



# STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

	<b>BOARD MEETING:</b> September 25, 2025	<b>PROJECT NO:</b> 25-025	<b>PROJECT COST:</b>  Original: \$56,242,369
<b>FACILITY NAME:</b> Northwestern Memorial Hospital		<b>CITY:</b> Chicago	
<b>TYPE OF PROJECT:</b> Non-Substantive			<b>HSA: VI</b>

**PROJECT DESCRIPTION:** The Applicants (Northwestern Memorial Hospital and Northwestern Memorial Healthcare) propose a master design project for the completion of the planning process to construct a new tower on the Northwestern Memorial Hospital campus. The project's estimated cost is \$56,242,369, with an expected completion date of September 30, 2027.

## **The State Board Staff Notes the Following:**

The Applicants are before the State Board because the amount of the expenditure proposed for the Master Design Project exceeds the capital threshold minimum of \$17,787,538. A Master Design Project is a proposed project solely for the planning and/or design costs associated with an institution's master plan, or with one or more future construction or modification projects. Project costs include preplanning, site survey and soil investigation, architectural and engineering fees, consultant fees, and other fees related to planning or design. The master design project **is for planning and design only** and does not contain **any construction elements**. Such projects are reviewed to determine the financial and economic feasibility of the master design project itself, the need for the proposed master plan, or for the future construction or modification projects, and the financial and economic feasibility of the future construction or modification project. Findings concerning the need for beds and services and financial feasibility made during the review of the master design project **apply only** to the master design project. Approval by the State Board of a master design project does not obligate approval or positive findings on future construction or modification projects implementing the design. Future applications, including those involving the replacement or addition of beds, are subject to the review criteria and bed need in effect at the time of State Board review.

## **EXECUTIVE SUMMARY**

### **PROJECT DESCRIPTION:**

- The Applicants (Northwestern Memorial Hospital and Northwestern Memorial Healthcare) propose a master design project for the completion of the planning process for a tower on the Northwestern Memorial Hospital campus in Chicago. The cost of the project is \$56,242,369, and the expected completion date is September 30, 2027.

### **BACKGROUND**

- This is the third Master Design Project submitted by Northwestern Memorial Healthcare since the certificate of need program began. In total, there have been 14 Master Design Projects submitted to the State Board for approval. Master Design Projects have been submitted by Northwestern University, Rush University Medical Center, University of Illinois, The Rehabilitation Institute of Chicago, and Ann and Robert Lurie Children's Hospital of Chicago.

### **WHY THE PROJECT IS BEFORE THE STATE BOARD:**

- The project is before the State Board because the cost exceeds the capital expenditure minimum.

### **PUBLIC HEARING/COMMENT:**

- A public hearing was conducted on Tuesday, August 5, 2025, at the Chicago Office of the Illinois Health Facilities and Services Review Board, 69 West Washington Street. Of the 17 registered attendees, seven registered and spoke in support, eight registered their neutrality, and no attendees registered their opposition to the project. The State Board received no opposition or support letters.

### **SUMMARY**

- The State Board is being asked to determine the need for the proposed master plan or for the future construction or modification project, and the financial and economic feasibility of the master design project itself, and the financial and economic feasibility of the future construction or modification project.
- The purpose of this Master Design Project is to plan for the design and development of a new patient tower on Northwestern Medicine's Chicago campus. The proposed site is located across the street from the Feinburg Pavilion, in an area bordered by Fairbanks Court, Huron Street, McClurg Court, and Erie Street. The proposed Master Design Project (MDP) is for design purposes exclusively and will cover the expenses incurred by architects/engineers, construction managers, and consultants. A separate Certificate of Need application will be filed for the completion of the construction documents phase and construction. The project will result in additional Medical/Surgical and Intensive Care beds, and will consolidate the hospital's Oncology Services, from five separate buildings located on the Northwestern Medicine Hospital campus.
- Based upon the information reviewed, the Master Design Project is warranted, and the applicants have the wherewithal to fund the project.



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APPLICATION/CHRONOLOGY/SUMMARY	
Applicants	Northwestern Memorial Hospital and Northwestern Memorial Healthcare
Facility Name	Northwestern Memorial Hospital
Location	251 East Huron Street, Chicago
Permit Holder	Northwestern Memorial Healthcare
Licensee/Operating Entity	Northwestern Memorial Hospital
Owner of Site	Northwestern Memorial Hospital
Application Received	June 27, 2025
Application Deemed Complete	July 1, 2025
Review Period Ends	August 30, 2025
Financial Commitment Date	September 25, 2027
Project Completion Date	September 30, 2027
Review Period Extended by the State Board Staff?	No
Can the Applicant request a deferral?	Yes
Expedited Review?	No

## I. The Proposed Project

The Applicants (Northwestern Memorial Hospital and Northwestern Memorial Healthcare) propose a master design project for the completion of the planning process to construct a patient tower on the Northwestern Memorial Hospital campus in Chicago. The cost of the project is \$56,242,369, and the expected completion date is September 30, 2027.

## II. Summary of Findings

- A. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1120.

## III. General Information

The Applicants are Northwestern Memorial Hospital and Northwestern Memorial Healthcare. Northwestern Memorial Hospital is located at 251 East Huron Street, Chicago, and the proposed patient tower will be located on the Medical Center's campus. The Medical Center is the operating entity/licensee, and the owner of the real property is Northwestern Memorial Healthcare. This is a non-substantive project subject to a Part 1110 and 1120 review. Financial Commitment will occur after permit issuance.

