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-02	June 24, 2025	25-003	Original: $319,557,882
FACILITY NAME: Advocate Trinity Hospital		CITY: Chicago	
TYPE OF PROJECT: Substantive			HSA: VI

PROJECT DESCRIPTION: The Applicants (Advocate Health and Hospitals Corporation d/b/a Advocate Trinity Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.) propose establishing a 40-bed acute care hospital in Chicago, Illinois, for approximately $319,557,882. The Hospital will consist of 36 medical-surgical and four intensive care beds. The expected completion date is June 25, 2029.

Information regarding this Application for Permit can be found at this link:
https://hfsrb.illinois.gov/project.25-003-advocate-trinity-hospital---establishment.html

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Advocate Health and Hospitals Corporation d/b/a Advocate Trinity Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.) propose establishing a 40-bed acute care hospital in Chicago, Illinois, for approximately $319,557,882. The Hospital will consist of 36 medical-surgical and four intensive care beds. The expected completion date is June 25, 2029.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes to establish a 40-bed acute care hospital in Chicago.

PURPOSE OF THE PROJECT:

- The purpose of this project is to build a new replacement hospital on the South Side of Chicago in Planning Area A-03. The new facility is designed as a community hospital providing short-stay, low-acuity patient care.

PUBLIC HEARING/COMMENT:

- A public hearing was conducted on April 7, 2025, by the State Board. The State Board received approximately 70 letters of support. To date, no letters of opposition have been received by the State Board.

CONCLUSIONS:

- There are nine hospitals (including Advocate Trinity Hospital) in the A-03 Hospital Planning Area. There is a calculated excess of 660 medical-surgical beds and 18 intensive care beds in this Hospital Planning Area. Six of the nine A-03 Hospital Planning Area hospitals are safety net hospitals (See Table Two). The State Board is projecting a 4.43% decrease in the population in the A-03 Hospital Planning area by 2030 and an increase of 28.3% in the over-65 population. The State Board estimates that Illinois will have 12,775,245 residents by 2030. This is a decrease from 12,785,745 in 2021, a .08% decrease. However, this decade, the over-65+ population in Illinois is expected to increase by 31%.
- Five-year historical utilization at Advocate Trinity Hospital justifies 100 medical-surgical beds,14 intensive care beds, and six obstetric beds at the State Board's target occupancy.
- The Applicants state that in 2023, only 8% of patients living in the Advocate Trinity service area had their inpatient admission at Advocate Trinity Hospital; 38% received their inpatient admission at another hospital in the Planning area, and 54% chose to leave the Planning Area for inpatient care. According to the Applicants, patients in this service area have indicated their preference by having their higher acuity needs served by Advocate Christ Medical Center and other facilities specializing in care for higher acuity needs. According to the Applicants, this trend is evident for patients in this service area who are choosing academic medical centers for complex care such as Oncology, Neuroscience, and Cardiovascular services.
- The Applicants addressed 34 criteria and have not met the following:

State Board Standards Not Met	
Criteria	**Reasons for Non-Compliance**
Criterion 1110.120 (a) – Size of the Project	The Applicants did not meet the State Board Size Standard for Medical Surgical Beds, Cardiac Catheterization, Class C Operating Rooms, Surgical Procedure Suite, and Post-Anesthesia Recovery. (See Table Six of this report)
Criterion 1110.120 (b) – Projected Utilization	The Applicants do not meet the State Board Standard of 2,000 visits per station for the proposed emergency department. (See Table Seven of this report)
Criterion 1110.200 (b) (1) – Planning Area Need	As of the date of this report, the A-03 Hospital Planning Area has a calculated excess of 660 medical-surgical beds and 18 intensive care beds.
77 Ill. Adm. Code 1110.200 (c) (1) – Unnecessary Duplication of Service	Nine hospitals, including Advocate Trinity Hospital, are in the A-03 Hospital Planning Area. All are underutilized compared to the State Board Standard of 80% for medical-surgical and 60% for intensive care beds. There is a calculated excess of 660 medical-surgical beds and 18 intensive care beds in the A-03 Hospital Planning Area. (See Table Nine of this report)
77 Ill. Adm. Code 1110.200 (c) (2) – Maldistribution	Because of the calculated excess of medical-surgical and intensive care beds in the A-03 Hospital Planning Area, there is currently a maldistribution (a surplus) of beds in the A-03 Planning Area.
77 Ill. Adm. Code 1110.270 (4) – Utilization	The Applicants are proposing a 16-station comprehensive emergency department. They based the projected utilization on emergency department visit trends at Advocate Trinity Hospital. Emergency department visits decreased by 20% from 2020 to 2023. The Applicants state that the yearly decrease in emergency room visits has been due to population changes, fewer patients accessing health care (COVID-19 factors), increased use of virtual services, and patients choosing other locations. The Applicant's historical utilization will justify 14 stations at the State Board's target occupancy of 2,000 visits per station.
77 Ill. Adm. Code 1120.140 (c) – Reasonableness of Project Costs	**Site Survey, Soil Investigation, and Site Preparation** cost $15,347,303, or 16.46% of the new construction and contingency costs of $93,249,134. This appears HIGH compared to the State Board Standard of 5%. **New Construction Contracts and Contingencies** total $93,249,134 or $1,005.35 per GSF ($93,249,134 ÷ 92,753 GSF = $1,005.35 per GSF). This appears HIGH compared to the State Board Standard of $563.33 per GSF. **An explanation of these costs is provided at the end of this report**.

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STATE BOARD STAFF REPORT

#25-003
Advocate Trinity Hospital

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	Advocate Health and Hospitals Corporation d/b/a Advocate Trinity Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.
Facility Name	Advocate Trinity Hospital
Location	See Legal Description
Application Received	January 24, 2025
Application Deemed Complete	January 28, 2025
Review Period Ends	May 28, 2025
Permit Holder	Advocate Health and Hospitals Corporation d/b/a Advocate Trinity Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.
Operating Entity	Advocate Health and Hospitals Corporation d/b/a Advocate Trinity Hospital,
Owner of the Site	Advocate Health and Hospitals Corporation d/b/a Advocate Trinity Hospital,
Project Completion Date	June 25, 2029
Expedited Review	No
Can Applicants Request a Deferral?	Yes
Has the State Board extended the Application?	No

I. The Proposed Project

The Applicants (Advocate Health and Hospitals Corporation d/b/a Advocate Trinity Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.) propose establishing a 40-bed acute care hospital in Chicago, Illinois, for approximately $319,557,882. The Hospital will consist of 36 medical-surgical and four intensive care beds. The expected completion date is June 25, 2029.

II. Summary of Findings

A. The State Board Staff finds the proposed project is **not** in conformance with the provisions of Part 1110.

B. The State Board Staff finds the proposed project is **not** conform with the provisions of Part 1120.

III. General Information

The Applicants are Advocate Health and Hospitals Corporation d/b/a Advocate Trinity Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc. **Advocate Health and Hospitals Corporation d/b/a Advocate Trinity Hospital** will be the licensee and owner of the site. **Advocate Aurora Health, Inc.,** a Delaware 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.

In 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.

This substantive project is subject to a Part 1110 and Part 1120 review. Notably, the financial commitment for this project will occur after permit issuance, ensuring the project's stability and commitment to completion.

On December 17, 2024, Advocate Health Care announced it would invest $1B to expand access to primary care, specialty care, and wellness services on the South Side of Chicago. The $1B investment combines capital and operating investment over 10 years. Approximately $334M of the $1B is for capital projects, of which the hospital is $319.5 M, and $15M will support several ambulatory expansion projects. The remaining $700 M+ of the $1B investment is operating investment to fund hospital and medical group programs and services, community benefit programs, and workforce initiatives.

The 10-year investment includes:

- Over $500 million is devoted to expanding outpatient care embedded in the community.

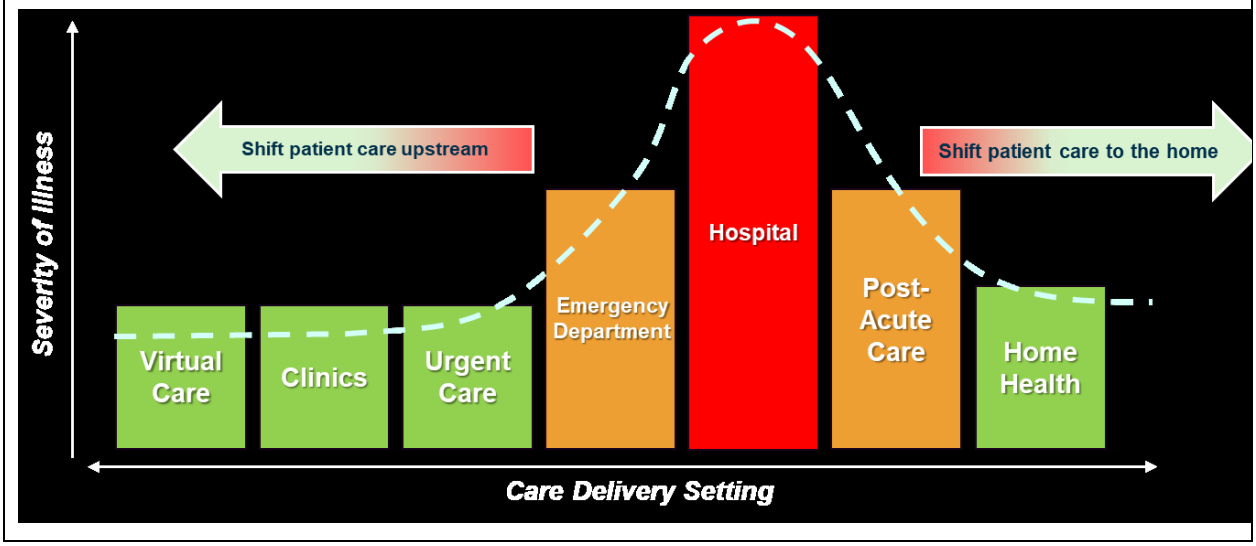
- More than $200 million will be invested in hospital and outpatient programs and services, expanding chronic disease management and addressing social factors that affect health, like access to healthy food, housing, transportation, and prescriptions.

