



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: April 14, 2026	PROJECT NO: 26-002	PROJECT COST: \$99,146,720
FACILITY NAME: Advocate Lutheran General Hospital	CITY: Park Ridge	
TYPE OF PROJECT: Non-Substantive		HSA: VII

PROJECT DESCRIPTION: The Applicants (Advocate Health and Hospitals Corporation d/b/a Advocate Lutheran General Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.) propose to establish a comprehensive outpatient Oncology center on the campus of Advocate Lutheran General Hospital, 1700 Luther Lane, Park Ridge, Illinois. The project costs \$99,146,720, and the expected completion date is December 31, 2028.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Advocate Health and Hospitals Corporation d/b/a Advocate Lutheran General Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.) propose to establish a Comprehensive Cancer Care Center on the campus of Advocate Lutheran General Hospital, located at 1700 Luther Lane, in Park Ridge, Illinois. The project costs \$99,146,720, and the expected completion date is December 31, 2028.
- The Applicants propose to establish a two-story Comprehensive Cancer Care (CCC) center in 77,605 GSF (52,348 clinical/25,257 GSF non-clinical) of newly constructed space, connected to the existing Center for Advanced Care (CAC) that entails 5,813 GSF (1,350 GSF clinical/4,463 non-clinical) of modernized space. The address for the Center for Advanced Care (CAC) is 1700 Luther Lane, and the newly constructed Comprehensive Cancer Care Center (CCC) will be located at 1650 Luther Lane, which are both located on the campus of Advocate Lutheran General Hospital, Park Ridge. The Applicants will construct a walkway connecting the two buildings.
- The expansion/modernization project will relocate and expand outpatient Oncology services resulting in a comprehensive one-stop location for patients and providers.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The Applicants are before the State Board because the proposed project has costs in excess of the Capital Expenditure Minimum for hospitals (\$17,787,538).

PUBLIC HEARING/COMMENT:

- No public hearing was requested, and the State Board received five letters of support and one letter of opposition.

CONCLUSION:

- The Applicants addressed a total of 18 criteria and are not compliant with the following:

Criterion	Reasons for Non-Compliance
77 Ill. Adm. Code 1120-140(c) - Reasonableness of Project Costs	New Construction / Proportionate Contingencies Costs total \$576.19 per GSF, which exceeds the State standard of \$500.72 per GSF (mid-point 2027). Modernization / Proportionate Contingencies Costs total \$621.32 per GSF, which exceeds the State standard of \$350.51 per GSF (mid-point 2027). Architectural / Engineering Fees - New Construction total \$2,505,475, or 8.3% of construction and proportionate contingencies costs. The State standard is 5.12% - 7.68%.



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STATE BOARD STAFF REPORT

Project #26-002

Advocate Lutheran General Hospital

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants	Advocate Aurora Health, Inc., Advocate Health, Inc., Advocate Health and Hospitals Corporation d/b/a Advocate Lutheran General Hospital
Facility Name	Advocate Lutheran General Hospital
Location	1770 Luther Lane, Park Ridge, Illinois (CAC) 1650 Luther Lane, Park Ridge, Illinois (CCC)
Permit Holder	Advocate Aurora Health, Inc., Advocate Health, Inc., Advocate Health and Hospitals Corporation d/b/a Advocate Lutheran General Hospital
Operating Entity/Licensee	Advocate Health and Hospitals Corporation d/b/a Advocate Lutheran General Hospital
Owner of Site	Advocate Health and Hospitals Corporation
Application Received	January 13, 2026
Application Deemed Complete	March 13, 2026
Did the State Board staff extend the review period?	No
Can the Applicants request a deferral?	Yes
Expedited Review?	No

I. Project Description

The Applicants (Advocate Health and Hospitals Corporation d/b/a Advocate Lutheran General Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.) propose to consolidate and expand its Cancer Care services at Advocate Lutheran General Hospital, 1770 Luther Lane, in Park Ridge. The project costs \$99,146,720, and the expected completion date is December 31, 2028.

II. Summary of Findings

- A. State Board Staff finds the proposed project appears to conform with the provisions of 77 Ill. Adm. Code Part 1110.
- B. State Board Staff finds the proposed project does not conform with the provisions of 77 Ill. Adm. Code Part 1120.

III. General Information

The Applicants are Advocate Aurora Health Inc., Advocate Health, Inc., and Advocate Health and Hospitals Corporation d/b/a Advocate Lutheran General Hospital. Advocate Lutheran General Hospital has received a four-star rating from Medicare. This rating reflects the hospital's performance across several categories, including effectiveness of care, safety of care, patient experience, and readmission rates.