Table One contains five years of data from the Medicare cost reports for NMH. The CY2024 Hospital Data Summary for Northwestern Memorial Hospital-Chicago, and profiles for the other facilities under Northwestern Memorial Healthcare ownership, are located at the end of this report.

<b>TABLE ONE</b>					
<b>Five Years of Data from Medicare Cost Reports for Northwestern Memorial Hospital, Chicago</b>					
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total Patient Revenue	\$7,639,322,059	\$7,596,288,666	\$9,175,579,287	\$9,899,784,540	\$10,976,219,351
Less Contractual Allowance	\$5,804,223,061	\$5,804,279,359	\$6,951,355,935	\$7,709,703,462	\$8,596,022,970
Net Patient Revenue	\$1,835,098,998	\$1,792,009,307	\$2,224,223,352	\$2,190,081,078	\$2,380,196,381
Operating Expenses	\$2,055,527,201	\$2,237,104,704	\$2,449,776,841	\$2,561,152,752	\$2,817,697,168
Net Income from Patient Services	-\$220,428,203	-\$440,095,397	-\$225,553,489	-\$371,071,674	-\$437,500,787
Other Income	\$370,041,592	\$595,602,659	\$423,871,222	\$600,506,106	\$627,371,762
Net Income	\$149,613,389	\$155,507,262	\$198,317,740	\$229,434,435	\$189,870,976
Operating Margin	-12.01%	-24.56%	-10.14%	-16.94%	-18.38%

Northwestern Memorial Hospital (NMH) is an Illinois not-for-profit corporation, licensed in the State in September 1972. NMH is one of 11 subsidiary hospitals under the ownership of Northwestern Memorial Healthcare, which was licensed as a general not-for-profit corporation in September 1972. In addition to the 11 hospitals under their ownership, Northwestern Memorial Healthcare maintains ownership interest in six Ambulatory Surgery Treatment Centers (ASTC), one Freestanding Emergency Center (FSEC), and various physician organizations and corporate support entities that serve the health system (see Table Two).

TABLE TWO Hospitals and ASTCs Under Ownership of Northwestern Memorial Healthcare			
Hospital	City	# of Beds	Avg. Capacity
Northwestern Memorial Hospital	Chicago	235	84.9%
Northwestern Lake Forest Hospital	Lake Forest	96	67.5%
Northwestern Central DuPage Hospital	Winfield	406	86.7%
Northwestern Delnor Hospital	Geneva	159	73.4%
Northwestern Marianjoy Rehabilitation Hospital	Wheaton	125	89.3%
Kishwaukee Community Hospital	DeKalb	103	75.9%
Valley West Community Hospital*	Sandwich	19	45.8%
Northwestern Medicine McHenry Hospital	McHenry	143	88.0%
Northwestern Medicine Huntley Hospital	Huntley	128	86.5%
Northwestern Medicine Woodstock Hospital	Woodstock	56	67.2%
Northwestern Medicine Palos Hospital	Palos Heights	406	75.3%
Total Beds/Avg. Operational Capacity		1,876	76.4%
Ambulatory Surgery Treatment Centers (ASTC)^	Classification/# of Suites	Surgical Hours	Standard Met?
Northwestern Medicine Grayslake ASTC, Grayslake	Multi/4	4,808	Yes
Northwestern Grayslake Endoscopy Center, Grayslake	Single/2	3,484	Yes
Northwestern Medicine ASTC Warrenville	Multi/4	5,420	Yes
Northwestern Medicine ASTC Sycamore	Multi/3	1,328	No
Northwestern Medicine ASTC River North, Chicago	Multi/4	2,876	No
Palos Health Surgery Center, Palos Heights>	Multi/4	2,143	No
Total Surgical Suites/Operational Capacity	21	20,059	
Freestanding Emergency Center (FSEC)		# of Units	
Northwestern Medicine FSEC Grayslake	See Hospital ED Utilization Data		
Data Source: CY 2024 Hospital Survey ^Data Source: 2022 ASTC Survey *Denotes Critical Access Hospital >Denotes Partial Ownership > 50%			

Table Three lists the Certificate of Need Applications held by the Applicants that are currently open, with the scheduled project completion dates.

<b>TABLE THREE</b> <b>Northwestern Memorial Healthcare</b> <b>Open CON Permits</b>		
Project Number	Project Name	Project Completion Date
#21-008	NM Old Irving Park Medical Office Building	9/30/25
#22-046	NM Bronzeville Medical Office building	3/31/26
#22-047	NM Lake Forest Hospital	4/30/28
#24-006	NM Cancer Center Warrenville	12/31/27
#24-047	NM Huntley Medical Office Building	6/30/27
#24-039	Midland Surgical Center (Addition of GI)	6/30/27

#### IV. **The Proposed Project - Details**

The Applicants propose a master design project seeking approval for architectural and other pre-project costs necessary to complete planning for the construction and equipping of a patient tower on the campus of Northwestern Memorial Hospital, Chicago. The beds and services that would be included in the new patient tower are identified in Table Four. The project is still in the planning phase, and the bed/station/service area data are approximate. The table lists a range of services to be provided, and the number of beds/stations/services will be listed in detail in the Certificate of Need application expected to be filed later. The project completion date for the new patient tower is slated for 2031.