- Over $300 million will be spent to acquire land and build a new state-of-the-art hospital at the former U.S. Steel South Works site near the lakefront. The new hospital will replace the current Advocate Trinity Hospital building, which is more than 115 years old. The new hospital will be a modern, fully equipped facility to meet the community's healthcare needs.

The Applicants are planning on **ten** neighborhood-accessible locations to serve the whole family; the first will open in early 2025, and a few more by the end of 2025. These care sites will virtually connect patients to Advocate providers in familiar places – churches, community centers, and more – to handle everyday health services like treating the flu, common cold, asthma, sore throat, yearly physicals, lab testing, chronic disease management, contraception, and medication refills. The onsite medical staff will connect patients to primary care providers and needed social services like food, housing, and transportation to medical appointments. The Applicants also plan to add a mobile medicine

vehicle that will provide primary care access at sites across the community, taking medical care directly to where it is needed. The Applicants project that adding new providers and services in the community will create an additional 85,000 new appointments each year, making it easier for patients to access primary care providers, specialists, and ancillary services. **The diagram** below outlines the delivery care setting that the Applicants are proposing.

TABLE ONE
Care Delivery Setting



•**Anchor Community Care Sites:** Destination site for primary, urgent, and specialty care, screening and diagnostics, and community programming. Imani Village will include urgent care.
• **Neighborhood Care:** Community-embedded primary care access points that offer a broad range of everyday care services and support chronic care management.
• **Virtual Chronic Care:** Robust digital health program integrating digital medicine, care coordination, longitudinal condition management, and patient navigation.

The Applicants believe the proposed care delivery model will reduce health inequity by increasing and improving access to services in the A-03 Hospital Planning Area. The Applicants do not discriminate based on age, race, ethnicity, gender/gender identity, physical ability, sensory or speech limitations, religious, spiritual, or cultural beliefs, or a patient's ability to pay or payer source.

To accommodate this new care model, the Applicants are launching new operating model initiatives at **Advocate Christ Medical Center** and **Advocate South Suburban Hospital** to improve patient throughput, create new, efficient workflows, and shift care to the most appropriate clinical settings. According to the Applicants, these initiatives, and others to be launched, will ensure that when the new Advocate Trinity Hospital opens in 2029, these acute care facilities can handle high acuity transfers, labor and delivery, and other needs that may arise. The Applicants believe this project is expected to provide demonstrable

improvements in quality and outcome measures applicable to the services proposed in the project. (See pages 86-98 of the Application for Permit for a complete discussion).

Analysis
While ambulatory care offers benefits like increased convenience and focus on preventative care, it may not be suitable for all patients, particularly those needing acute or complex inpatient care. There is the potential for a reduction in access to comprehensive inpatient services. Patients with complex or acute needs may not be adequately served by ambulatory care alone and might require the specialized resources of a hospital. Some patients may have concerns about the shift, especially if they lack trust in the medical staff or feel the new facilities lack adequate equipment.

IV. Health Service Area

The proposed Hospital will be in the City of Chicago and Hospital Planning Area A-03. The A-03 Hospital Planning Area consists of Planning Area A-3: 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.

The A-03 Hospital Planning Area has a calculated excess of 660 medical-surgical beds and 18 intensive care beds. Table One outlines the existing number of beds, the calculated need, and the current excess of beds for the two bed service categories.

TABLE ONE
A-03 Inventory of Beds and Services

Service Category	Current Beds	Calculated Need Beds	Current Excess Beds
M/S	1,849	1,189	660
ICU	278	260	18

There are nine hospitals in the A-03 Hospital Planning Area. Six of the Hospitals are safety net hospitals.

TABLE TWO
Hospitals in the A-03 Hospital Planning Area ***

Hospitals	Miles	MS Beds	%	ICU Beds	%	OB Beds	%
Advocate Trinity Hospital	0	158	51.30%	23	35.10%	23	25.0%
Holy Cross Hospital*	6.3	204	25.80%	20	24.40%	0	0
Insight Hospital & Medical Center*	9.2	289	10.00%	30	3.30%	30**	0
Jackson Park Hospital*	2.3	144	18.40%	8	50.00%	0	0
Provident Hospital of Cook	6.1	79	23.90%	6	18.80%	0	0
Roseland Community Hospital*	4.6	77	51.20%	10	67.40%	17	5.9%

TABLE TWO
Hospitals in the A-03 Hospital Planning Area ***

Hospitals	Miles	MS Beds	%	ICU Beds	%	OB Beds	%
South Shore Hospital*	2.9	114	31.00%	8	64.30%	0	0
St. Bernard Hospital *	3.9	104	39.60%	10	44.80%	0	0
University of Chicago Medical Center	3.5	570	74.60%	158	55.10%	42	62.0%

*Safety Net Hospital
**OB Beds suspended.
*** 2023 Data

The State Board is projecting a 4.43% decrease in the population in the A-03 Hospital Planning area by 2030 and an increase of 28.3% in the over-65 population. The State Board estimates that Illinois will have 12,775,245 residents by 2030. This is a decrease from 12,785,745 in 2021, a .08% decrease. However, this decade, the over 65+ population in Illinois is expected to increase by 31%.

TABLE THREE
Population Estimate for A-03 Hospital Planning Area and the State of Illinois
IDPH State Demographer

	A-03 Hospital Planning Area		**State of Illinois**	
Year	**Total**	**65+**	**Total**	**+65**
2021 est.	774,070	106,320	12,785,745	2,060,629
2030 est.	739,816	136,362	12,775,245	2,695,534
Difference	-34,254	30,042	10,500	634,905
%	-4.43%	+28.26%	.08%	+31%

V. Advocate Trinity Hospital

Over five years, Advocate Trinity Hospital had an occupancy of 51% for medical-surgical beds, 54% for intensive care beds, and 20% for OB/GYN beds. Over this same period, the Hospital had 41% Medicare patients, 33.5% Medicaid patients, 23% insurance patients, 2% self-pay, and 1% charity care. Approximately 15% of the Hospital's patients were white, 80% were black, and 2% were native American over this same period.

TABLE FOUR
Advocate Trinity Hospital
2019 through 2023
Bed Utilization

			2019	**2020**	**2021**	**2022**	**2023**	**Ave**	**Occ.**
Medical Surgical	158	**ADC**	78.00	73.50	83.00	85.80	81.00	80.26	50.80%
		ALOS	6.60	7.00	7.80	8.20	8.30	7.58	
Intensive Care	24	**ADC**	15.20	16.70	15.80	8.70	8.40	12.96	54.00%
		ALOS	1.80	2.10	1.90	1.60	2.30	1.94	

TABLE FOUR
Advocate Trinity Hospital
2019 through 2023
Bed Utilization

			2019	2020	2021	2022	2023	Ave	Occ.
OB/GYN	23	**ADC**	4.80	2.50	5.10	4.60	5.70	4.54	20.00%
		ALOS	2.40	2.60	2.60	2.70	2.80	2.62	
Total Beds	205								

VI. Project Uses and Sources of Funds

The Applicants are funding this project with $93,810,786 in cash and bond proceeds of $225,746,696. The land cost is $15 million, and the estimated start-up and operating deficit costs are $1,420,000.

TABLE FIVE
Project Uses and Sources of Funds

Project Costs	Clinical	Non-Clinical	Total	% of Total
Preplanning Costs	$1,139,442	$957,508	$2,096,950	0.66%
Site Survey and Soil Investigation	$244,521	$205,479	$450,000	0.14%
Site Preparation	$15,102,782	$12,691,338	$27,794,120	8.70%
Off-Site Work	$3,013,316	$2,532,184	$5,545,500	1.74%
New Construction Contracts	$84,771,940	$71,236,504	$156,008,444	48.82%
Contingencies	$8,477,194	$7,123,650	$15,600,844	4.88%
A&E Fees	$5,167,548	$4,342,452	$9,510,000	2.98%
Consulting Fees	$7,543,479	$6,339,021	$13,882,500	4.34%
Movable of Other Equipment	$22,192,636	$18,649,164	$40,841,800	12.78%
Bond Issuance	$1,514,399	$1,272,597	$2,786,996	0.87%
Net Interest	$13,960,795	$11,731,691	$25,692,486	8.04%
Other Costs to be Capitalized	$10,513,239	$8,834,603	$19,347,842	6.05%
Total	$173,641,291	$145,916,191	$319,557,482	100.00%
Sources of Funds				
Cash			$93,810,786	29.36%
Bond Issue			$225,746,696	70.64%
Total			$319,557,482	100.00%

VII. Project Details

The Applicants propose establishing a 40-bed acute care hospital in Chicago, Illinois. Advocate Health and Hospitals Corporation will own the land and building, which will be approximately 183,000 DGSF. The hospital will have 36 medical-surgical beds, four intensive care beds, and one cardiac catheterization lab. Additionally, the Hospital will have eight observation stations, three operating rooms, 2 GI/Endoscopy rooms, five Stage

One and 17 Stage 2 recovery stations, 16 emergency stations, two general radiology units, two ultrasound units, one CT scan, One MRI, one Nuclear Medicine, two stress/echo, four ESRD stations, a laboratory and pharmacy services.

The Hospital will have three levels, with a penthouse at the top. The **first level** will contain Hospital Support, Materials Management, Dietary Services, a Conference Room, a Public Area, Stress/Echo, Nuclear Medicine, MRI, CT scan, Ultrasound, General Radiology, a four-station dialysis center, an eight-bed observation unit, and the 16-station Emergency Department. The **second level** will house administration, clinical lab, pharmacy, Hospital Support, 17-Stage II – PACUs, 5-Stage I-PACUs, three operating rooms, two GI/Endoscopy rooms, one cardiac cath lab, and Sterile Processing. The **third level** has 36 medical-surgical beds and four intensive care beds.