The Hospital is in Health Service Area VII and the A-07 Hospital Planning Area (HPA). The HPA A-07 includes the Cook County Townships of Maine, Elk Grove, Schaumburg, Palatine, and Wheeling. This project is subject to Parts 1110 and 1120 review. Financial Commitment will occur after project approval. There are 16 Hospitals within the 10-mile radius of the Applicants' facility, including:

TABLE ONE				
Acute Care Hospitals Within the 10-Mile Radius of Advocate Lutheran General Hospital, Park Ridge 2024 Information				
Hospitals	City	Miles	Total Beds	Total Occ
Advocate Lutheran Hospital	Park Ridge	0	698	83.3%
Chicago Behavioral Health Hospital	Des Plaines	1.6	150*	94.8%
Holy Family Medical Ctr.	Des Plaines	2.5	178	65.2%
Endeavor Glenbrook Hospital	Glenview	3.7	138	92.4%
Resurrection Med. Ctr.	Chicago	4.0	305	57.1%
Endeavor Skokie Hospital	Skokie	5.7	123	25%
Community First Med. Ctr.	Chicago	7.6	230	37.8%
Northwest Community Hospital	Arlington Heights	7.6	457	68.3%
St Francis Hospital-Evanston	Evanston	8.5	197	48.2%
Endeavor Evanston Hospital	Evanston	8.6	352	70.9%
Shriner's Children's Hospital	Chicago	8.7	60^	15.3%
Loyola Gottlieb Hospital	Melrose Park	8.9	201	57.3%
Swedish Covenant Hospital	Chicago	8.9	286	53.4%
Alexian Brothers Med. Ctr.	Elk Grove Village	9.0	141	57.1%
Kindred Chicago Northlake	Northlake	9.3	91<	32.3%
Kindred Chicago Northlake	Chicago	9.6	124<	52.4%
Total/Average			843	56.9%
*Acute Mental Illness Hospital ^Pediatric Services Exclusively < Rehabilitation Hospital				

Table Two documents Advocate Lutheran General Hospital's utilization for the past six years (2019-2024), and Table Three documents the hospital's utilization in 2024.

TABLE TWO							
Utilization Advocate Lutheran General Hospital (2019 Thru 2024)							
	Authorized Beds	2019	2020	2021	2022	2023	2024
M/S	370	91.60%	95.90%	103.90%	104.10%	99.97%	94.3%
PED	48	64.90%	61.70%	73.20%	97.60%	96.20%	87.3%
ICU	75	68.20%	63.30%	69.40%	73.80%	73.60%	80.5%

OB	51	53.70%	38.20%	39.00%	41.00%	43.66%	55.9%
Neonatal	54	66.70%	56.00%	69.00%	79.40%	77.05%	80.3%
AMI	55	38.20%	43.30%	45.00%	43.60%	55.67%	44.1%
Total	653	76.30%	75.90%	82.50%	85.70%	82.89%	83.3%

TABLE THREE Utilization Advocate Lutheran General Hospital 2024 Utilization for both Authorized and Proposed Beds								
	Authorized Beds	Proposed Beds	ADM	DAYS	ALOS	ADC	OCC	OCC
M/S	370	356	17,753	111,353	6.3	349	94.3%	98%
PED	48	48	4,180	14,722	3.5	42	87.3%	87.3%
ICU	75	86	4,962	21,906	4.4	60	80.5%	70.2%
OB	51	51	4,020	10,176	2.5	29	55.9%	55.9%
Neonatal	54	54	134	15,280	118.1	43	80.3%	80.3%
AMI	55	55	1,153	8,852	7.7	24	44.1%	44.1%
Rehab	0	0	907	12,632	13.9	35	-	-
	698	698	33,109	195,461	5.9	582	83.3%	83.3%

IV. Project Costs and Sources of Funds

The Applicants will fund this project with cash of \$16,618,226 and bond issues totaling \$82,528,494 (see Table Four).