<b>TABLE FOUR</b> <b>Estimated Beds/Services Proposed in the New Patient Tower</b> <b>Northwestern Memorial Hospital</b>	
Service	Quantity
<b>Inpatient Beds</b>	
Med/Surg Beds	208-278
Intensive Care Beds	18-36
<b>Infusion</b>	
Oncology Infusion (Including Theragnostic)	79
Developmental Therapeutics (DT)	24
Outpatient Cellular Therapies	5
Rube Walker Blood Center	24
<b>Diagnostic Imaging</b>	
MRI	2
CT	3
PET/CT	1
X-Ray	1
Ultrasound	2
<b>Surgical Services</b>	

TABLE FOUR Estimated Beds/Services Proposed in the New Patient Tower Northwestern Memorial Hospital	
Service	Quantity
Operating Rooms	5
Other Clinical Services	
Oncology Triage (OTC)	12
Physician Practices	Space for 55-85 physicians
Centralized Phlebotomy	TBD
Pharmacy	
Laboratory	
Non-Clinical Services	
Education	TBD
Retail	
Staff Support	
Administrative	
Support Services	
Parking	
Loading Dock	

## V. Proposed Uses of Funds and Sources of Funds

This Master Design project will be funded with cash and securities of \$56,242,369. Table Five shows the proposed use of funds for the project, and an itemization of these costs can be found in the Reasonableness of Project Cost section, further in this report. The Applicants provided proof of an AA+ Bond Rating from Standard & Poor's Ratings Service (dated August 2024), evidence of an Aa2/Stable Bond Rating from Moody's Investor's Service (dated August 2024), and Audited Financial Statements for August 2023 and 2024.

<b>TABLE FIVE</b> <b>Project Uses and Sources of Funds</b>			
	Reviewable	Non-Reviewable	Total
<b>t Use of Funds</b>			
Site Survey and Soil Investigation	\$0	\$0	\$885,500
Architectural/Engineering Fees	\$0	\$0	\$36,389,455
Consulting and Other Fees	\$0	\$0	\$11,594,664
Other Costs to Be Capitalized	\$0	\$0	\$7,372,750
<b>TOTAL USES OF FUNDS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$56,242,369</b>
<b>Source of Funds</b>			
Cash and Securities			\$56,242,369
<b>TOTAL SOURCES OF FUNDS</b>			<b>\$56,242,369</b>

## **VI. Background of the Applicant, Purpose of the Project, Alternatives to the Project**

### **A. Criterion 1110.110(a) - Background of Applicant**

A list of all healthcare facilities owned by the Applicants was provided (see Table Two), along with proof of current licensure. The Applicant's signature on the certification pages of the application comprises a statement that no adverse actions have been taken against any facility owned by the Applicant. It appears the Applicants have demonstrated they are fit, willing, and able, and possess the necessary qualifications, background, and character to provide a proper standard of healthcare service to the community.

### **B) Criterion 1110.110(b) - Purpose of the Project**

The mission of the Applicants is to put its patients first and has diligently served the expansive and diverse communities both in and outside of the Chicago metropolitan service area for more than 50 years. Being an internationally renowned integrated academic health system, the Applicants envision a unique opportunity and responsibility to expand their world-class care and prepare for a new era of medicine. Their vision for healthcare in Chicago is to be a globally recognized destination for expert care and a hub of growth and learning for world-class physicians and clinical professionals. Their vision is bold and requires substantial investments in new facilities and enhanced programs. The Applicants' facilities provide specialized care and expertise, serving as major referral centers for high-acuity care patients who are unable to receive services elsewhere due to the complexity of their illnesses and the limited availability of care within a particular region. This results in referring patients whose conditions are more complex and more vulnerable compared to the general patient population. As an academic medical center, NMH specializes in treating patients with higher acuity, whose symptoms and illnesses require a higher level of care from a highly qualified cadre of physicians and clinicians. NMH is the largest provider of tertiary/quaternary care in the Chicagoland area (94%), and notes that 32% of its inpatient population originates from under-served and under-resourced regions of the State. The goal is to design a new tower to provide an unparalleled patient experience. A place that convenes expert clinicians, the latest technologies, precision treatments, and compassionate patient care/support, with the latest technologies for a future-focused vision, and flexibility to meet the patient needs of today, and for decades to come. The new patient tower will consolidate multi-disciplinary cancer care under one roof. The location of this new tower will be proximal to the other care units on the NMH campus, allowing for more expansive and collaborative care among the clinicians and patient service staff.

### **C. Criterion 1110.110(d) - Alternatives**

The Applicants propose a master design project seeking approval for architectural and other pre-project costs necessary to complete planning for the construction and equipping of an additional patient tower on the campus of NMH. The alternatives considered by the Applicants and the related project costs include the following:



**1. Construct a Larger Building on the Existing VA Lot.**

The Veterans Administration parking lot measures 138,000 GSF/3.14 acres and could accommodate a building approximately 75% larger than the project proposed. While a larger facility will accommodate more beds/services than the option chosen, the Applicants opted to take a more fiscally conscious approach to the expansion and save space on campus for future expansion(s), when needed. The project cost would be 1.75 times more than the option chosen and would have a projected completion date in CY 2034. The projected cost of this option resulted in the Applicant rejecting this alternative.

**2. Demolish/Construct a New Building on the Olson Pavilion Site.**

The Applicants considered the option of demolishing the Olson Pavilion and building a new tower in its place. The Applicants note that the benefits of this alternative would be a new, larger pavilion located between NMH's two anchor pavilions that provide inpatient care (Feinberg/Prentice). This option would enable the expansion of appropriate support services into the new building, thereby alleviating current capacity issues and providing a long-term response to initial growth and the demand for services from the Applicants. However, the Applicants questioned this alternative due to the need to demolish the Olson Pavilion and rebuild from the ground up. Furthermore, under this option, the project cost would be 1.5 times higher than the chosen option, with a projected project completion date of CY 2036 (10 years). Additionally, the process of relocating staff/services currently housed in the Olson Pavilion would result in significant time/cost impacts that render this option infeasible, and the Applicant rejected this alternative.