For this hospital project, Advocate Health Care plans on engaging in wide ranging outreach to community members and qualified construction contractors who have a demonstrated commitment to serving the local community to further the Applicants aspirational goals of having a construction contracting spend of 40% with Minority Business Enterprises (MBEs) and 10% with Women Business Enterprises (WBEs). The Applicants also aspire to have 20% of design professional services, including project architectural design and engineering services, provided by diverse businesses. According to the Applicants, generating interest on the part of qualified and available businesses and ensuring all businesses are encouraged to apply will help advance the Applicants' efforts towards these goals and ensure the successful completion of the project overall. The Applicants' states are establishing two goals associated with residency: 50% of hours worked by City of Chicago residents and 7.5% of hours worked by Project Area Residents as defined by the City of Chicago, according to zip codes.

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

a) Criterion 1110.110 (a) - Background of Applicant
b) Criterion 1110.110 (b) - Purpose of the Project
c) Criterion 1110.110 (c) - Safety Net Impact Statement
d) Criterion 1110.110 (d) - Alternatives to the Project

A) Background of the Applicants

An applicant shall document the qualifications, background, character, and financial resources to adequately provide a proper service for the community and demonstrate that the project promotes the orderly and economic development of healthcare facilities in the State of Illinois that avoids unnecessary duplication of facilities or services. [20 ILCS 3960/2]

The Applicants provided a listing of all Illinois-licensed healthcare facilities they own. The Illinois Department of Public Health licenses Advocate Trinity Hospital, which has been accredited by the DNV Hospital Accreditation Program and given a two-star rating by the Medicare Compare website.

The Applicants attest there has been no "adverse action" (as that term is defined in Section 1130.140 of the Illinois Health Facilities and Services Review Board (HFSRB) rules) against any Illinois health care facility owned and/or operated by the Applicants, during the three years immediately before the filing of this application. The Applicants hereby authorize the HFSRB and the Illinois Department of Public Health to access information that may be required to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information that the HFSRB or the Illinois Department of Public Health finds pertinent to this subsection. The Applicants have demonstrated the *qualifications, background, character, and financial resources to adequately provide a proper 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.

This project aims to build a new replacement hospital on the South Side of Chicago in Planning Area A-03. The new Advocate Trinity facility is being designed as a community hospital providing short-stay, low-acuity patient care. The target CMI for patients at this facility would be 1.5. This community hospital will have limited services. If a patient has higher acuity, requires higher levels of care, or requires subspecialty services, Advocate will transfer that patient to one of the other Advocate hospitals in the South Chicagoland area- Advocate Christ Medical Center – Oak Lawn or Advocate South Suburban Hospital.

Problems to be addressed by this Application for a Permit.

The existing hospital is 115 years old. According to the Applicants, the existing hospital design has made it increasingly difficult to implement modern patient-centered care

models. The Applicants state that narrow hallways, shared patient rooms, and restricted access to natural light do not align with the evidence-based standards for improving patient outcomes and satisfaction. The physical layout also presents challenges for incorporating new technologies and innovations. The Applicants state that the mechanical, heating, cooling, electrical, and plumbing systems are over 50-70 years old and require complete replacement. The Applicants state that the existing hospital is oversized for current volumes, costly, and inefficient.

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, which shall be filed with an application for a substantive project (see Section 1110.40). Safety net services are those provided 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]

The Applicants provided a safety net impact statement as required. See pages 285-297 of the Application for a Permit.

D) Alternatives to the Proposed Project – Information Requirements

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

The Applicants determined that action was needed to replace the current facility due to its aging infrastructure and critical deficiencies. According to the Applicants, a thorough assessment in 2011 revealed significant deterioration throughout the campus, particularly in the mechanical, heating, cooling, electrical, and plumbing systems, all of which are over 50-70 years old and require complete replacement. The Applicants state that the existing hospital is oversized for current volumes, costly to operate, and inefficient, requiring a right-sized facility. Annual assessments have been completed, and updates have continually been implemented to rectify ongoing infrastructure issues. The Applicants determined in 2021 that it was most fiscally responsible to replace the oversized facility rather than invest year after year. The existing steam, steam condensate, and domestic water piping in the hospital are over 60-70 years old and increasingly prone to corrosion, leaks, and breaks, which can significantly impact hospital operations. Replacing these systems would be highly disruptive and cost-prohibitive. Significant infrastructure investments are also needed for roof replacements, façade restoration, window replacements, and parking lot upgrades. The required investments to address these deficiencies are extensive and would take many years, by which time other systems would also require further investment and replacement. The assessment concludes that the original campus is at the end of its useful life and no longer suitable for continued investment.

The Applicants considered **five** alternatives to the proposed project.

A) Alternative One - Maintain Status Quo/Do Nothing:
Capital Costs: $0

B) Alternative Two – Close the Hospital Facility without Replacement Hospital
Capital Costs: $0

C) Alternative Three – Phased Demolition and Right-Sized Replacement Hospital on Current Campus
Capital Costs: $420,000,000+.

D) Alternative Four – Joint venture with other Providers
Capital Costs: $550,000,000+.

E) Alternative Five – Replacement Hospital on New Site with Larger Scope Capital **Costs: $ 700,000,000+.**

The Applicants rejected the first alternative because it would not address all the issues associated with the current facility. They also rejected the second alternative because local acute care hospital services are needed in the community, and it did not align with the Applicants' commitment to health equity. The third alternative was rejected because it was deemed unreasonable due to this strategy's additional cost and timeline impacts. The fourth alternative had been looked at previously. In 2019 and 2020, Advocate Trinity Hospital, Mercy Hospital and Medical Center, South Shore Hospital, and St. Bernard Hospital (South Side Health System) worked together to create a platform to advocate for and implement healthcare delivery transformation on Chicago's South Side. South Side Health System focused on providing the proper care in the right place and at the right time. The cost of this initiative and the COVID-19 public health crisis prevented this alternative from moving forward. The fifth alternative of a complete replacement of Advocate Trinity Hospital was considered, but given declining volumes, current underutilization of beds, and financial strain, this option was rejected. (See Application for Permit pages 119-129)

IX. Size of the Project, Projected Utilization

Criterion 1110.120 (a) - Size of the Project
Criterion 1110.120 (b) - Projected Utilization

A) Size of the 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 square footage can be justified by documenting, as described in subsection (a)(2).

The Table below shows that the Applicants have not met the State Board's size requirements for medical-surgical, cardiac catheterization, Class C operating rooms, surgical procedural suites, and post-anesthesia recovery department areas.

The proposed DGSF/Bed for the Medical-Surgical Unit is above the state standards. The Applicants state that this discrepancy is because the Medical-Surgical Unit is programmed utilizing Advocate Health Care Patient Room and Support Room standards to provide private patient rooms and improve operational efficiencies and clinical workflows. The nationally recognized *Facility Guidelines Institute (FGI) Guidelines for Design and Construction of Hospitals*[1] is the basis for the Advocate room standards which designates

[1] The FGI *Guidelines for Design and Construction* documents are the most widely recognized standard for planning, designing, and constructing health and residential care facilities. The *Guidelines* documents consolidate minimum program, space, risk assessment, infection prevention, architectural detail, surface, built-in furnishing, and building system requirements in one convenient place. States and federal agencies use the *Guidelines* to regulate new construction and major renovations of health and residential care facilities.

that patient rooms shall be sized, arranged and furnished to maximize safe patient mobility, mobilization, weight-bearing exercise and ambulation while maintaining minimum clearances and adequate space for caregivers and family centered care.

The Applicants state that the cardiac catheterization, Class C operating rooms, surgical procedural suites, and post-anesthesia recovery department areas were designed with Advocate Health Care standards, modeled on the FGI Guidelines space and clearance best practices. The proposed square footage for these services is above the state standards in all areas, except the Phase 2 Recovery area, due to the universal template for operating and procedure rooms, which allows for the most flexibility with a sterile core model of room arrangement.

TABLE SIX
Size of the Project

Department/Service	Number of Beds, Units, Stations	State Board Standard	Proposed DGSF	Difference	Met Standard
Medical-Surgical	**36**	**500-660 DGSF**	**26,011**	**2,251**	**No**
Intensive Care Service	4	600-685 DGSF	2,740	0	Yes
General Radiology	2	1,300 DGSF	2,200	-400	Yes
Ultra-Sound	2	900 DGSF	1,735	-65	Yes
CT Scan	1	1,800 DGSF	1,600	-200	Yes
MRI	1	1,800 DGSF	1,750	-50	Yes
Nuclear Medicine	1	1,600 DGSF	1,600	0	Yes
Emergency Department	16	900 DGSF	14,379	-21	Yes
Observation Unit	8	No Standard	6,919	NA	NA
Cardiac Catheterization	**1**	**1,800 DGSF**	**2,000**	**200**	**No**
Ambulatory Care/Stress Echo	2	800 DGSF	1,200	-400	Yes
Class C Surgical Suites	**3**	**2,750 DGSF**	**11,979**	**3,729**	**No**
Surgical Procedural Suite	**2**	**1,100 DGSF**	**2,300**	**100**	**No**
Post-Anesthesia Recovery	**5**	**180 DGSF**	**1,322**	**422**	**No**
Post-Anesthesia Recovery	17	400 DGSF	6,800	0	Yes
Dialysis Unit	4	No Standard	1,577	0	NA
Clinical Lab & Pharmacy		No Standard	6,641		NA
Administration		No Standard	5,841		NA
Classroom Conference		No Standard	2,551		NA
Dietary Services		No Standard	7,616		NA
Materials Management		No Standard	5,065		NA
Hospital Support		No Standard	10,906		NA
Public Lobby/Waiting		No Standard	5,648		NA
Sterile Processing		No Standard	4,234		NA
Building Circulation		No Standard	8,561		NA
Central Utility		No Standard	29,476		NA

TABLE SIX
Size of the Project

Department/Service	Number of Beds, Units, Stations	State Board Standard	Proposed DGSF	Difference	Met Standard
Exterior Wall		No Standard	10,349		NA
Total			**183,000**		

B) Projected 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 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.

To determine projected utilization, the Applicants looked at internal data such as patient demographics, service utilization, operational records, and external data such as population trends and economic indicators to project future needs. Table Seven below outlines the projected utilization at the proposed new hospital for the first full year after project completion.