TABLE FOUR Project Costs and Sources of Funds				
PROJECT COSTS	Reviewable	Non- Reviewable	Total	% of Total
Preplanning Costs	\$315,000	\$195,500	\$510,500	.51%
Site Survey and Soil Investigation	\$12,000	\$283,400	\$295,400	.30%
Site Preparation	\$167,500	\$2,895,930	\$3,063,430	3.09%
Off-Site Work	\$414,053	\$2,506,000	\$2,920,053	2.95%
New Construction (CCC)	\$27,427,940	\$30,896,505	\$58,324,445	58.83%
Modernization Contracts (CAC)	\$762,912	\$2,599,317	\$3,362,229	3.39%
Contingencies	\$2,810,000	\$3,350,000	\$6,160,000	6.21%
Architectural/Engineering Fees	\$2,575,000	\$3,050,000	\$5,625,000	5.67%
Consulting and Other Fees	\$2,649,358	\$329,000	\$2,978,358	3%
Movable or Other Equipment	\$3,816,381	\$165,250	\$3,981,631	4.02%
Bond Issuance Expense (project related)	\$488,344	\$530,526	\$1,018,870	1.03%
Net Interest Expense During	\$1,715,880	\$1,864,090	\$3,579,970	3.61%
Other Costs to Be Capitalized	\$4,369,308	\$2,957,526	\$7,326,834	7.39%
Total Uses of Funds	\$47,523,676	\$51,623,044	\$99,146,720	100.00%

SOURCES OF FUNDS				
Cash and Securities			\$16,618,226	16.8%
Bond Issues (project related)			\$82,528,494	83.2%
TOTAL SOURCES OF FUNDS			\$99,146,720	100.00%

V. Project Details

The Applicants propose to consolidate its outpatient cancer care services through a modernization/expansion project on the campus of Advocate Lutheran General Hospital. The project will include:

- The construction of a two-story addition to the Center for Advanced Care (CAC), which is located at 1700 Luther Lane, Park Ridge. There will be a walkway constructed from the CAC to the newly constructed Comprehensive Cancer Center (CCC).
- The Comprehensive Cancer Care Center (CCC) will be located adjacent to the CAC and connected via an elevated walkway. The address for the CCC will be 1650 Luther Lane, Park Ridge.
- The newly constructed space in the CCC will relocate/consolidate Outpatient Hematology/Oncology, Transplant and Cellular Therapy (TCT) clinic and infusion services, creating an integrated and expanded TCT program and Oncology Service line.
- Services will consist of a Transplant and Cellular Therapy (TCT) clinic, apheresis services, TCT-related infusions, non-Oncology infusions, Chemotherapy/Immunotherapy Infusions, Blood Transfusions, multispecialty Surgical Oncology clinics, Hematology Oncology clinics, and a relocated Cancer Survivorship Center. New and expanded Laboratory/Pharmacy services will also be established, serving Oncology patients exclusively.
- The Outpatient Laboratory located on the first floor in the Center for Advanced Care (CAC) will also be modernized.

The total project will consist of 77,605 GSF of new construction (52,348 GSF clinical/25,257 GSF non-clinical), with 5,813 GSF being modernized (1,350 GSF clinical 4,463 GSF non-clinical). The project cost is \$99,146,720, and the anticipated project completion date is December 31, 2028.

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

<u>Project</u>	<u>Permit Number</u>
Advocate Illinois Masonic Medical Center	# 22-009
Advocate Outpatient Center – Chicago Webster	# 23-002
Advocate Outpatient Center – Lakemoor	# 23-010
Advocate Christ Medical Center	# 23-021/E-051-22
Advocate ASTC – Chicago Webster	# 23-007

Advocate Outpatient Center Hoffman Estates	# 23-028
Advocate Outpatient Center Westmont	# 24-001
Advocate Good Shepherd Hospital	# 24-015
Advocate Naperville ASTC/Cath/Outpatient Center	# 24-008
Advocate Trinity Discontinuation	# 25-002
Advocate Trinity Replacement Hospital	# 25-003
Advocate South Suburban Hospital Observation Unit	# 26-010

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

The four criteria below are informational only.

- 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 Applicant

An applicant must demonstrate that he is fit, willing, and able and *has the qualifications, background, and character to adequately provide a proper standard of health care service for the community.* [20 ILCS 3960/6] In evaluating the qualifications, background, and character of the applicant, HFSRB shall consider whether adverse action has been taken against the applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed health care facility, or against any health care facility owned or operated by the applicant, directly or indirectly, within 3 years preceding the filing of the application. A healthcare facility is considered "owned or operated" by every person or entity directly or indirectly owning an ownership interest. Suppose any person or entity owns any option to acquire stock. In that case, the stock shall be considered to be owned by that person or entity (see 77 Ill. Adm. Code 1100 and 1130 for definitions of terms such as "adverse action," "ownership interest," and "principal shareholder").

The Applicants attest that no adverse action was taken against any facility owned and operated by the Applicants during the three years before the filing of this application. The Applicants have given authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to, official records of IDPH or other State agencies; the licensing or certification records of different states, when applicable; and the records of nationally recognized accreditation organizations. The Applicants have the qualifications, background, and character to provide the community with a proper standard of health care services. (Application for Permit pages 67-70)

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.

