



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

	BOARD MEETING: September 25, 2025	PROJECT NO: 25-027	PROJECT COST: Original: \$20,578,613
FACILITY NAME: Silver Cross Lemont Medical Office Building		CITY: Lemont	
TYPE OF PROJECT: Non-Substantive			HSA: VII

PROJECT DESCRIPTION: The Applicants (Silver Cross Hospital and Medical Centers (Silver Cross Hospital) and Silver Cross Health System) propose to establish a Medical Office Building (MOB) in Lemont. The project cost is \$20,578,613. The expected completion date is March 31, 2027.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- Silver Cross Hospital and Medical Centers and Silver Cross Health System (collectively, “Applicants”) propose to construct a one-story Medical Office Building (MOB) in 20,550 GSF of space, located at 15505 East 127th Street, Lemont. The MOB will provide Imaging services, an Urgent Care Center, laboratory services, and office space for Silver Cross primary care physicians. The project cost is \$20,578,613, and the expected completion date is March 31, 2027.

BACKGROUND:

- Silver Cross Health System is a prominent provider of healthcare in the southwest metropolitan Chicago area, providing healthcare services through its hospitals and outpatient facilities. The village of Lemont is one of the fastest-growing suburbs in the Chicago area, with an expected increase of 30,000 inhabitants by 2030. Silver Cross Hospital is currently the largest provider of inpatient/outpatient care to the residents of Lemont and proposes to provide outpatient services in a newly constructed/expanded facility, as the existing outpatient facility in Lemont has become outdated and unable to accommodate future growth in the existing structure.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the Illinois Health Facilities & Services Review Board (“State Board”) because the project is by or on behalf of a healthcare system, and the project exceeds the Capital Expenditure minimum for a hospital/health system (\$17,787,538)

PURPOSE OF THE PROJECT:

- The Applicants state the purpose of the project is to establish a modern/expanded MOB to accommodate its existing patient base, and to serve the growing population of Lemont and the surrounding communities. The MOB will be built on the existing MOB site and will enhance the Applicants’ ability to treat patients closer to home in a more convenient and cost-effective setting. The Applicants did not meet the historical and projected patient volumes to support the Applicants’ proposal for establishment/expansion.

PUBLIC HEARING/COMMENT:

- No public hearing was requested. No letters of opposition or support were received.

CONCLUSIONS:

- The Applicants propose establishing an MOB in 20,550 GSF of newly constructed space, providing Imaging, Laboratory/Blood draw services, Urgent Care services, and office space for Silver Cross primary care physicians.
- The Applicants addressed fourteen (14) criteria and are not compliant with the following:

Criterion	Reasons for Non-Compliance
77 Ill. Adm. Code 1120.140(c) - Reasonableness of Project Costs	Site Survey/Site Preparation Costs are 21.1% of the new construction costs (\$5,630,166), exceeding the State Board standard of 5%. New Construction/Contingency Costs are \$580.08 per GSF. This exceeds the State standard of \$359.78 per GSF by \$220.30 per GSF.



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STATE BOARD STAFF REPORT

#25-027

Silver Cross Lemont Medical Office Building, Lemont

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	Silver Cross Hospital and Medical Centers and Silver Cross Health System
Facility Name	Silver Cross Lemont Medical Office Building
Location	15505 East 127 th Street, Lemont
Application Received	July 10, 2025
Application Deemed Complete	July 14, 2025
Review Period Ends	September 12, 2025
Permit Holder	Silver Cross Hospital and Medical Centers
Operating Entity	Silver Cross Hospital and Medical Centers
Owner of the Site	Silver Cross Health System
Project Completion Date	March 31, 2027
Expedited Review	No
Can Applicants Request a Deferral?	Yes
Has the State Board extended the Application?	No

I. The Proposed Project

The Applicants, Silver Cross Hospital and its parent entity, Silver Cross Health System, propose to establish a one-story MOB in 20,550 GSF of newly constructed space, to replace an aging/outdated MOB in the exact location. The project cost is \$20,578,613. The expected completion date is March 31, 2027.

II. Summary of Findings

- A. The State Board Staff finds the proposed project is in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project is **not** in conformance with the provisions of Part 1120.

III. General Information

The Applicants are Silver Cross Hospital and Silver Cross Health System. Silver Cross Health System is an Illinois not-for-profit corporation serving as the parent entity for Silver Cross Hospital. Silver Cross Health System owns/operates Silver Cross Hospital, New Lenox, a 348-bed acute care hospital, an ownership interest in Silver Cross Ambulatory Surgery Center, a multi-specialty ASTC located on the hospital campus in New Lenox, and Silver Oaks Hospital, a 100-bed AMI hospital, also located on the Silver Cross-New Lenox campus. The Applicants also report having partnerships with the Rehabilitation Institute of Chicago, a/k/a Shirley Ryan AbilityLab, for rehabilitation services, the University of Chicago for cancer care, and Lurie Children's Hospital of Chicago for Pediatric care.