The state standard for the number of Emergency Department stations outlines the need for 12 stations (22,500 ÷ 2,000 = 12 stations) based on projected utilization. However, the Applicants believed 16 stations would meet the needs of the fluctuations and seasonality in this service to provide the appropriate Emergency Department capacity in the new hospital.

TABLE SEVEN
Projected Utilization

Service	Beds/Units	2024	2029	State Board Standard	2029 Projection	Met Standard
Med/Surg Beds	36	21,695 days	10,675 days	80%	81%	Yes
ICU Beds	4	2,832 days	1,200 days	60%	82%	Yes
ED stations	**16**	**28,112 visits**	**22,500 visits**	**2,000 visits per station**	**11.25**	**No**
Observation Stations	8	7,423 days	2,830 days	NA	NA	NA
Surgical Operating Suite Class C	3	4,832 hours	4,046 hours	1,500 Hours per OR	3	Yes
GI/Endoscopy Procedure Rooms	2	2,352 hours	2,537 hours	1,500 Hours per room	2	Yes
Cardiac Catheterization Lab	1	629 procedures	369 procedures	200 catheterizations	1	Yes
General Radiology	2	31,084 procedures	23,325 procedures	8,000 procedures per unit	3	Yes
Ultrasound	2	15,028 procedures	4,824 procedures	3,100 visits per unit	2	Yes
CT Scan	1	23,4898 scans	12,272 scans	7,000 visits per unit	1	Yes

TABLE SEVEN
Projected Utilization

Service	Beds/Units	2024	2029	State Board Standard	2029 Projection	Met Standard
MRI	1	4,441 procedures	2,318 procedures	2,500 procedures per unit	1	Yes
Nuclear Medicine	1	1,427 procedures	752 procedures	2,000 visits per unit	1	Yes
Stress/Echo	2	5,653 tests	3,209 tests	NA		
Dialysis Unit	4	774 cases	373 cases	NA		
Lab	1	379,205 tests	293,791 tests	NA		
Pharmacy	1	4, 3434,590	2,810,251 doses	NA		

NA- No Standard

X. Medical-Surgical/Intensive Care Beds

A) 77 Ill. Adm. Code 1110.200 (b) (1) – Planning Area Need
B) 77 Ill. Adm. Code 1110.200 (b) (2) – Service to Planning Area Need
C) 77 Ill. Adm. Code 1110.200 (b) (3) – Service Demand
D) 77 Ill. Adm. Code 1110.200 (b) (5) – Service Accessibility
E) 77 Ill. Adm. Code 1110.200 (c) (1) – Unnecessary Duplication of Service
F) 77 Ill. Adm. Code 1110.200 (c) (2) – Maldistribution
G) 77 Ill. Adm. Code 1110.200 (e) – Staffing
H) 77 Ill. Adm. Code 1110.200 (f) – Performance Requirements
I) 77 Ill. Adm. Code 1110.200 (g) – Assurances

A) Planning Area Need

The applicant shall document that the number of beds to be established or added is necessary to serve the planning area's population, based on the following:

1) 77 Ill. Adm. Code 1100 (formula calculation)

A) The number of beds to be established for each service category conforms with the projected bed deficit specified in 77 Ill. Adm. Code 1100, as reflected in the latest updates to the Inventory.

B) The number of beds proposed shall not exceed the projected deficit, to meet the health care needs of the population served, in compliance with the occupancy standard specified in 77 Ill. Adm. Code 1100.

Service	Proposed Beds
Medical Surgical	36
Intensive Care	4
Total Beds	40

The State Board's target occupancy for adding medical-surgical beds with a bed complement of 1-99 beds is 80%, and 60% for intensive care beds, regardless of the number of beds. The A-03 Hospital Planning Area has a calculated excess of 660 medical-surgical beds and 18 intensive care beds as of the date of this report. The table above shows that the Applicants are establishing a 40-bed hospital in the A-03 Hospital Planning Area. Based on the calculated excess of beds in the A-03 Hospital Planning Area, the requested beds will increase the computed excess to 696 medical-surgical beds and 22 intensive care beds. The Applicants have not met the requirements of this criterion.

Applicants Response:

The Applicants state that the proposed project will decrease excess bed capacity in the planning area. They also state that the proposed number of beds is justified based on the historical utilization of medical-surgical and intensive care beds at Advocate Trinity Hospital. The Applicants state that in 2023, only 8% of patients living in the Advocate Trinity service area had their inpatient admission at Advocate Trinity Hospital; 38% received their inpatient admission at another hospital in the Planning area, and 54% chose to leave the Planning Area for inpatient care. According to the Applicants, patients in this service area have indicated their preference by having their higher acuity needs served by Advocate Christ Medical Center and other facilities specializing in care for higher acuity

needs. According to the Applicants, this trend is evident for patients in this service area who are choosing academic medical centers for complex care such as Oncology, Neuroscience, and Cardiovascular services.

The historical average utilization warrants 100 medical-surgical beds (80.26 Ave. ADC ÷ 80% = 100 beds) and 22 intensive care beds at the target occupancy of 60% (12.96 Ave. ADC ÷ 60% = 22 beds)

TABLE EIGHT
Historical Utilization
Medical Surgical and Intensive Care Beds

	Beds		**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**Ave**	**Occ.**
Medical Surgical	158								
		ADC	78.00	73.50	83.00	85.80	81.00	80.26	50.80%
		ALOS	6.60	7.00	7.80	8.20	8.30	7.58	
Intensive Care	Beds		CY2019	CY2020	CY2021	CY2022	CY2023	**Ave**	Occ.
	24								
		ADC	15.20	16.70	15.80	8.70	8.40	12.96	54%
		ALOS	1.80	2.10	1.90	1.60	2.30	1.94	

B) 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. Applicants shall document that at least 50% of the projected patient volume for all other projects will be from area residents.

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 state that the project's primary purpose will be to provide necessary health care to the residents of the primary service area and the A-03 Hospital Planning Area, where the proposed Hospital is physically located. According to the Applicants, in 2023, 90% of the Medical-Surgical inpatients at the current Advocate Trinity Hospital resided in the Hospital's primary service area, and 97% within the broader Advocate South Chicagoland Patient Service Area. In 2023, 90% of the Intensive Care inpatients at the current Advocate Trinity Hospital resided in the Hospital's primary service area, and 97% within the broader Advocate South Chicagoland Patient Service Area (See Application for a Permit, pages 171-174).

Based upon the information provided by the Applicants and reviewed by the State Board Staff, the Staff would agree that the primary purpose of the proposed project is to provide necessary health care to residents of the A-03 Hospital Planning Area.

C) Service Demand – Establishment of Bed Category of Service

The number of beds proposed to establish a new category of service is necessary to accommodate the service demand experienced annually by the existing applicant facility over the last 2-year period, as evidenced by historical and projected referrals, or, if the applicant proposes to establish a new hospital, the applicant shall submit projected referrals. The applicant shall document subsection (b)(3)(A) and either subsection (b)(3)(B) or (C):

A) Historical Referrals

If the applicant is an existing facility, the applicant shall document the number of referrals to other facilities for each proposed service category for the last 2 years. Documentation of the referrals shall include patient origin by zip code, name and specialty of the referring physician, and name and location of the recipient hospital.

B) Projected Referrals

An applicant proposing to establish a category of service or establish a new hospital shall submit 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 before application submission.

ii) An estimated number of patients the physician will refer annually to the applicant's facility within 24 months after project completion. The anticipated referrals cannot exceed the physician's documented historical caseload.

iii) 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 service

Medical Surgical

The Applicants rely on the current facility's existing patient volume and not on patient referrals to other facilities to justify the number of requested beds. They believe patient days will decrease over the next five years. They are projecting a 50% reduction in inpatient medical-surgical days at the proposed hospital. The Applicants believe several factors contribute to projected patient-day declines through 2030. These factors include **(1)** population decline of 1% per year, **(2)** the institution by Advocate Health of a comprehensive ambulatory care program in the community designed to reduce inpatient admissions by 14%; **(3)** the impact of a Chronic Disease Clinic which is projected to reduce admissions by 10% **(4)** provision of a dedicated observation unit that will reduce medical-surgical patient days by 10%; **(5)** transfer of higher acuity patients to Advocate Health Sister facilities with corresponding reduction in Case Mix Index and Average Length of Stay resulting in 10% reduction of patient admissions.

Intensive Care

The Applicants are proposing a 4-bed intensive care unit. The Applicants project a 70% decline in intensive care patient days from the Advocate Trinity Hospital historical average. The Applicants state that patients who require intensive care services will continue to have access to Advocate Health Care services through the Advocate South Chicagoland service area, which includes the new Advocate Trinity Hospital and the continuum of services for high acuity complex care at Advocate Christ Medical Center.

The Applicants state that the demand projections are driven by the pattern of patients currently admitted to these Inpatient Units and the projected patient days for the Replacement hospital. Patient days are projected to continue to decrease due to the initiatives in the service area to expand ambulatory services and the operation of the replacement hospital to offer the Community Hospital services needed to support access to patients living in this area. The new ICU unit will provide intensive care services to those patients who require higher acuity care and those medical-surgical patients who need step-up care following a surgical procedure or admission.

Table Nine below outlines the 2024 utilization for medical-surgical and intensive care beds at the existing hospital and the projected 2029 information.

TABLE NINE
2024 Date and 2029 Projected Information

	Medical Surgical		**Intensive Care**	
Year	2024	2029	2024	2029
Beds	158	36	24	4
Days	21,838	10,675	2,783	1,200
OB Days	7,368	0	44	0
Total	29,206	10,675	2,827	1,200
ADC	80.02	29.25	7.75	3.29
Occupancy	50.65%	81.25%	32.29%	82.25%

There appears to be sufficient historical demand for the proposed hospital's 36 medical-surgical and four intensive care beds. The Applicants have successfully addressed this criterion.