**3. Construct a New Building at an Off-Campus Location**

The Applicants researched this option and speculated that there may be viable locations throughout the Chicagoland area to establish a patient tower. However, a free-standing patient care tower would essentially be a separate hospital facility, which would duplicate the matrices for patient care, staffing, facility supply, and the cutting-edge technology and equipment needed for this type of facility. The estimated cost would be 1.25 times the cost of the chosen option, with a projected completion date of 2035. The Applicants rejected this alternative as it would be counterproductive to their mission of bringing cutting-edge technology to the forefront and preparing the NMH for the future of medical care in Chicago, Cook County, and the geographic regions it serves.

**VII. Additional General Review Criteria for Master Design Projects**

**A. Criterion 1110.130(a) - System Impact of Master Plan**

This criterion states:

"The Applicant must document that the proposed master plan or future construction or modernization project(s) will have a positive impact on the health care delivery system of the

planning area in terms of improved access, long-term institutional viability, and availability of services. Documentation shall address:

- 1) The availability of alternative health care facilities within the planning area and the impact of the applicant's proposed future project(s) will have on the utilization of such facilities.
- 2) how the services proposed in the applicant's future project(s) will improve access to area residents.
- 3) what the potential impact on area residents would be if the proposed services were not to be replaced or developed; and
- 4) the anticipated role of the facility in the delivery system, including patterns expected of patient referral, any contractual or referral agreement between the Applicant and other providers which will result in the transfer of patients to the Applicant's facility."

NMH is recognized both locally and nationally as a leading provider of high-acuity care in the fields of transplant, oncology, and heart/vascular care. It is the second-highest provider of high-acuity neuroscience. The proposed project will expand access to tertiary and quaternary services at NMH and is not expected to hurt the provision of care or utilization of existing health care facilities in the planning area. It is noted that NMH provides highly specialized care that is not currently available in the immediate service area, and the overall demand for medical services has increased in the areas of Oncology, Heart and Vascular care, Neurology, and Transplant Medicine within the last five years.

### **Oncology**

The Robert H. Lurie Comprehensive Cancer Center at NMH provides access to innovative therapies and comprehensive cancer care through the provision of cutting-edge medical, surgical, and radiation oncology treatment options. NMH has also provided access to innovative immunotherapy modalities, including CAR T-cell therapy, precision medicine, interventional radiology, and the region's most extensive stem cell transplant program. Lurie Cancer Center is nationally recognized as one of only 57 National Cancer Institute (NCI)-designated comprehensive cancer care centers in the nation. It is the only cancer program in Illinois to receive an exceptional rating from the NCI. The Lurie Cancer Center is dedicated to caring for each patient from diagnosis, through treatment, to rehabilitation. The Center has a long-standing commitment to advocacy, education, outreach, and engagement. The Applicants are also working to identify, address, and improve disparities in cancer diagnosis, treatment, and outcomes in traditionally underserved neighborhoods and communities. Their efforts include:

- Expanding awareness and improving access to cancer services, treatments, and clinical trials.
- Providing current information regarding community-based screening programs to increase early cancer detection and timely eradication, resulting in reduced cancer risk.
- Identify the socioeconomic challenges in underserved neighborhoods that may impede access to timely cancer detection, care, and eradication efforts.

- Develop educational resources to improve health literacy, raising awareness about cancer care, follow-up, and survivorship care.
- Advocate for public policy changes to ease the burdens associated with cancer care.
- Support healthy lifestyle initiatives to reduce cancer risk

### **Cardiovascular**

Since 2005, the Bluhm Cardiovascular Institute (BCVI) has emerged as a leader in the field of cardiovascular medicine, delivering pioneering treatments and advancing research on heart disease. Patients from all 50 states and 27 countries have chosen BCVI for their heart and cardiovascular care, and the program is ranked among the top ten cardiology, heart, and vascular programs in the nation. The Centers for Medicare & Medicaid Services ranks NMH among the top 15 hospitals in the country for heart attack survival. Over the last 20 years, the BCVI program has expanded its cardiac surgery services from 289 surgeries to 1,600 surgeries, representing a 454% increase in services. Additionally, it has tripled the number of ongoing clinical trials, now exceeding 100 active clinical trials.

### **Transplant**

Since its inception in 1964, the Northwestern Medicine Organ Transplantation Center has become the top transplantation program in Illinois, and the 8<sup>th</sup> nationally ranked program for the number of transplants performed. In April 2024, the NMH Organ Transplantation Program performed its 10,000th abdominal organ transplant, a significant milestone for this service. NMH Organ Transplantation is looking forward to the next era of service, driven by advances in technology and innovation. Currently, the center has 90 active clinical trials, including trials aimed at reducing and potentially eliminating the need for antirejection medications. NMH presently has the most transplant recipients in the world who no longer require antirejection medicines, resulting in a better quality of life. In 2006, NMH established the Northwestern Medicine Hispanic Transplant Program, the first program in the United States to offer culturally sensitive transplant care specifically for Hispanic patients. On a similar note, the African American Transplant Access Program was established in 2019 to address the barriers to transplant care that underserved Black Americans often encounter, including building trust, providing health literacy support, and offering psychosocial support. Both programs have experienced tremendous success in educating and introducing these often-marginalized populations to much-needed transplant care and resources.