This non-substantive project is subject to a Part 1110 and Part 1120 review. Financial commitment will occur after permit issuance.

IV. Silver Cross Hospital and Medical Centers, New Lenox

Table One outlines the Hospital's utilization for calendar year ("CY") 2024. Over the last three years, the Hospital's payor mix was 44.6% Medicare, 10.3% Medicaid, 41.9% Private Insurance, 1.7% Private Pay, and 1.5% Charity Care.

TABLE ONE									
Hospital Utilization CY 2024 Silver Cross Hospital and Medical Centers, Joliet									
	Authorized Beds	Staff Beds	Admit	Days	OB Days (1)	ALOS	ADC	Authorized Occ	Staff Occ
Medical/Surgical	216	222	15,075	69,623	13,419	5.5	227.5	105.33%	102.5%
Pediatric	8	8	191	390	269	2.0	1.8	22.6%	22.6%
Intensive Care	42	36	2,844	8,766	38	4.3	24.1	57.4%	67%
OB/Gynecology	30	30	3,200	8,271	286	288.6	23.4	78.1%	78.1%
Neonatal	24	24	196	2,853	0	14.6	7.8	32.6%	32.6%
Rehabilitation	28	28	704	8,572	0	12.2	23.5	83.9%	83.9%
Average/Totals	348		21,399	98,475	14,012	5.3	308	88.6%	
1. OB Days = Observation Days 2. ALOS = Average Length of Stay 3. ADC = Average Daily Census									

V. Project Details

The one-story MOB will consist of 20,550 GSF of newly constructed space in Lemont. The MOB will be located approximately 10 miles/12 minutes from Silver Cross Hospital in New Lenox and provide: Imaging (Ultrasound, X-Ray, CT, MRI), an Urgent Care Center, Blood Draw Laboratory Services, and Primary Care Physician Office Space. The MOB will replace an existing MOB currently located on the site, which is outdated and unable to accommodate future expansion/growth. The project will address the growing healthcare needs of the Village of Lemont, one of the fastest-growing suburbs in the Chicago Metropolitan area. The Applicants note that Silver Cross Health System is the largest provider of inpatient/outpatient care to the residents of Lemont (28% inpatient/23% outpatient), and that 41% of the residents of Lemont receive Urgent/Emergency care at a Silver Cross healthcare facility. It has been determined that the most needed service in the Lemont area is Primary Care, followed by Cardiology. The Applicants project the population of Lemont to increase to 30,209 residents by 2030, a 72% increase from 2022.

VI. Project Uses and Sources of Funds

The Applicants are funding this project in its entirety with cash/securities totaling \$20,578,613 (see Table Two). The Applicants provided proof of their A-bond ratings and supplied audited financial statements to prove financial viability.

TABLE TWO				
Project Costs and Sources of Funds				
Project Costs	Clinical	Non-Clinical	Total	% of Total
Preplanning	\$9,412	\$11,248	\$20,660	.1%
Site Survey/ Soil Investigation	\$11,663	\$13,937	\$25,600	.1%
Site Preparation	\$1,180,336	\$1,410,554	\$2,590,890	12.7%
New Construction	\$5,430,680	\$6,489,900	\$11,920,580	58%
Contingencies	\$199,486	\$238,395	\$427,881	2%
A& E Fees	\$381,537	\$455,953	\$837,490	4%
Consulting Fees	\$114,804	\$137,196	\$252,100	1.3%
Movable Equipment	\$2,874,966	\$1,618,546	\$4,493,512	21.8%
TOTALS	\$10,202,884	\$10,375,729	\$20,578,613	100.00%
Sources of Funds				
Cash/Securities	\$10,202,884	\$10,375,729	\$20,578,613	100.00%
TOTALS			\$20,578,613	100.00%

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

- A) Criterion 1110.110 (a) – Background of the Applicants
- 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 Proposed Project

A) Background of the Applicants

Applicants must demonstrate that they are fit, willing, and able, and have the qualifications, background, *and character to adequately provide a proper health care service for the community.* [20 ILCS 3960/6]

The Applicants (Silver Cross Hospital, Silver Cross Health System) have attested that no adverse action has been taken against any healthcare facility owned and/or operated by or any of its officers, directors, or LLC members during the three years before *filing* this Application. The Applicants have authorized the Board and Illinois Department of Public Health to access any documents necessary to verify the information submitted in response to this subsection, including but not limited to the licensing or certification records of other states, where applicable, and the records of nationally recognized accreditation organizations. The Applicants appear fit, willing, and able, and have the qualifications, background, and character to adequately provide a proper health care service for the community.