D) Service Accessibility

The number of beds being established or added for each service category is necessary to improve access for planning area residents. The applicant shall document the following:

A) Service Restrictions

The applicant shall document that at least one of the following factors exists in the planning area:

i) The proposed service is absent within the planning area.

ii) Access limitations due to payor status of patients, including, but not limited to, individuals with health care coverage through Medicare, Medicaid, managed care, or charity care.

iii) Restrictive admission policies of existing providers.

iv) **The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, high infant mortality, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population.**

v) For purposes of this subsection (b)(5) only, all services within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) meets or exceeds the utilization standard specified in 77 Ill. Adm. Code 1100.

According to the Applicants, multiple factors affect service accessibility for planning area residents. The area population exhibits indicators of medical care problems, including:

(1) an average family income level below the State average poverty level:
(2) designation by the Secretary of HHS as a Health Professional Shortage Area
(3) designation by the Secretary of HHS as a Medically Underserved Area.

The average family income within the Advocate South Chicagoland service area is below the State Average poverty level. In 2023, the percentage of households below the poverty level in Illinois was 11.8%, compared to 17% of families below the poverty level within the Advocate South Chicagoland service area.

The Applicants state further that the need for the proposed 36-bed medical-surgical and four-bed intensive care unit is also demonstrated by historical utilization at the existing Advocate Trinity Hospital and projected utilization at the proposed replacement hospital. The existing Trinity Hospital had an average daily census in its medical-surgical unit for 2022 and 2023 of 63.8 and 58.2, respectively. For the proposed hospital's first two years of operation, 2029 and 2030, the medical-surgical average daily census is projected to be 30.3 and 30.0, respectively. The existing Advocate Trinity Hospital had an average daily census in its ICU of 8.7 and 8.4 for 2022 and 2023, respectively. For the first two years of operation of the replacement hospital, 2029 and 2030, the ICU average daily census is projected to be 2.5 in both years. Based on projected patient days of 920 in 2029 and 911 in 2030, this corresponds to projected utilization of the 4-bed ICU of 63% and 62%, respectively.

Analysis

The Applicants have identified service access issues in the A-03 Hospital Planning Area as required. However, whether the proposed project will allow individuals to obtain and use healthcare services, including information and resources, effectively and efficiently remains unclear. This would require factors like availability, affordability, accessibility, and acceptability of services.

E) Unnecessary Duplication/Maldistribution − Review Criterion

1) The applicant shall document that the project will not result in unnecessary duplication. The applicant shall provide the following information:

A) A list of all zip code areas that are located, in total or in part, within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) of the project's site.

B) The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois); and

C) The names and locations of all existing or approved health care facilities within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) of the project site provides the categories of bed service proposed by the project.

2) The applicant shall document that the project will not result in maldistribution of services. Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities, beds, and services characterized by such factors as, but not limited to:

A) A ratio of beds to population exceeds one-half times the State average.

B) Historical utilization (for the latest 12-month period before application submission) for existing facilities and services below the occupancy standard established pursuant to 77 Ill. Adm. Code 1100; or

C) Insufficient population to provide the volume or caseload necessary to utilize the services proposed by the project at or above occupancy standards.

3) The applicant shall document that, within 24 months after project completion, the proposed project:

A) Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and

B) Will not lower, to a further extent, the utilization of other area hospitals that are currently (during the latest 12-month period) operating below the occupancy standards.

Nine hospitals, including Advocate Trinity Hospital, are in the A-03 Hospital Planning Area. All are underutilized compared to the State Board Standard of 80% for medical-surgical and 60% for intensive care beds. Establishing this hospital will result in an unnecessary duplication of service. There is a calculated excess of 660 medical-surgical beds and 18 intensive care beds in the A-03 Hospital Planning Area. Because of the calculated excess of medical-surgical and intensive care beds in the A-03 Hospital Planning Area, there is currently a maldistribution (surplus) of beds in this Planning Area.

The Applicants attest that the proposed project will not lower, to any further extent, the utilization of other area providers.

TABLE TEN
Hospitals in the A-03 Planning Area

Hospitals	Miles	MS Beds	%	ICU Beds	%
Advocate Trinity Hospital	0	158	51.30%	23	35.10%
Holy Cross Hospital	6.3	204	25.80%	20	24.40%
Insight Hospital & Medical Center	9.2	289	10.00%	30	3.30%
Jackson Park Hospital	2.3	144	18.40%	8	50.00%
Provident Hospital of Cook	6.1	79	23.90%	6	18.80%
Roseland Community Hospital	4.6	77	51.20%	10	67.40%
South Shore Hospital	2.9	114	31.00%	8	64.30%
St. Bernard Hospital	3.9	104	39.60%	10	44.80%
University of Chicago Medical	3.5	570	74.60%	158	55.10%

TABLE TEN
Hospitals in the A-03 Planning Area

Hospitals	Miles	MS Beds	%	ICU Beds	%
Total		1,739		273	

F) Staffing Availability − Review Criterion

The applicant shall document that the proposed project's relevant clinical and professional staffing needs were 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 requirements because of the proposed project. Nursing and other clinical and non-clinical staff in areas no longer located at Advocate Trinity Hospital will be provided with comparable opportunities at other Advocate Locations in the area.

G) Performance Requirements − Bed Capacity Minimum

1) Medical-Surgical

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

3) Intensive Care

The minimum unit size for an intensive care unit is four beds.

Section 1110.200(a)(4) of the State Board rules state "If the proposed project involves the replacement of a hospital or service (onsite or new site), the number of beds being replaced shall not exceed the number justified by historical occupancy rates for each of the latest 2 years, unless additional beds can be justified per the criteria for Expansion of Existing Services."

The historical average daily census for medical-surgical and intensive care services, including observation days, as reported by Advocate Trinity Hospital, is shown in the Table below. This utilization justifies 100 medical-surgical beds at a target occupancy of 80% and 22 intensive care beds at a target occupancy of 60%.

The Applicants are proposing 36 medical-surgical and four intensive care beds at the new hospital. The proposed number of beds does not exceed the historical occupancy rates, and therefore, the applicants have successfully addressed the minimum bed capacity.

TABLE ELEVEN
Medical Surgical and Intensive Care Historical Utilization

Medical Surgical	**CY2021**	**CY2022**	**CY2023**	**Ave**	**Occ.**
ADC	83.00	85.80	81.00	80.26	50.80%
ALOS	7.80	8.20	8.30	7.58	
Intensive Care	**CY2021**	**CY2022**	**CY2023**	**Ave**	**Occ.**

ADC	15.80	8.70	8.40	12.96	54%
ALOS	1.90	1.60	2.30	1.94	

H) 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.

The Applicants provided the necessary signed and dated attestation, as required, that the hospital would achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 on page 175 of the Application for Permit.

XI. Cardiac Catheterization

A) Criterion 1110.225 (a) Peer Review
B) Criterion 1110.225 (b) Establishment of Cardiac Catheterization Service
C) Criterion 1110.225 (c) Unnecessary Duplication of Service
D) Criterion 1110.225 (e) Support Services
E) Criterion 1110.225 (f) Laboratory Location
F) Criterion 1110.225 (g) Staffing
G) Criterion 1110.225 (h) Continuity of Care
H) Criterion 1110.225 (i) Multi-institutional Variance

The Applicants are proposing one cardiac catheterization unit at the proposed Hospital.

A) Peer Review

Any applicant proposing the establishment or modernization of a cardiac catheterization unit shall provide details in its application to permit the mechanism for adequate peer review of the program. Peer review teams will evaluate the quality of studies, related patient morbidity and mortality, and the technical aspects of providing the services, such as film processing, equipment maintenance, etc.

The Applicants state that the current Hospital has an existing peer review process for its cardiac catheterization service that evaluates the quality of studies and related morbidity and mortality of patients and the technical aspects of providing the service. The Applicants state that the existing peer review process will continue at the proposed hospital. The Applicants state that the Cardiovascular Services Peer Review Committee is a representative physician group that meets regularly for case review as outlined by the Hospital's bylaws. Membership includes cardiologists, internists, nephrologists, and electrophysiologists. Cases are referred for review based on (but not limited to) patient safety reporting guidelines, CMS Quality Measures (including any other department defined indicator), National Cardiovascular Data Registry (NCDR) definition, Vascular Quality Initiative (VQI) definition, external referral (i.e. Quality Improvement Organization QIO), patient/family referral, site leadership referral, and/or nurse/physician referral. Case review information is electronically stored and becomes part of the hospital's focused and ongoing Physician Practice Evaluation reporting for physician privileges. This group also regularly reviews data to identify trends needing further evaluation. The Applicants have met the requirements of this criterion.

B) Establishment or Expansion of Cardiac Catheterization Service

There shall be no additional adult or pediatric catheterization categories of service started in a health planning area unless:

1) the standards as outlined in 77 Ill. Adm. Code 1100.620 is met, unless
2) in the circumstances where area programs have failed to meet those targets, the applicant can document historical referral volume in each of the prior 3 years for cardiac catheterization over 400 annual procedures (e.g., certification of the number of patients transferred to other service providers in each of the last 3 years).

The utilization standard of Section 1100.620(b) states that *"[t]here should be a minimum of 200 cardiac catheterization procedures performed annually within two years after initiation.* The Applicants believe they will meet the 200 cardiac catheterization standards based on the historic cardiac catheterization procedures performed at the existing hospital. The historical catheterization procedure volumes for Advocate Trinity Hospital are shown in the table below. The Applicants anticipate at least 200 diagnostic procedures by the second year of operation, 2030. Based on the three years of historical data of over 400 cardiac catheterization procedures per year, the applicants appear to meet the requirement of 200 cardiac catheterization procedures per year at the new hospital.

	2021	**2022**	**2023**	**2024**	**2029**	**2030**
Total Cath Procedures	619	721	593	627	224	221

Based on 2023 data, seven hospitals in the HSA VI Cardiac Catheterization Planning Area performed fewer than 400 procedures annually in 2023.