### **Neurosciences**

Northwestern Medicine is defining the future of Neurology and Neurosurgery through innovative research that helps improve survival and quality of life for its patient base. NMH currently performs more brain and spine tumor surgeries than any other health system in Illinois and is the only health system in the State with two adult hospitals designated by the National Association of Epilepsy Centers

(NAEC). The National Multiple Sclerosis Society recognizes Northwestern Medicine for its leading Neuromodulation and Functional Neurosurgery programs. The National Parkinson Foundation acknowledges it as a worldwide center of excellence. The Women's Neurology Center at NMH is one of a small number of women-focused neurology centers across the nation dedicated to serving female patients in the advancement of research in women's neurological conditions.

In conclusion, these programs have made significant progress in the research and treatment of the mentioned conditions/illnesses, and the pursuit of additional treatment/research space will only further their commitment to pursuing future breakthroughs in these medical fields.

**B. Criterion 1110.130(b) - Master Plan or Related Future Projects**

This criterion states:

"The Applicant must document that all beds and services to be developed pursuant to the master design project must be needed and that access to each service will be improved because of the proposed master plan or the construction or modification project(s). The Applicant must indicate an anticipated completion date(s) for the future construction or modification projects, and document:

- 1) that:
  - a) The proposed number of beds and services to be developed pursuant to the master design project must be consistent with the bed or service need determination of 77 Ill. Adm.. Code 1100; or
  - b) If bed or service need determinations do not support the proposed number of beds and services, there are existing factors that support the need for such development at the time of project completion. Such factors include, but are not limited to:
    - i) limitations on government-funded or charity patients that are expected to continue.
    - ii) restrictive admission policies of existing planning area health care facilities that are expected to continue.
    - iii) the planning area population is projected to exhibit indicators of medical care problems, such as average family income below poverty levels or projected high infant mortality; and
- 2) Utilization of the proposed beds and services will meet or exceed the utilization targets established in 77 Ill. Adm.. Code 1100 within two years of completion of the future construction or modification project(s). Documentation shall include:
  - a) historical service/bed utilization levels.
  - b) projected trends in utilization, including the rationale and projection assumptions used in such projections.
  - c) anticipated market factors such as referral patterns or changes in population characteristics (age, density, wellness) that would support utilization projections; and

- d) anticipated changes in the delivery of the service due to changes in technology, care delivery techniques, or physician availability that would support the projected utilization levels.

The Applicants have tentatively identified the following clinical beds and services to occupy the new patient tower upon project completion:

- Medical-Surgical Beds (208-278)
- Intensive Care (ICU) Beds (18-36)
- Infusion Services to include:
  - Oncology Infusion (including Theragnostic) (79)
  - Developmental Therapeutics (DT) (24)
  - Outpatient Cellular Therapies (5)
  - Rube Walker Blood Center (24)
- Diagnostic Imaging to include:
  - MRI (2)
  - CT (3)
  - PET/CT (1)
  - X-Ray (1)
  - Ultrasound (2)
- Surgical Services to include:
  - Operating Rooms (5)
- Oncology Triage Center to include:
  - 12 Units
- Physician Practices to include:
  - 55-85 Physician Offices
- Centralized Phlebotomy
- Pharmacy
- Laboratory

Historical and Projected Utilization for beds and services can be found at the end of this report.

#### **A. Medical Surgical Beds**

Northwestern Memorial Hospital currently has a complement of 575 Med/Surg beds, and the proposed project will increase this complement to 783-853 beds. The current operational capacity for this service was reported at 99.3%, which exceeds the State standard for utilization (88%). It appears that these beds are needed to address the overutilization of this service, and as an Academic Medical Center (AMC), the Applicants anticipate significant growth in this service area.

#### **B. Intensive Care Beds**

Northwestern Memorial Hospital currently has a complement of 139 Intensive Care (ICU) beds, and the proposed project will increase this complement to 157 - 175 beds. The current operational capacity for this service was reported at 75.2%, which exceeds the State standard for utilization (60%). It appears that these beds are needed to address the overutilization of this service, and as an Academic

Medical Center (AMC), the Applicants anticipate significant growth in this service area.

### **C. Infusion**

NMH provides a comprehensive range of Infusion Services to its patients receiving cancer care. These treatments include the following modalities:

- Chemotherapy
- Immunotherapy
- Targeted Therapy
- Hormonal Therapy
- Biologic Therapies
- Supportive Care Infusions
- Clinical Trials

In CY 2018, NMH introduced Theragnostic treatment services. Theragnostic is a unique medical regimen that combines therapy and diagnostics to tailor treatment plans based on individual patient characteristics. This method of treatment is particularly significant in Oncology, which allows targeted treatments of cancer based on specific diagnostic information. Key features of this service include:

- Personalization
- Targeted Therapies
- Imaging and Tracking
- Examples in Cancer

The proposed expansion of Infusion Services includes the following additions:

- Oncology Infusion (including Theragnostic) 79 units
- Developmental Therapeutics (DT) 24 units
- Outpatient Cellular Therapies 5 units
- Rube Walker Blood Center 24 units

The Rube Walker Blood Center (RWBC) is where both inpatients and outpatients receive various blood therapies, including:

- Transfusions
- Apheresis (including Plasmapheresis, Red Blood Cell Exchange, Stem Cell Harvest, CAR-T Collections, Photopheresis)
- Intravenous Immunoglobulin (IVIG)

RWBC procedures cannot be scheduled in advance but must be provided on the same day. Given the variation in appointment duration (2.5 - 8 hours), RWBC can accommodate approximately 1.5 patients per treatment space per day. Between CY 2019 and CY 2024, RWBC cases increased by 4.2% annually.