B) Purpose of the Project

To demonstrate compliance with this criterion, the Applicants must 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 per the applicant's definition.

The proposed project seeks to establish a one-story MOB consisting of 20,550 GSF of newly constructed space on the footprint of an existing MOB that the Applicants have deemed outdated and unable to accommodate future growth/expansion.

The Village of Lemont is one of the fastest-growing suburbs in the metropolitan Chicago area. The village is expected to increase its population to 30,209 inhabitants by 2030, a 72% increase since 2022. Silver Cross Health System is currently the largest provider of inpatient/outpatient care to the residents of Lemont, claiming 28% of the inpatient market share and 23% of the outpatient market. It is also noted that 41% of Lemont's residents seek and receive care from Emergency/Urgent care services provided by the Applicants. These data confirm that Silver Cross Health System is a prominent provider of health care in the service area, which compels the Applicant party to expand its outpatient services to meet community needs.

C) Safety Net Impact Statement

All healthcare facilities, except for skilled and intermediate long-term care facilities licensed under the Nursing Home Act [210 ILCS 45], 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 offered by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation.*

This project is considered non-substantive, and a safety net impact statement is not required. However, the Applicants provided the charity care information as illustrated in Table Three, and a Community Benefit Report for Silver Cross Hospital (see application, p. 137)

TABLE THREE Charity Care Silver Cross Hospital			
	FY 2022	FY 2023	FY 2024
Net Patient Revenue	\$467,991,000	\$501,604,000	\$529,470,000
Amount Of Charity Care	\$12,913,000	\$8,075,000	\$8,869,000
Cost Of Charity Care	\$4,120,000	\$2,506,000	\$2,744,000
% of Charity Care to Net Patient Revenue	.08%	.04%	.05%

D) Criterion 1110.110 (d) - Alternatives to the Proposed Project

To demonstrate compliance with this criterion, the Applicants must document that the proposed project is the most effective or least costly alternative for meeting the population's health care needs.

The Applicants considered three options for the proposed project.

1. Lease Vacant Medical Office Space (Cost undetermined)

The Applicants researched options of leasing one or more properties for relocation in the service area. Still, they were unable to find a medical office space suitable in size or able to accommodate the Applicants' physicians currently occupying the existing MOB in Lemont. The Applicants examined other options in this search, such as current rental rates, escalation factors, services included (and not included) in the rent, terms of leases, and quality of construction/ease of build-out. None of these researched factors supported this alternative, which was ultimately rejected.

2. Lease Space in a MOB to be Constructed by a Developer (Cost determined to be \$25 million more than the option chosen)

Per this option, the Applicants would engage a developer to construct a new MOB, which would be leased from the developer under a triple net lease. Given the current economic environment, the Applicants determined that they would have spent more on leasing costs over the term of the lease than the cost projected for the chosen option. The Applicants rejected this alternative.

3. Construct a MOB Without a Developer (Cost: \$20,578,613/Option Chosen)

The Applicants determined this was the most cost-effective option, which would perpetuate the continuity of care from the Applicants' physicians currently practicing in the MOB, while accommodating the projected growth anticipated in the service area.

IX. Size of the Project, Projected Utilization

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

A) Size of the Project

To demonstrate compliance with this criterion, the Applicants must document that the project's size conforms to standards published in Part 1110 Appendix B.

The proposed MOB will offer Imaging (X-Ray, Ultrasound, MRI, CT), Urgent Care, Blood Draw Labs, and Medical Office Space. Table Four illustrates the proposed spatial considerations and their applicability to the State standard for project sizes. It appears the Applicants have met the requirements of this criterion.