TABLE TWELVE
HSA VI Cardiac Catheterization Planning Area Hospitals

Hospitals	City	Cardiac Caths.
Advocate Trinity Hospital	Chicago	593
Presence Saint Joseph Hospital – Chicago	Chicago	471
AMITA Health Saint Mary Medical Center	Chicago	568
Lurie Children's	Chicago	1,005
John H. Stroger, Jr. Hospital	Chicago	1,394
Presence Resurrection Medical Center	Chicago	1,818
Illinois Masonic Medical Center Campus	Chicago	1,963
Swedish Hospital	Chicago	2,531
University of Illinois Hospital and Clinics	Chicago	3,038
Rush University Medical Center	Chicago	4,112
University of Chicago Medical Center	Chicago	7,384
Northwestern Memorial Hospital	Chicago	8,168
Below 400 cardiac cath procedures		
Holy Cross Hospital	Chicago	0
Mount Sinai Hospital Medical Center	Chicago	0
Thorek Memorial Hospital	Chicago	13
Insight Hospital & Medical Center	Chicago	136
Humboldt Park Health	Chicago	295
Weiss Memorial Hospital	Chicago	310

C) Unnecessary Duplication of Services

1) Any application proposing to establish cardiac catheterization services must indicate if it will reduce the volume of existing facilities below 200 catheterizations.

2) Any applicant proposing the establishment of cardiac catheterization services must contact all facilities currently providing the service within the planning area in which the applicant facility is located to determine the impact the project will have on the patient volume at existing services.

The Applicants have contacted all the hospitals in the HSA VI Cardiac Catheterization Planning Area to determine the impact that the establishment of the proposed cardiac catheterization lab will have on existing services. No responses have been submitted to the State Board (See Application for Permit pages 186 to 206). Four hospitals in the HSA VI Cardiac Catheterization Planning Area had fewer than 200 catheterization procedures in 2023. The Applicants stated they do not believe the proposed new hospital will lower the volume of existing facilities below 200 catheterizations.

E) Support Services

1) Any applicant proposing the establishment of a dedicated cardiac catheterization laboratory must document the availability of the following support services.

A) Nuclear medicine laboratory.
B) Echocardiography service.
C) Electrocardiography laboratory and services, including stress testing and continuous cardiogram monitoring.
D) Pulmonary Function unit.
E) Blood bank.
F) Hematology laboratory and coagulation laboratory.
G) Microbiology laboratory.
H) Blood Gas laboratory.
I) Clinical pathology laboratory with facilities for blood chemistry.

2) These support services need not be operational 24/7 but must be available when needed.

The Applicants state this is an established service, and all the support services shown below are currently available at Advocate Trinity Hospital. They will be relocated upon completion of the proposed replacement hospital.

A) Nuclear medicine laboratory
B) Echocardiography Services, including stress testing and continuous cardiogram monitoring. Cardiology stress testing.
C) Pulmonary Function Unit - No.
D) Blood bank - 24/7.
E) Hematology laboratory/coagulation laboratory - 24/7.
F) Microbiology laboratory - 24/7.
G) Blood Gas laboratory - 24/7.
H) Blood Chemistry 24/7
I) Clinical pathology laboratory, Histology/Anatomical pathology

F) Laboratory Location

Due to safety considerations in the event of a technical breakdown, group laboratory facilities are preferred. Thus, in projects proposing additional catheterization laboratories, such units must be located near existing laboratories unless such a location is architecturally infeasible.

The Applicants are proposing one cardiac catheterization lab. The criterion applies only to projects establishing multiple labs and requires that they be located close to each other. All support services will be close to the Lab. This criterion does not apply to the project.

G) Staffing

It is the policy of the State Board that if cardiac catheterization services are to be offered, a cardiac catheterization laboratory team must be established. Any applicant proposing to develop such a laboratory must document that the following personnel will be available:

1) Lab director board-certified in internal medicine, pediatrics, or radiology with subspecialty training in cardiology or cardiovascular radiology.
2) A physician with training in cardiology and/or radiology present during examination with extra physician backup personnel available.
3) Nurse specially trained in the critical care of cardiac patients, knowledge of cardiovascular medication, and understanding of catheterization equipment.
4) Radiologic technologist highly skilled in conventional radiographic techniques and angiographic principles, knowledgeable in every aspect of catheterization instrumentation, and with thorough knowledge of the anatomy and physiology of the cardiovascular system.
5) Cardiopulmonary technician for patient observation, handling blood samples, and performing blood gas evaluation calculations.
6) Monitoring and recording technician for monitoring physiologic data and alerting the physician to any changes.
7) Electronic radiologic repair technician to perform systematic tests and routine maintenance; must be immediately available in the event of equipment failure during a procedure.
8) Darkroom technician well trained in photographic processing and the operation of automatic processors used for sheet and cine film.

The Applicants state that the Advocate Trinity Hospital's Cardiac Catheterization Electrophysiology program is established and will include all the required personnel. See Application for Permit pages 183-185 for complete discussion. The Applicants have successfully addressed this criterion.

H) Continuity of Care

Any applicant proposing the establishment, expansion, or modernization of a cardiac catheterization service must document that written transfer agreements have been established with facilities with open-heart surgery capabilities to transfer seriously ill patients for continuity of care.

Advocate Trinity Hospital has a written transfer agreement with Advocate Christ Medical Center, which offers open-heart surgery. A copy of the transfer agreement is included on pages 207-211 of the Application for Permit. Advocate Trinity Hospital anticipates continuing this transfer agreement at the replacement hospital. The Applicants have successfully addressed this criterion.

I) Multi-Institutional Variance

1) A variance to the establishment requirements of subsection (b), Establishment or Expansion of Cardiac Catheterization Service shall be granted if the applicant can demonstrate that the proposed new program is necessary to alleviate excessively high demands on an existing operating program's capacity.
2) Each of the following must be documented:
    A) The proposed unit will be affiliated with the existing operating program. Written referral agreements between the facilities and documentation of shared medical staff must document this.
    B) That the existing operating program provides open heart surgery.

C) The initiation of a new program at the proposed site is more cost-effective, based upon a comparison of charges, than expansion of the existing operating program.

D) That the existing operating program currently operates at a level of more than 750 procedures annually per laboratory; and

E) That the proposed unit will operate at the minimum utilization target occupancy and that such unit will not reduce utilization in existing programs below target occupancy (e.g., certification of the number of patients transferred to other service providers in each of the last 3 years and market studies developed by the applicant indicating the number of potential catheterization patients in the area served by the applicant).

3) The existing operating program cannot use its volume of patient procedures to justify a second affiliation agreement until it is again operating at 750 procedures annually per laboratory and the affiliate is operating at 400 procedures per laboratory.

This criterion is not applicable as the proposed project does not involve an affiliation with another operating program necessary to alleviate excessively high demands on an existing program.

XII. Clinical Service Areas Other Than Categories of Service

Criterion 1110.270 - Clinical Service Areas Other Than Categories of Service
Criterion 1110.270 (b) (1) - Need Determination -Establishment
Criterion 1110.270 (b) (2) - Service Demand
Criterion 1110.270 (b) (3) - Impact of the Proposed Project on Other Area Providers
Criterion 1110.270 (b) (4) – Utilization

The Applicants are proposing the following clinical service areas, other than service categories, for the proposed Hospital.

TABLE THIRTEEN
Clinical Services Other than Categories of Service

Department	Stations/Rooms/Bays/Units
Emergency Department	16 stations
Dedicated Observation Unit	8 stations
Surgical Operating Suite, Class C Rooms	3 Rooms
GI/Endoscopy Procedure Rooms	2 Rooms
GI post-recovery [(1)]	0
PACU/Phase I Recovery	5 bays
Pre-Op/Phase II Recovery	17 bays
Imaging – General Radiology	2 units
Imaging – Ultrasound	2 units
Imaging – CT	1 unit
Imaging – MRI	1 unit
Imaging – Nuclear Medicine	1 unit
Dialysis (4 bays – 3 semi 1 private)	4 bays
Echo/Stress US	2
Lab	1
Pharmacy	1

1. Combined pre-post recovery unit for GI and Operating Suites

A) Need Determination − Establishment

The applicant shall describe how the need for the proposed establishment was determined by documenting the following:

1) Service to the Planning Area Residents

A) Either:

i) The primary purpose of the proposed project is to provide care to the residents of the planning area in which the proposed service will be physically located; or

ii) If the applicant service area includes a primary and secondary service area that expands beyond the planning area boundaries, the applicant shall document that the primary purpose of the project is to provide care to residents of the service area; and

2) Service Demand

To demonstrate the need for the proposed CSA services, the applicant shall document one or more of the indicators presented in subsections (b)(2)(A) through (D). For any projections, the number of years projected shall not exceed the number of historical years documented. Any projections and/or trend analyses shall not exceed 10 years.

A) Referrals from Inpatient Base

For CSAs that will support or adjunct to existing inpatient services, the applicant shall document a minimum 2-year historical and 2-year projected number of inpatients requiring the subject CSA.

B) Physician Referrals

For CSAs that require physician referrals to create and maintain a patient base volume, the applicant shall document patient origin information for the referrals. The applicant shall submit original signed and notarized referral letters, containing certification by the physicians that the representations contained in the letters are true and correct.

C) Historical Referrals to Other Providers

If patients have been sent to other area providers for the proposed CSA services due to the absence of those services at the applicant facility during the last 12-month period, the applicant shall submit verification of those referrals, specifying the service needed, patient origin by zip code, recipient facility, date of referral, and physician certification that the representations contained in the verifications are accurate and correct.

D) Population Incidence

The applicant shall submit documentation of the incidence of service based upon IDPH statistics or category of service statistics.

3) Impact of the Proposed Project on Other Area Providers

The applicant shall document that, within 24 months after project completion, the proposed project will not:

A) Lower the utilization of other area providers below the utilization standards specified in Appendix B.

B) Lower, to a further extent, the utilization of other area providers that are currently (during the latest 12-month period) operating below the utilization standards.

4) Utilization

Projects involving the establishment of CSAs shall meet or exceed the utilization standards for the services, as specified in Appendix B. If no utilization standards exist in Appendix B, the applicant shall document its anticipated utilization in terms of incidence of disease or conditions, or historical population use rates.