### **D. Diagnostic Imaging - CT**

Northwestern Memorial Hospital currently has a complement of 10 CAT (CT) scanners, and the proposed project will add three CT units, resulting in 13 CT Scanners. CY 2024 Utilization data justify the addition of nine additional CT scanners, based on the State standard of 7,000 exams per CT unit.

**E. Diagnostic Imaging - MRI**

Northwestern Memorial Hospital currently has a complement of 18 MRI scanners, and the proposed project will add two MRI units, resulting in a total of 20 MRIs. CY 2024 Utilization data justify the addition of 13 additional MRI units, based on the State standard of 2,500 exams per CT unit.

**F. Diagnostic Imaging - PET**

Northwestern Memorial Hospital currently has a complement of three PET scanners, and the proposed project will add one more PET unit, resulting in a total of four PET scanners. CY 2024 Utilization data justify the addition of 1.5 additional PET units, based on the State standard of 3,600 exams per CT unit.

**G. Diagnostic Imaging – X-Ray**

Northwestern Memorial Hospital currently has a complement of 16 X-ray units, and the proposed project will add one X-ray unit, resulting in a total of 17 X-ray units/rooms. CY 2024 Utilization data justify the addition of nine additional X-Ray units, based on the State standard of 8,000 exams per CT unit.

**H. Diagnostic Imaging – Ultrasound**

Northwestern Memorial Hospital currently has a complement of 19 Ultrasound rooms, and the proposed project will add two Ultrasound rooms, resulting in 21 Ultrasound units. CY 2024 Utilization data justify the addition of 23 additional Ultrasound units, based on the State standard of 3,100 exams per CT unit.

**I. Surgical Services/Operating Rooms**

Northwestern Memorial Hospital currently has a complement of 61 ORs, and the proposed project will add five ORs, resulting in 66 ORs. In ten years (2014-2024), surgical cases increased by 26.7% and OR hours increased by 20.1%. CY 2024 Utilization data projects a need for 36 additional ORs, based on the State standard of 1,500 hours per OR.

**J. Oncology Triage Center (OTC)**

The applicants propose to add 12 Oncology Triage Centers (OTCs) to the new patient tower. OTCs provide specialized care to oncology patients with non-emergent, cancer-specific needs to optimize treatments outside the ER and prevent inpatient admissions by providing stabilization in a less acute setting. The Applicants note that the OTCs will be available for patient use 24 hours a day, 7 days a week. This will eliminate the need to admit an Oncology patient experiencing symptoms synonymous with the Oncology medicines/treatments.

**K. Physician Office Space**

The Applicants propose to add 55 – 85 offices for NMG physicians at its new patient tower. There were approximately 1,500 NMG physicians at the Academic Medical Center (AMC) in CY 2025, an increase from 477 physicians in CY 2013, which represents a 214% increase. There is no State standard for physician office space.

**L. Centralized Phlebotomy**

A centralized Phlebotomy department will be added to accommodate all outpatient phlebotomy needs in a single location of the building. This department will be located on the 1<sup>st</sup> floor for easy patient access. There is no State standard for Phlebotomy services.

**M. Pharmacy**

A compounding Pharmacy will be incorporated into the new tower project to support oncology infusion, inpatient beds, and investigational drug trials. This service ensures the timely administration of infusions and a prompt response to patient needs. There is no State standard for Pharmacy services.

**N. Laboratory**

A satellite laboratory will be added to the proposed patient tower for processing oncology stat labs for the Infusion/Rube Walker services, resulting in timely specimen receiving and processing. Inpatient labs for the new tower will be sent to the central lab in the Olson Pavilion. There is no State standard for laboratory utilization.

**VIII. Financial Viability and Economic Feasibility**

- A) Criterion 1120.120 - Availability of Funds
- B) Criterion 1120.130 - Financial Viability
- C) Criterion 1120.140 (a) - Reasonableness of Financing Arrangements
- D) Criterion 1120.140 (b) - Terms of Debt Financing

The Applicants propose to fund this project in its entirety with \$56,242,369 in cash. The Applicants provided proof of an AA+ Bond Rating from Standard & Poor's Ratings Service (dated August 2024), evidence of an Aa2/Stable Bond Rating from Moody's Investor's Service (dated August 2024), and Audited Financial Statements for 2023 and 2024. The Applicants have met the financial viability waiver, and the reasonableness of the financing arrangement and terms of debt financing do not apply to this project. Below is Northwestern Memorial Healthcare's audited information for 2023 and 2024.



<b>TABLE SEVEN</b> Northwestern Memorial Healthcare Audited as of August 31, 2023, and 2024 (in thousands)		
	<b>2024</b>	<b>2023</b>
Cash	\$332,319	\$680,384
Current Assets	\$2,901,835	\$2,991,526
Total Assets	\$19,805,927	\$18,143,465
Current Liabilities	\$2,358,943	\$2,343,965
Total Liabilities	\$5,762,706	\$5,702,245
Patient Service Revenue	\$8,883,682	\$8,095,920
Total Revenue	\$9,559,585	\$8,668,186
Operating Expenses	\$9,219,859	\$8,302,112
Operating Income in Excess of Expenses	\$339,726	\$366,074
Other Income	\$8,383	\$15,487
Revenue and Gains in Excess of Expenses and Losses	\$1,582,115	\$1,136,086

A. Criterion 1120.140 (c) – Reasonableness of Project Costs

Only clinical costs are reviewable by the State Board. The State Board does not have financial standards for expenses associated with a Master Design Project. Thus, this criterion is not applicable.