TABLE FOUR Project Size Silver Cross Lemont MOB				
Dept/Service #of Rooms/Units	Proposed DGSF	State Standard	Difference	Standard Met?
Urgent Care / 6 Units	1,888 DGSF 314 GSF/Room	4,800 DGSF 800 GSF/Room	2,912 GSF per unit	Yes
Imaging 1 X-Ray 1 Ultrasound 1 MRI 1 CT	2,920 DGSF 730 DGSF/Room	5,800 DGSF 1,300 GSF X-Ray 900 GSF Ultrasound 1,800 GSF MRI 1,800 GSF CT	2,880 GSF under overall measurement	Yes
Medical Office Space 22 units	4,140 DGSF 188.2 DGSF/Room	N/A	N/A	N/A
Blood Draw Labs 2 Units	414 DGSF	N/A	N/A	N/A
DGSF: Departmental Gross Square Feet, the floor area within the boundaries of a functional department				

TABLE FIVE Size Summary Silver Cross Lemont Medical Office Building			
Area	Clinical	Non-Clinical	Total
Urgent Care	1,888 DGSF	654 DGSF	2,542 DGSF
Imaging	2,920 DGSF	0 DGSF	2,920 DGSF
Medical Offices	4,140 DGSF	2,443 DGSF	6,583 DGSF
Blood Draw Labs	414 DGSF	0 DGSF	414 DGSF
Other Non-Clinical	0 DGSF	8,091 DGSF	8,091 DGSF
Total	9,362 DGSF	11,188 DGSF	20,550 DGSF
DGSF: Departmental Gross Square Feet, the floor area within the boundaries of a functional department			

B. Projected Utilization

To demonstrate compliance with this criterion, the Applicants must document that the projected utilization of the services in which the State Board has established utilization standards will conform to the standards published in Part 1110 Appendix B.

The Applicants propose to provide Imaging (X-Ray, Ultrasound, MRI, CT), Urgent Care, Blood Draw Labs, and Physician Office space in the new MOB. Table Six identifies the modalities mentioned, their projected utilization, and the State standard (if applicable). It appears the services listed in Table Six will meet State standards for utilization.

TABLE SIX Historical/Projected Utilization Data Silver Cross Lemont Medical Office Building				
Service	Projected Utilization Year 2 (2028)	Projected Utilization Year 3 (2029)	State Standard	Standard Met?
X-Ray (1 Unit)	2,218 procedures	2,440 procedures	8,000 procedures/unit	Yes
Ultrasound (1 Unit)	1,371 visits	1,600 visits	3,100 visits per unit	Yes
MRI (1 Unit)	1,372 procedures	1,600 procedures	2,500 procedures/unit	Yes
CT (1Unit)	1,989 visits	2,321 visits	7,000 visits/unit	Yes
Urgent Care (5 Units)	8,871 visits	9,758 visits	2,000 visits/unit	Yes
Lab/Blood Draw* (2 Units)	4,267 tests	4,978 tests	N/A	N/A
Medical Offices* (22 Units)	12,994 visits	16,368 visits	N/A	N/A
*Services with no utilization standards				

X. Clinical Services Other than Categories of Service

A) Criterion 1110.270 (b) – Need Determination-Establishment

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

1. Service to Planning Area Residents
2. Service Demand

1) Service to Planning Area Residents

The Applicants state the service area for this project is a 10-mile radius located in the metropolitan Cook County area, with emphasis on the Village of Lemont. Lemont is one of the fastest-growing suburbs in the Chicagoland area, experiencing a 72% population growth since 2022. Silver Cross Hospital is the largest provider of inpatient/outpatient care in the area, securing 28% of the inpatient share and 23% of the outpatient share, respectively. It is noted that 41% of the residents of Lemont receive emergency/urgent care through Silver Cross Health System facilities, and the Applicants have identified Primary Care as the most sought medical service in the area, followed by Cardiology.

2) Need Determination-Establishment

According to the Applicants, the existing MOB used by Silver Cross Hospital is outdated and unable to accommodate future growth. The utilization data provided by the Applicants indicate an imminent need for modernization/expansion that cannot be realized in the current building. The Applicants propose to construct a new, one-story MOB, consisting of 20,550 GSF of space to accommodate the existing services/patient population and expected future growth. This project will enable Silver Cross Hospital patients to access necessary treatments closer to home, at a location that is easily accessible and one with which the existing patient base is already familiar. The establishment of this MOB was carefully planned to accommodate the current patient volume and expected patient growth. Table Six identifies the services provided at the new MOB and identifies the historic and

projected utilization, which complies with the State Board's standards for the mentioned services (see Table Six).

3) Establishment-Unnecessary Duplication/Maldistribution / Impact on Area Providers

The services proposed through the new MOB (see Tables Five and Six) are not monitored/studied across the other providers in the defined service area, and the Applicants cannot ascertain that the proposed project will lower utilization of other area service providers. However, the Silver Cross Hospital physicians intend to treat their own patients in the new MOB, and based on previous utilization data, this project is expected not to impact other area service providers negatively. Additionally, the data contained in Tables Five and Six of this report indicate that the proposed MOB and the planned services will meet the utilization standards outlined in Part 1110 Appendix B of the State Board's rules.