1. Emergency Department

The Applicants are proposing a 16-station comprehensive emergency department. They based the projected utilization on emergency department visit trends at Advocate Trinity Hospital. As shown in the Table below, emergency department visits decreased by 20% from 2020 to 2023. The Applicants state that the yearly decrease in emergency room visits has been due to population changes, fewer patients accessing health care (COVID-19 factors), increased use of virtual services, and patients choosing other locations.

	2020	2021	2022	2023	2024	2029	2030
Visits	32,905	30,269	27,563	26,476	28,112	22,500	22,750
Stations Justified	16	15	14	13	14	11	11

The Applicants believe emergency department volume will continue to decline as the volume of low-acuity visits will have access to an increasing number of ambulatory sites and primary care providers developed in the area. Those patients with higher acuity and more complex needs will be transferred to Advocate Christ Medical Center and other higher-level hospitals.

The State Board Standard is 2,000 visits per station annually. In 2024, the 28,112 emergency department visits will support 14 emergency department rooms.

The Applicants state that, based on the recommendation of the Emergency Medicine Physicians at Advocate Trinity Hospital, 1,500 visits per room would be needed to support the variability and seasonality of the emergency department visits. Additionally, with the plan to transfer patients requiring higher acuity care, additional time in the emergency department may be needed to provide patient care. The Applicants determined that 16 emergency department rooms are necessary for this new hospital to meet peak emergency department demand.

2. Dedicated Observation Unit

The Applicants are establishing eight dedicated observation stations. The State Board does not have a utilization standard for observation stations; the number of stations is based on the current number of observation patient days at the Hospital. The Applicants state that the analysis of Advocate Trinity's volume, which drives observation volumes, showed that much of the volume is categorized as low acuity. The Applicants believe the number of observation patient days is projected to decline yearly as patients have increasing access to ambulatory and preventive care and chronic care management programs to support their chronic conditions. The Applicants state that the Hospital will transfer complex patients and specific service line observation patients to other Advocate hospitals that have higher-level and more comprehensive resources needed for these patients.

	2020	2021	2022	2023	2024	2029	2030
Observation Days	6,200	6,826	8,215	8,651	7,423	4,556	2,802

Observation beds serve as a bridge between the emergency department and inpatient care, allowing for assessment and stabilization before a final decision about the patient's care plan is made.

Analysis

Despite the Applicants' efforts to treat lower-acuity patients in the primary or urgent care setting, the emergency department and observation stations could see an increase in the volume of moderate-acuity patients seeking care in the emergency department. A mismatch between the size of the emergency department and the volume of patients presented could result in overcrowding, delayed treatment, or no treatment as patients choose to leave without being seen, and strained resources.

3. Operating Rooms, GI Procedure Rooms, Phase I and II Recovery

The Applicants are proposing three operating rooms and two procedure rooms. The State Board's utilization standard is 1,500 hours per operating/procedure room. The Applicants believe the number of inpatient surgical procedures will decrease with overall surgical cases projected to decline in the hospital's service area, as patients choose other hospitals for more complex surgical care. The Applicants state Sg2's forecast of demand for this

service area suggests a 2.3% decline in overall surgery by 2028, and a 5.2% decline by 2033. Patients requiring more complex surgical care will be transported or, when appropriate, transferred to Advocate Christ Medical Center and other academic centers. The Applicants believe the number of outpatient surgeries will remain constant due to the continued shift from inpatient to outpatient sites of care, and the hours per case will continue to decline as the complex outpatient cases will shift to tertiary centers of care. The procedure time for the remaining procedures will be shorter. The proposed surgery, endoscopy, and cardiac catheterization services will be on one procedural floor. The Recovery Suite will be included on this floor. It will contain the Post-Anesthesia Care unit (PACU) and the Phase II Recovery bays to support the 3 Operating Rooms, 2 Procedure Rooms, and the 1 Combination Cardiac Catheterization lab. The State Board does not have utilization standards for recovery stations.

Operating Rooms							
	2020	**2021**	**2022**	**2023**	**2024**	**2029**	**2030**
Cases	2,325	2,937	3,227	3,320	2,866	3,032	3,058
Hours	4,152	5,280	5,650	5,491	4,832	4,046	4,079
# Justified	3	4	4	4	3	3	3
Procedure Rooms							
	2020	**2021**	**2022**	**2023**	**2024**	**2029**	**2030**
Cases	2,240	3,087	3,212	2,561	2,869	2,537	2,588
Hours	2,116	2,987	2,958	2,275	2,352	2,537	2,588
# Justified	1	2	2	2	2	2	2

4. Imaging

The Applicants are proposing two general diagnostic units, two ultrasound units, one CT unit, one MRI unit, and one nuclear medicine unit. The Applicants state that the inpatient volumes were determined based on the ratio of imaging services needed for the projected inpatient volume in the new hospital. The ratio of imaging tests for each inpatient and observation patient will remain, and the decreased number of inpatient and observation patients will translate to a lower number of total imaging tests and units at the hospital. The outpatient volume at the hospital was projected based on the expanded ambulatory imaging services planned in the service area. Additional imaging at Advocate sites, such as Imani Village, supports the outpatient imaging needed to support the residents of this service area.

Service	**Units**	**2020**	**2021**	**2022**	**2023**	**2024**	**2029**	**2030**
General Radiology	2 units	31,051	31,830	30,525	30,576	31,084	23,325	23,558
8000 procedures		3.88	3.98	3.82	3.82	3.89	2.92	2.94
Ultrasound	2 units	12,503	14,883	14,325	13,609	15,028	4,824	4,854
3,100 visits		4.03	4.80	4.62	4.39	4.85	1.56	1.57
CT- Scan	1 unit	17,963	19,514	19,298	20,789	23,489	12,272	12,151
7,000 visits		2.57	2.79	2.76	2.97	3.36	1.75	1.74

Service	Units	2020	2021	2022	2023	2024	2029	2030
MRI	1 unit	2,332	2,728	3,164	3,882	4,441	2,318	2,295
2,500 procedures		0.93	1.09	1.27	1.55	1.78	0.93	0.92
Nuclear Medicine	1 unit	1,795	2,034	1,762	1,323	1,427	752	746
2,000 visits		0.8975	1.017	0.881	0.6615	0.7135	0.376	0.373

1. 2. The State Board Standards per unit are provided in the shaded area.
3. All Diagnostic and Treatment utilization numbers are the minimums per unit for establishing more than one unit, except where noted in 77 Ill. Adm. Code 1100.

5. Lab/Pharmacy/Dialysis/Echo/Stress

The State Board does not have utilization standards for lab, pharmacy, acute dialysis, and echo/stress. According to the Applicants, the clinical laboratory department will be designed to support the new regulatory standards and the infrastructure to support updated equipment and technology. The new equipment will allow for more accurate and timely results for the tests that will be sent to the laboratory to be performed. The Applicants state that the Pharmacy Department at the hospital will be appropriately designed to support the state-of-the-art equipment and technology needed for this service. Replacement with updated equipment and technology is required to support current and projected capacity for Inpatients and Emergency Department patients. This equipment requires additional space and updated infrastructure. This new equipment is necessary to continue supporting the hospital's patients. Ambulatory services include Echo and Stress/Echo, which will be provided to offer access to these needed services.

	2020	2021	2022	2023	2024	2029	2030
Laboratory Test	352,657	413,395	389,549	372,425	379,205	293,791	294,142
Pharmacy Doses	2,429,106	3,047,387	3,002,705	3,208,651	4,343,590	2,810,251	2,793,327
Echo/Stress	4,999	6,196	5,847	5,731	5,653	3,209	3,177
Dialysis	701	806	816	753	774	373	369

XIII. FINANCIAL AND ECONOMIC FEASIBILITY

A) Criterion 1110.120 - Availability of Funds
B) Criterion 1110.130 - Financial Viability
C) Criterion 1120.140 (a) - Reasonableness of Financing Arrangements

The Applicants are funding this project with $93,810,786 in cash and bond proceeds of $225,746,696. They have an AA rating from Fitch Ratings, an AA/Stable rating from S&P Global Ratings, and an Aa3 rating from Moody's Ratings. The Applicants have qualified for the financial viability waiver and have met the Reasonableness of Financing Arrangement requirements because of the "A" or better bond rating from the three rating agencies. (See Application for Permit pages 245-277)

Fitch Ratings *states in part:*
"Advocate Aurora Health is a member of Advocate Health, resulting from the December 2022 combination of Advocate Aurora Health and Atrium. Combined, Advocate Health recorded more than $31 billion in operating revenue in FY23. While the organizations have not yet combined debt obligations, Advocate Health operates with a common management team and one board, and the system is deeply integrated."

S&P Ratings *states in part:*
"The rating reflects our view of the credit strength of the consolidated Advocate Health, namely a vast and diverse service area spanning several noncontiguous states across the Midwest and Southeast, a robust and diverse medical staff with numerous academic relationships, including full integration with Winston-Salem-based Wake Forest Baptist. In addition to its large and geographically diverse revenue base, Advocate Health maintains solid balance sheet metrics characterized by sound days' cash on hand and only moderate debt levels."

Moody's Rating *states in part:*
"The positive outlook of all three organizations reflect our assessment that Advocate Health's combination of sizeable absolute scale and strong position in several major markets will enable the organization to capture growth opportunities and respond to challenges in ways that will durably enhance its credit profile over multiple years. Maintenance of operating cash is now at a level allowing the organization to fund capital spending without materially additional debt, with debt to cash flow at or near 2.0x and further coalescing of strategic and operational synergies across the legacy organizations, enabling the organization to maintain good financial performance while pursuing growth opportunities."