Site Survey/Soil Investigation Fees total \$885,000

These costs entail:

- Soil Testing: \$385,000
- Survey Work: \$55,000
- Environmental/Archeological Assessments: \$192,500
- Hazardous Soils/Material Testing (Geotech): \$253,000

Architectural and Engineering Fees total \$36,389,455.

These costs entail:

- Programming
- Space Planning
- Schematic Design
- Design Development
- Bidding & Negotiation Phase Services
- Construction Documents (to 12.5%)

Consulting and Other Fees total \$11,594,664.

These costs entail:

• Construction Management/Pre-Construction Services	\$4,367,000
• Commissioning Consultant	\$220,000
• Permit Expeditors	\$57,183
• Traffic Consultant	\$190,106
• Equipment Planning Consultant	\$1,447,143
• Pharmacy Consultant	\$39,283
• Life Safety Consultant	\$204,471
• Lighting Consultant	\$915,079
• Food Service Consultant	\$225,338
• Vibration/Acoustical Consultant	\$125,449
• A/V Consultant	\$71,112
• Materials Management Consultant	\$497,253
• Vertical Transportation Consultant	\$133,334
• Exterior Wall Consultant	\$2,164,023
• MEP Peer Review Consultant	\$396,000
• Surveying	\$65,932
• Hardware Consultant	\$42,137
• LEED Consultant	\$37,821
• Wind Consultant	\$396,000

Other Costs to be Capitalized total \$7,372,750

• In-House Staff (Contracted Project Managers)	\$5,500,000
• Permits and Fees	\$772,750
• Legal Fees	\$1,100,000

B. Criterion 1120.140 (d) – Direct Operating Costs

There are no operating costs associated with this project.

C. Criterion 1120.140 (e) – Effect of the Project on Capital Costs

The Medical Center is estimating the capital costs per equivalent patient day to be \$6.33. The State Board does not have a standard for this cost.

## CY 2024 Profiles for Northwestern Healthcare Facilities

Hospital Utilization CY 2024 Northwestern Memorial Hospital, Chicago									
	Authorized Beds	Staff Beds	Admit	Days	OB Days <sup>(1)</sup>	ALOS	ADC	Authorized Occ	Staff Occ
Medical/Surgical	575	573	29,362	202,089	6,378	7.1	571.1	99.3%	99.7%
Intensive Care	139	131	7,217	38,105	35	6.9	104.5	75.2%	79.8%
OB/Gynecology	116	127	12,122	34,310	350	2.9	95	81.9%	74.8%
Neonatal	86	86	278	4,434	0	8.8	6.7	7.8%	7.8%
Acute Mental Illness	29	29	780	9,035	0	11.6	24.8	85.4%	
Average/Total	945		48,063	285,973	6,763	6.1	802	84.9%	
1. OB Days = Observation Days 2. ALOS = Average Length of Stay 3. ADC = Average Daily Census									

Hospital Utilization CY 2024 Northwestern Lake Forest Hospital, Lake Forest									
	Authorized Beds	Staff Beds	Admit	Days	OB Days <sup>(1)</sup>	ALOS	ADC	Authorized Occ	Staff Occ
Medical/Surgical	168	64	8,480	38,083	3,325	4.9	113.5	67.5%	135.1%
Intensive Care	24	12	1,151	4,480	191	3.9	12.8	53.3%	106.6%
OB/Gynecology	18	18	1,779	4,276	86	2.5	12	66.4%	66.4%
Average/Total	210	210	11,410	46,849	3,602	4.4	138	65.8%	65.8%
1. OB Days = Observation Days 2. ALOS = Average Length of Stay 3. ADC = Average Daily Census									

Hospital Utilization CY 2024 Northwestern Medicine Central DuPage Hospital, Winfield									
	Authorized Beds	Staff Beds	Admit	Days	OB Days <sup>(1)</sup>	ALOS	ADC	Authorized Occ	Staff Occ
Medical/Surgical	235	235	15,736	75,506	14,913	5.7	247.7	105.4%	105.4%
Pediatric	28	28	901	2,468	1,292	2.7	10.3	36.8%	36.8%
Intensive Care	47	47	2,414	9,231	486	3.8	26.6	56.6%	56.6%
OB/Gynecology	36	36	2,970	8,546	324	3.2	24.3	67.5%	67.5%
Neonatal	12	12	73	251	0	3.4	0.7	5.7%	5.7%
Acute Mental Illness	48	48	1,559	15,466	2	9.9	42.4	88.3%	88.3%
Average/Total	406	406	23,653	111,468	17,017	5.4	352	86.7%	86.7%
1. OB Days = Observation Days 2. ALOS = Average Length of Stay 3. ADC = Average Daily Census									

Hospital Utilization CY 2024 Northwestern Medicine Delnor Hospital, Geneva									
	Authorized Beds	Staff Beds	Admit	Days	OB Days <sup>(1)</sup>	ALOS	ADC	Authorized Occ	Staff Occ
Medical/Surgical	121	121	8,432	35,524	317	4.3	98.2	81.2%	81.2%
Intensive Care	20	20	835	3,396	60	4.1	9.5	47.3%	47.3%
OB/Gynecology	18	18	1,211	3,167	115	117.6	9.0	50%	50%
Average/Total	159	159	10,478	42,087	492	4.1	117	73.4%	73.4%
1. OB Days = Observation Days 2. ALOS = Average Length of Stay 3. ADC = Average Daily Census									

