North Carolina, and the Macon area in Georgia. AAH is the most extensive health system in Illinois and Wisconsin, and Advocate maintains the market lead in most core service areas, although competition is present in many markets. AAH also has one of the industry's largest and most sophisticated physician integration models, with broad population health management capabilities that include employing approximately 3,600 physicians."

TABLE NINE
Advocate Christ Medical Center
Revenue and Income
2018-2023

	2018	2019	2020	2021	2022	2023
Total Patient Revenue	$3,681,070,842	$3,828,134,005	$3,683,004,784	$4,304,995,519	$4,329,208,234	$4,730,026,345
Less Contractual All.	$2,499,394,248	$2,582,502,504	$2,448,819,065	$2,931,919,264	$2,956,511,418	$3,230,240,938
Net Patient Revenue	$1,181,676,594	$1,245,631,501	$1,234,185,719	$1,373,076,255	$1,372,696,816	$1,499,785,407
Less Operating Exp	$1,145,909,463	$1,164,088,229	$1,182,203,859	$1,219,744,804	$1,308,191,437	$1,372,288,648
Net Income	$35,767,131	$81,543,272	$51,981,860	$153,331,451	$64,505,379	$127,496,759
Other Income	$11,982,300	$14,262,874	$84,887,156	$32,093,534	$42,626,502	$17,396,442
Other Expenses	$4,051,726	$824,295	$212,372	$2,027,206	$7,722,072	$0
Net Income	$51,801,157	$96,630,441	$136,656,644	$167,351,012	$99,409,809	$144,893,201
Cap Expenditures	$68,031,391	$32,776,040	$27,951,987	$28,741,223	$122,739,835	$26,809.842

Source: Medicare Cost Reports

D) Criterion 1120.140 (b) – Terms of Debt Financing

Applicants with projects involving debt financing shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available.
2) That the selected form of debt financing will not be at the lowest net cost available but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs, and other factors.
3) The project involves (in total or in part) leasing equipment or facilities, and the expenses incurred with leasing are less costly than constructing a new facility or purchasing new equipment.

On page 153 of the Application for Permit Dia Nichols, the President of Advocate Health Care, affirmed that the selected form of debt financing will be at the lowest net cost available or, if not, it is more advantageous due to terms such as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs, and other factors. The Applicants have met the requirements of this criterion.

E) Criterion 1120.140 (c) – Reasonableness of Project Costs

Preplanning costs are $28,214, or 1.8% of modernization, contingencies, and moveable equipment of $1,568,529. This appears reasonable compared to the State Board Standard of 1.8%.

Modernization and Contingency costs $1,005,157 or $132.15 per GSF ($1,005,157/7,606 DGSF= $132.15 per DGSF). This appears reasonable compared to the State Board Standard of $487.29 per GSF.

Contingency Costs total $130,467, or 14.92% of modernization costs. This appears reasonable compared to the State Board Standard of 10%-15%.

Architectural and Engineering Fees total $88,554 or 8.88% of modernization and contingency costs. This appears reasonable compared to the State Board Standard of 6.54-9.82%

The State Board does not have a standard for the costs listed below.

Consulting and Other Fees	$38,406
Movable or Other Equipment	$563,372
Bond Issuance Expense	$14,828
Net Interest Expense During Construction	$51,516
Other Costs to Be Capitalized	$228,398

E) Criterion 1120.140(d) - Direct Operating Costs
F) Criterion 1120.140(e) - Total Effect of the Project on Capital Costs

The costs per equivalent patient day for the second year after opening are $5,257. The total effect of the project on capital costs is estimated at $220 per equivalent patient day. The State Board does not have standards for these costs.

Discontinuation of 12 Obstetric Beds[1]

Obstetric beds are not being added to this category of service. The State Board's target occupancy for a bed complement of over 26 beds is 78%. The table below shows an 8.4% decline in births at Advocate Christ Medical Center. The Applicant states that based on the decrease in births over the last five years and a projected decline of 9% for the Advocate Christ Medical Center service area over the next five years, the projected number of OB beds needed by 2026 is 41 (31.6 ADC ÷ 78% = 41 beds) The Applicants determined that a 44-bed unit would continue to provide the number of postpartum beds needed and support the projected number of maternity beds required in the future. (See Table Ten)

TABLE TEN
Obstetrical Beds Historical and Projected Utilization

	2019	2020	2021	2022	2023	2026
Beds	44	44	44	44	44	44
Births	4,384	4,237	4,171	4,043	4,015	3,814
Days	13,522	12,329	13,303	12,699	12,156	11,548
Gyn	863	595	877	727	831	789
OB Days	389	440	2186	804	1,445	1,373
Total Days	14,774	13,364	16,366	14,230	14,432	13,710
ADC	37	33.8	36.4	34.8	33.3	31.6
Occ	84.09%	76.82%	82.73%	79.09%	75.68%	71.82%
Beds Justified	47	43	47	45	43	41

Source: IDPH Hospital Survey Documents.

[1] The Applicants can discontinue authorized beds with a letter to the State Board. No approval is necessary for the discontinuation of beds of a category of service. The discontinuation of a category of service **does require** State Board approval.

TABLE ELEVEN
CHARITY CARE
Advocate Christ Medical Center

	2021	2022	2023
Net Patient Revenue	$1,366,479,246	$1,372,696,815	$1,499,785,406
Charity (# of patients)			
Inpatient	771	475	478
Outpatient	4,824	3,069	3,312
Total	5,595	3,544	3,790
Charity (cost in dollars)			
Inpatient	$9,104,000	$3,810,000	$5,385,000
Outpatient	$6,729,000	$3,138,000	$4,098,000
Total	$15,833,000	$6,948,000	$9,483,000
% of Charity Care to Net Patient Revenue	1.16%	0.51%	0.63%
MEDICAID			
	2021	**2022**	**2023**
Medicaid (# of patients)			
Inpatient	10,095	10,044	10,279
Outpatient	65,615	72,680	73,036
Total	75,710	82,724	83,315
Medicaid (revenue)			
Inpatient	$226,500,342	$243,594,667	$289,954,815
Outpatient	$57,879,663	$63,236,468	$78,975,626
Total	$284,380,005	$306,831,135	$368,930,441
% of Medicaid to Net Patient Revenue	20.81%	22.35%	24.60%