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

	2024	2023	2022	2021	2020
Cash	$716,506	$857,599	$372,898	$703,725	$959,878
Current Assets	$3,990,693	$4,037317	#3,298,360	$3,407,129	$3,379,077
Total Assets	$32,466,530	$27,997820	$21,878,270	$23,138,561	$21,449,643
Current Liabilities	$3,772,055	$3,648,2954	$3,195,849	$3,713,295	$3,319,862
LTD	$3,061,905	$2,939,221	$3,255,423	$3,298,508	$3,310,401
Total Liabilities [(1)]	$16,918,153	$8,738,766	$8,430,723	$8,807,582	$9,049,599
Net Patient Revenue	$14,127,471	$12,987,089	$12,065,771	$11,702,581	$10,216,386
Total Revenues	$16,843,517	$15,753,054	$14,544,246	$14,062,232	$13,132,189
Income from Operations	$386,927	$71,621	-$23,887	$593,552	$212,967
Net Income	$1,276,271	$774,332	-$750,832	$1,922,253	$608,125

Source: Advocate Aurora Health Audited Financial Statement

1. In April 2024, Atrium Health Inc. became a participant in the pool investment fund. On December 31, 2024, AHI's interest in the pool is $7,945,909, which is included in the consolidated balance sheets as due to related party- investment pool.

TABLE FOURTEEN
Advocate Trinity Hospital
Medicare Cost Report and Applicants' Analysis
(in thousands)

	2019	2020	2021	2022	2023
Total patient revenues	$513,013	$502,464	$614,958	$617,330	$639,408
Less contractual allowances	$374,869	$370,775	$466,775	$470,660	$493,942
Net patient revenues	$138,144	$131,689	$148,183	$146,670	$145,466
Less total operating expenses	$161,638	$159,495	$169,489	$183,161	$183,574
Net income from services to patients	-$23,494	-$27,806	-$21,306	-$36,491	-$38,108
Operating Margin *	-17.01%	-21.11%	-14.38%	-24.88%	-26.20%
Other Income	$1,210	$1,380	$1,913	$2,114	$2,112
COVID GRANT	$0	$19,237	$680	$2,516	-$118
Net Income	-$22,284	-$7,189	-$18,713	-$31,861	-$36,114

*Operating Margin = Net Income from services to Patients ÷ Net Patient Revenue

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

This criterion applies only to projects that involve debt financing. The applicant 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) The project's selected form of debt financing 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.

The Applicants are funding this project with $93,810,786 in cash and bond proceeds of $225,746,696. They provided the required attestation on page 282 of the Application for Permit, successfully addressing this criterion.

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

Preplanning Costs are $1,139,442, less than 1% of the new construction, contingency, and movable equipment, which is $115,441,770. This appears reasonable compared to the State Board Standard of 1.8%.

Site Survey, Soil Investigation, and Site Preparation cost $15,347,303, or 16.46% of the new construction and contingency costs of $93,249,134. This appears HIGH compared to the State Board Standard of 5%.

New Construction Contracts and Contingencies total $93,249,134 or $1,005.35 per GSF ($93,249,134 ÷ 92,753 GSF = $1,005.35 per GSF). This appears HIGH compared to the State Board Standard of $563.33 per GSF.

Contingencies total $8,477,194 or 10% of new construction contracts of $84,771,940. This appears reasonable when compared to the State Board Standard of 10%.

A&E Fees total $5,167,548 and are 5.5% of new construction and contingency costs ($5,167,549 ÷ $93,249,134 = 5.5%). This appears reasonable compared to the State Board Standard of 6.42-9.64%.

The State Board does not have standards for the following costs:

Off-Site Work	$3,013,316
Consulting Fees	$7,543,479
Movable of Other Equipment	$22,192,636
Bond Issuance	$1,514,399
Net Interest	$13,960,795
Other Costs to be Capitalized	$10,513,239

F) Criterion 1120.140 (d) – Direct Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization, but no more than two years following project completion. Direct cost means the fully allocated salaries, benefits, and supplies for the service.

The direct operating costs by the second year after project completion are $9,471 per equivalent patient day. The State Board does not have a standard for this criterion.

G) Criterion 1120.140 (e) – Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

The total effect of the project on capital costs by the second year after project completion is $871 per equivalent patient day. The State Board does not have a standard for this criterion.

The tables below show the 2023 utilization and the approximate distance from Advocate Trinity Hospital for three Advocate Hospitals.

- Advocate Christ Medical Center – 9.9 miles
- Advocate South Suburban Hospital – 17.7 miles
- Advocate Illinois Masonic Medical Center – 17.4 miles

Advocate Christ Medical Center

	Authorized Beds	Staffed Beds	Admits	Days	Ob Days	ALOS	ADC	Authorized Occ	Staffed Occ
Medical Surgical	405	475	24,352	147,719	7,041	6.40	424.00	104.70%	89.30%
Pediatric	45	45	3,278	10,683	2,585	4.00	36.40	80.80%	80.80%
Intensive Care	170	170	5,953	42,505	108	7.20	116.70	68.70%	68.70%
OB/GYN	56	56	4,894	12,987	1,445	2.90	39.50	70.60%	70.60%
Neonatal	61	61	139	15,806	0	113.70	43.30	71.00%	71.00%
AMI [(1)]	39	21	651	5,017	0	7.70	13.70	35.20%	65.50%
Rehab	37	37	764	9,763	0	12.80	26.70	72.30%	72.30%
Total	813	865	40,031	244,480	11,179				

1. Acute Mental Illness Service Discontinued E-051-22

Advocate South Suburban Hospital

	Authorized Beds	Staffed Beds	Admits	Days	Ob Days	ALOS	ADC	Authorized Occ	Staffed Occ
Medical Surgical	197	169	6,316	34,626	10,479	7.1	123.6	62.70%	73.10%
Intensive Care	20	20	1,832	4,884	53	2.7	13.5	67.60%	67.60%
AMI [(1)]	27	16	41	236	0	5.8	0.06	2.40%	4.00%
Total	244	205	8,189	39,746	10,532				

1. #22-028 Approved to add Acute Mental Illness Service

Advocate Illinois Masonic Medical Center

	Authorized Beds	Staffed Beds	Admits	Days	Ob Days	ALOS	ADC	Authorized Occ	Staffed Occ
Medical Surgical	187	157	7,978	33,750	10,436	5.5	121.1	64.70%	77.10%
Pediatric	0	0	0	0	0	0	0	45.80%	56.50%
Intensive Care	37	30	1,374	6,109	35	4.5	16.9	47.00%	28.20%
OB/GYN	24	40	1,445	3,969	76	2.8	11.3	17.00%	11.10%
Neonatal	22	29	184	1,180	146	6.4	3.2	45.10%	47.90%
AMI	34	32	704	5,597	0	8	15.3	53.20%	53.20%
Rehab	22	22	318	4,273	0	13.4	11.7		
Total	326	310	12,003	54,878	10,693				

EXPLANATION OF COSTS

1. The site survey, soil investigation, and site preparation cost of $15,347,303 or 16.46% of new construction/contingency costs of $93,249,134 is higher than the state board standard of 5%. The Advocate Heath estimate is above the 5% state board standard because of three primary project specific reasons: Firstly, extensive soil remediation will be required on the former US Steel site based on the historical records and historical use of the property. Secondly, extensive deep foundation removal will be required based on as-builts of large existing foundation structures below the surface. Thirdly, the site is larger than the hospital project footprint and will require a certain level of site work to ensure the entire site experience is conducive to a safe, healing environment and a professional and functional campus. These 3 specific reasons and other site premium costs believed to be not included in the state board calculation have an estimated additional cost of $13,288,000 which more that accounts for the cost comparison difference from the 5% state board standard. See detailed site related premium cost table listed in Item #3.

2. The new construction contracts and contingencies total $93,249,134 or $1,005.35 per GSF is larger in comparison to the State Board Standard of $563.33 per GSF. There are numerous premium cost components totaling $41.1M (See below site related cost table in Item #3) that we believe are not accounted for in the state board calculation. Starting with the requirement for a specialty foundation due to existing soil type coupled with ensuring the project design delivers a new hospital that will be viewed as a leader in patient safety in accordance with Advocate Health patient model, cutting edge technology, and innovative room designs. Secondly, having a historical cost database building in the City of Chicago has construction premium cost drivers including transportation logistics, union wage rates, community engagement, and labor availability/competition. Thirdly, this project will be establishing all new utility services with more complexity and distance to utility connection locations resulting in a premium cost. Finally, Advocate Health will be designing this project to achieve LEED Gold certification and striving for exceptional sustainability goals including all electric energy and on-site renewable resources such as geothermal and photovoltaic. Upon adjustment for these premium new construction/contingency costs and comparison to the state standard we are below the state standard with a very small variance ($93,249,134 - $41,100,000 / 92753 GSF = $562.23 per GSF). Advocate Health has received four (4) project cost estimates from four well-respected healthcare general contractors who build the majority of the healthcare spaces in Chicago. The new construction cost estimates we received were very competitive, consistent in scope, and informed the construction cost estimate submitted in the CON application.

3. Executive Summary of Site Related Premium Cost

Description of Premiums for New Trinity Hospital Project:	**Estimated Premium #**
Site Survey, Soil Investigation and Site Preparation	
Extensive soil remediation	$3,450,000
Extensive existing deep foundation removal	$2,200,000
Dynamic compaction of foundations and loose material which will not be removed	$3,175,000
Earthwork premium – handling, transportation and disposal related to existing foundations and soil remediation	$463,000
Remote existing utilities and required infrastructure to undeveloped site	$750,000
Large site area respective to size of hospital (acreage included for future expansion potential)	$1,500,000
Initial project scope includes future development infrastructure such as intercampus circulation, utility sizing and underground stormwater detention	$1,150,000
LEED Gold site sustainability features	$600,000
New Construction Contracts	
Specialty foundation system due to soil type	$2,450,000
City of Chicago construction premium drivers (transportation logistics, labor availability/competition, community engagement, union wage rates)	$12,000,000
Establishment of new services and infrastructure (opposed to extending existing services) for	$10,000,000
LEED Gold building sustainability features	$2,400,000

Description of Premiums for New Trinity Hospital Project:	**Estimated Premium #**
Sustainability Goals: All electric energy, onsite renewable resources (geothermal, photovoltaic)	$10,500,000
Bird strike mitigation glazing	$150,000
Advocate standards incorporation of safe patient handling built in equipment	$3,350,000
Increased infrastructure to support technologies for remote patient monitoring	$250,000

25-003 Advocate Trinity Replacement Hospital - Chicago