In 2018, the Applicants developed a master facility plan that addressed the future of ambulatory care services at Advocate Lutheran General Hospital and identified space and programming issues in outpatient Oncology services. The plan identified current and long-term needs for the facility to continue to provide access to Hematology/Surgical Oncology clinics and infusion services and create a full-service Transplant Cellular Therapy (TCT)

center in one location on the campus of Advocate Lutheran General Hospital, Park Ridge. The project will meet the growing need for innovative cancer care, and the increased demand for innovative treatments in a coordinated, fully integrated location with sufficient space and resources.

The Applicants state the Hospital's service area includes 57 zip codes that comprised 74% of the hospital's inpatient and outpatient cases in 2024. With a population of 1,414,250, the service area is a diverse community, with 23% of its residents of Hispanic ethnicity and a racial distribution of 58% White, 14% Asian, 7% Black, and others. The median age of residents in the service area is 42 years old. Older adults (65 and older) represent nearly 21% of the service area population. This geography has a more significant number (21%) of adults 65 and older than 18% for the entire United States. Table Five shows the population projection for the A-07 HPA.

TABLE FIVE Population Projections in the A-07 HPA			
Age Cohort	2021	2026	Change
0-14	112,650	109,060	-3.19%
15-44	241,780	244,480	1.12%
45-64	171,500	166,410	-2.97%
65-74	67,290	75,780	12.62%
75+	50,890	59,570	17.06%
Total	644,110	655,300	1.74%

Table Six shows the projected population in the Advocate Lutheran General Hospital's service area, and Table Seven outlines the hospital's service area.

TABLE SIX Population Projections in the Advocate Lutheran General's Service Area			
Age Cohort	2025	2030	Change
0-17	280,125	260,923	(19,202)
18-44	444,362	422,965	(21,397)
45-64	359,124	345,223	(13,901)
65+	287,517	309,064	21,547
Total	1,371,128	1,338,175	(32,953)

Alternative One - Maintain Services in Current Location/Maintain Status Quo

This option to continue offering outpatient Hematology and TCT services in their current locations was considered infeasible because the issues of infrastructure and spatial deficiencies would remain and would not allow for the co-locating and centralization of TCT services. If this option were to be pursued, additional space on the hospital campus would be needed for these programs, and that space would likely have an adverse effect on existing clinical services. **Cost: No capital costs were identified with this alternative.**

Alternative Two – Project of Lesser Scope and Cost.

A project of lesser scope/cost would involve choosing to relocate/expand only one of the treatment modalities in the option proposed (Hematology/Oncology or TCT), which undermines the basis of the project, which is to centralize and co-locate Hematology and TCT services in one location for a more holistic patient experience. To differentiate between which service to pursue for modernization/expansion would only delay the need to address the shortcomings of the option not chosen in the near future and would only result in two separate (and more costly) projects. **Cost: \$71,600,000, Medical Oncology only, or \$70,700,000 for Outpatient TCT only.**

Alternative Three – Project of Greater Scope and Cost

The Applicants considered building a freestanding, larger addition to accommodate all inpatient/outpatient Oncology services but realized there is insufficient space on the Advocate Lutheran General Hospital campus to accommodate a building of this magnitude, and doing so would involve the relocation of key clinical services, creating a negative effect on the patient experience. While this would address the spatial needs for outpatient Oncology services, the cost of this alternative was insurmountable, and there were other more cost-effective options available. **Cost: \$350-\$450 million dollars.**

Alternative Four – Develop Alternative Settings to Meet All or a Portion of the Project's Intended Purposes

The establishment of outpatient Oncology services in one location is crucial for the overall patient experience. Oncology patients are normally scheduled for multiple visits/treatments in a single day, and many Oncology patients often lack the strength or mobility to travel to different locations and seek treatments in different environments, which reinforces the need for comprehensive Outpatient Oncology services in one location. The Applicants also note that some of the outpatient Oncology services cannot be located in off-campus locations. Based on these assertions, the Applicants rejected this alternative. **Cost: \$150 million dollars.**

Alternative Five – Utilize Other Health Care Resources to Serve the Population Proposed to be Served by the Project

The Applicants determined that referring Oncology patients to other facilities in the service area was infeasible due to their objective to develop a one-stop shop for Outpatient Oncology services, and the desire to continue the provision of said services in a comprehensive and coordinated manner. The Applicant facility is the only health system in the northwest suburbs providing TCT, CAR-T, Cell and Apheresis services from one building/facility. Other facilities in the service area lack the ability to provide TCT services in their location, and the decision to utilize other healthcare resources was rejected. **There was no project costs identified with this alternative.**