XI. Financial Viability

A) Criterion 1120.120 - Availability of Funds

B) Criterion 1120.130 – Financial Viability

To demonstrate compliance with these criteria, the Applicants must document sufficient cash to fund the proposed project and prove their financial viability.

The Applicants are funding this project in its entirety with cash and securities totaling \$20,578,613 (internally). They have provided Audited Financial Statements for 2023 and 2024 (see Table Seven). Silver Cross Health System also received an A-/Stable bond rating from Fitch's Ratings Service (dated April 11, 2025), and Silver Cross Hospital supplied an A3/Stable bond rating from Moody's Ratings Service (dated April 16, 2025) (see application Page 115). It appears the Applicants have sufficient funds available to fund the proposed project.

TABLE SEVEN Silver Cross Health System Years ended September 30, 2024, and 2023. (In thousands) Audited		
	2024	2023
Cash	\$34,151	\$33,119
Current Assets	\$205,828	\$168,313
Total Assets	\$1,072,195	\$986,989
Current Liabilities	\$184,119	\$162,667
LTD	\$323,360	\$339,041
Total Liabilities	\$598,511	\$568,664
Net Patient Revenue	\$554,907	\$523,089
Total Revenues	\$609,876	\$578,110
Income from Operations	\$4,144	\$2,964
Net Income	\$19,034	\$28,936

XII. Economic Feasibility

A) Criterion 1120.140(a) – Reasonableness of Financial Arrangements

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

To comply with this criterion, the Applicants must document the terms of the debt financing and attest that the funding will be at the lowest cost.

Debt is not being used to fund the capital costs for this project. As a result, these criteria are not applicable.

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

To demonstrate compliance with this criterion, the Applicants must document that the project costs are reasonable by meeting the State Board Standards in Part 1120 Appendix A.

Only clinical costs are being reviewed.

Pre-Planning Costs – These total \$9,412, or less than 1% of the construction, contingencies, and equipment costs (\$8,505,132). This appears to be in conformance with the State Board standard of 1.8%.

Site Survey/Site Preparation Costs – These costs total \$1,191,99, which is 21.1% of the construction/contingencies cost (\$5,630,166). This is not in compliance with the State Board standard of 5%.

New Construction Costs—These costs total \$5,430,680, or \$580.08 per DGSF (\$5,430,680 / 9,362 GSF = \$580.08). This is not in compliance with the State Board Standard of \$359.78 per DGSF.

Contingencies—These costs total \$199,486, or .3% of new construction costs. This appears reasonable compared to the State Board Standard of 10% -15%.

Architectural and Engineering Fees—These costs total \$381,537, or 6.8% of construction and contingencies (\$5,630,166). This appears reasonable compared to the State Board Standard of 5.27% to 7.91%.

The State Board does not have standards for costs below this level.

Consulting Fees	\$114,804
Movable Equipment	\$2,874,966
Other Costs to be Capitalized	\$130,700

The Applicants appear to exceed the State Board's standards for Site Survey/Site Preparation Costs and New Construction Costs. The Applicants attribute the overage in Site Survey/Site Preparation cost to the following:

- 1) The need to stage work on the construction site. There is an existing medical office building that will require additional earthwork, asphalt paving for parking, and additional fencing.
- 2) Poor soil conditions on the building site, which will require enhancement to accommodate/support the new Silver Cross Lemont MOB
- 3) The need to bring utilities to the new site from the road/easement.
- 4) Demolition costs associated with the existing Medical Office Building, once the replacement facility is operational.

The Applicants note that the construction costs calculated for this project appear to be identical to similar projects initiated in the planning area. The Applicants are confident that their general contractor arrived at a construction cost figure that accurately represents the project costs in the region, which reports higher construction cost standards.

Negative findings for this criterion.

D) Criterion 1120.140(d) – Projected Operating Costs

The Applicants are projecting \$133.88 in operating expenses per visit/procedure performed during the second year after project completion. The State Board does not have a standard for this criterion.

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

The applicant's project has no capital costs per visit/procedure for the total facility. The State Board does not have a standard for this criterion.

This map shows the area around Lemont, Illinois. A callout box identifies the location of Silver Cross Medical Center at 15505 E 127th St, Lemont, IL 60439. The map features major highways including I-355 (Naperville Expressway) and I-294 (Burr Ridge Expressway). Other labeled locations include Naperville, Woodridge, Burr Ridge, Willowbrook, Bridgeview, Burbank, Palos Heights, Orland Park, Tinley Park, and Fairmont. The map also shows the DuPage and Will County borders and the Illinois state line. A scale bar at the bottom indicates distances from 0 to 6 miles.