Hospital Utilization CY 2024 Northwestern Medicine Marianjoy Rehabilitation Hospital, Wheaton									
	Authorized Beds	Staff Beds	Admit	Days	OB Days <sup>(1)</sup>	ALOS	ADC	Authorized Occ	Staff Occ
Rehabilitation	125	125	2,908	40,740	0	14	112	89.3%	89.3%
Average/Total	125	125	2,908	40,740	0	14	112	89.3%	89.3%
1. OB Days = Observation Days 2. ALOS = Average Length of Stay 3. ADC = Average Daily Census									

Hospital Utilization CY 2024 Northwestern Medicine Kishwaukee Hospital, DeKalb									
	Authorized Beds	Staff Beds	Admit	Days	OB Days <sup>(1)</sup>	ALOS	ADC	Authorized Occ	Staff Occ
Medical/Surgical	80	70	5,164	22,719	1,557	4.7	66.5	83.1%	83.1%
Intensive Care	12	12	634	2,288	74	3.6	6.5	53.9%	53.9%
OB/Gynecology	11	16	829	1,845	39	41.2	5.2	46.9%	32.3%
Average/Total	103	103	6,627	26,852	1,670	4.3	78	75.9%	75.9%
1. OB Days = Observation Days 2. ALOS = Average Length of Stay 3. ADC = Average Daily Census									

Hospital Utilization CY 2024 Northwestern Medicine Valley West Hospital, Sandwich									
	Authorized Beds	Staff Beds	Admit	Days	OB Days <sup>(1)</sup>	ALOS	ADC	Authorized Occ	Staff Occ
Medical/Surgical	15	15	457	1,579	358	4.2	5.3	35.4%	35.4%
Intensive Care	4	4	12	13	3	1.1	0.0	0.0%	0.0%
Swing Beds			111	1,224		11	3.7	0.0%	0.0%
Average/Total	19	19	580	2,816	361	5.5	9	45.8%	45.8%
1. OB Days = Observation Days 2. ALOS = Average Length of Stay 3. ADC = Average Daily Census									

**Critical Access Hospital**

Hospital Utilization CY 2024 Northwestern Medicine McHenry Hospital, McHenry									
	Authorized Beds	Staff Beds	Admit	Days	OB Days <sup>(1)</sup>	ALOS	ADC	Authorized Occ	Staff Occ
Medical/Surgical	116	127	8,392	39,382	2,758	5.0	115.5	99.5%	90.9%
Intensive Care	27	27	1,148	3,735	80	3.3	10.5	38.7%	38.7%
Average/Total	143	143	9,540	43,117	2,838	4.8	126	88%	88%
1. OB Days = Observation Days 2. ALOS = Average Length of Stay 3. ADC = Average Daily Census									

Hospital Utilization CY 2024 Northwestern Medicine Huntley Hospital, Huntley									
	Authorized Beds	Staff Beds	Admit	Days	OB Days <sup>(1)</sup>	ALOS	ADC	Authorized Occ	Staff Occ
Medical/Surgical	96	96	7,136	29,125	4,032	4.6	90.8	94.6%	94.6%
Intensive Care	12	12	754	2,230	15	3.0	6.2	51.3%	51.3%
OB/Gynecology	20	20	2,039	4,922	75	2.5	13.7	68.5%	68.5%
Average/Total	128	128	9,929	36,277	4,122	4.1	111	86.5%	86.5%
1. OB Days = Observation Days 2. ALOS = Average Length of Stay 3. ADC = Average Daily Census									

Hospital Utilization CY 2024 Northwestern Medicine Woodstock Hospital, Woodstock									
	Authorized Beds	Staff Beds	Admit	Days	OB Days <sup>(1)</sup>	ALOS	ADC	Authorized Occ	Staff Occ
Acute Mental Illness	34	34	1,008	6,298	126	6.4	17.6	51.8%	51.8%
Rehabilitation	22	22	534	7,307	0	6.4	17.6	51.8%	51.8%
Average/Total	56	56	1,542	13,605	126	8.9	38	67.2%	67.2%
1. OB Days = Observation Days 2. ALOS = Average Length of Stay 3. ADC = Average Daily Census									

Hospital Utilization CY 2024 Northwestern Medicine Palos Hospital, Palos Heights									
	Authorized Beds	Staff Beds	Admit	Days	OB Days <sup>(1)</sup>	ALOS	ADC	Authorized Occ	Staff Occ
Medical/Surgical	294	294	17,368	85,219	12,043	5.6	266.5	90.6%	90.6%
Intensive Care	48	34	1,585	7,035	443	4.4	20.5	42.7%	60.3%
OB/Gynecology	28	27	754	1,551	126	2.2	4.6	16.4%	17%
Acute Mental Illness	36	36	995	5,182	0	5.2	14.2	39.4%	39.4%
Average/Total	406	406	20,702	98,987	12,612	5.4	306	75.3%	75.3%
1. OB Days = Observation Days 2. ALOS = Average Length of Stay 3. ADC = Average Daily Census									

This map of Chicago, Illinois, provides a detailed view of the city's street grid and major landmarks. The Northwestern Memorial Hospital is located at 251 E Huron St, Chicago, IL 60611, which is highlighted by a callout box. The map shows the city's layout, including major highways such as I-90, I-94, I-55, I-290, and I-110. Key parks like Lincoln Park, Grant Park, Millennium Park, and Union Park are visible. The map also labels various neighborhoods, including Old Town, Gold Coast, Near North Side, River North, Loop, Greek Town, and Bucktown/Wicker Park. The city's major water bodies, Lake Michigan and Lake Calumet, are shown on the right side of the map. The map is a standard street map with a grid of streets and a color-coded system for different types of roads and landmarks.

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