Alternative Six – Create New Two-Floor Addition to the CAC to Create a Comprehensive Outpatient Cancer Center on the Advocate Lutheran General Hospital Campus (Chosen Alternative)

This option was deemed most feasible due to the ability to provide the prescribed Cancer care services from one building, creating a comprehensive One-stop Cancer Care Center at Advocate Lutheran General Hospital. While the new construction will provide the space needed to house all Oncology services, the right-sized space and contemporary standards and functions will allow for an optimal patient experience without having to travel to different locations. This is an installment in the continued investment that the Applicants seek to provide services to Advocate patients and the Park Ridge community. **Cost: \$99,146,720.**

VII. Size of the Project, Projected Utilization, Assurance

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

A) Size of the Project

The project will consist of 77,605 GSF of new construction for the CCC (52,348 GSF clinical/25,257 GSF non-clinical), and 5,813 GSF of modernized space in the laboratory of the CAC (1,350 GSF clinical 4,463 GSF non-clinical)(see Table Nine). As shown in Table Nine, none of the clinical components of this project have size standards, and the Applicants have successfully addressed this criterion.

TABLE NINE Size of Project Comprehensive Cancer Center (CCC) Center for Advanced Care (CAC)						
Dept. Area	Existing	Proposed	New Construction (CCC)	Modernized (CAC)	As Is	Vacated Space
Clinical						
Hematology Oncology Clinic & Infusion	17,135	26,511	26,511	0	0	17,135
Outpatient TCT Clinic & Apheresis	2,810	4,120	4,120	0	0	2,810
Outpatient Infusion	3,700	7,910	7,910	0	0	3,700
Surgical Oncology Clinic	3,745	8,065	8,065	0	0	3,745
Dedicated Oncology Lab (CCC)	0	1,683	1,683	0	0	80
Hospital Outpatient Lab (CAC)	1,510	2,315	0	1,350	965	80
Dedicated Oncology Pharmacy (Level 2)	605	2,420	2,420	0	0	605
TCT Non-TCT Pharmacy (Level 1)	0	1,639	1,639	0	0	0
Total Clinical	29,505	54,663	52,348	1,350	965	28,155
Non-Clinical						
Staff Support	480	1,690	1,210	480	0	0
Conference Room	0	622	622	0	0	0
Reception/Waiting/Circulation/Building Support	3,587	14,721	9,838	3,983	900	547
Mechanical/Electrical/IT	4,250	14,827	10,577	0	4,250	0
Cancer Survivorship Center	2,145	3,010	3,010	0	0	2,145
Total Non-Clinical	10,462	34,870	25,257	4,463	5,150	2,692
TOTAL	39,967	89,453	77,605	5,813	6,115	30,847

TABLE TEN Size of Project Modernization at Center for Advanced Care (CAC)						
Dept. / Area	Existing	Proposed	New Const. (CCC)	Modernized (CAC)	As Is	Vacated Space
Clinical						
Hospital Outpatient Laboratory (CAC)	1,510	2,315	0	1,350	965	80
Total Clinical	1,510	2,315	0	1,350	965	80
Non/Clinical						
Staff Support (CAC)	480	480	0	480	0	0
Reception/Waiting/Circulation/Building Support	3,587	2,883	0	3,983	900	547
Total Non-Clinical	4,067	3,363	0	4,463	900	547
TOTAL	5,577	5,678	0	5,813	1,865	627

TABLE ELEVEN		
Proposed Use of Vacated Space		
Dept./Area	Uses	Gross Square Feet
Clinical		
Hematology/Oncology Clinic & Infusion Center	CAC New Clinic Development	17,135
Outpatient TCT Clinic/Apheresis Services	CAC New Clinic Development	2,810
Outpatient Infusion Center	CAC New Clinic Development	3,700
Multispecialty Surgical Oncology Clinic	MOB (Parkside) and CAC New Clinic Development	3,745
Outpatient Lab	CAC Redevelopment to public circulation	160
Oncology Pharmacy	CAC New Clinic Development	605
Total Clinical		30,847
Non-Clinical		
Cancer Survivorship Center	Building slated for demolition	2,145
CAC Lobby	CAC Redevelopment to public circulation and existing outpatient lab	547
Total Non-Clinical		2,692
TOTAL		30,847

B) Projected Utilization

The Applicants propose relocating and consolidating the entirety of their Outpatient Oncology services within the new Comprehensive Cancer Center (CCC), consisting of the following modalities:

- Hematology/Oncology Clinic & Infusion Center
- Transplant & Cellular Therapy (TCT) Clinic & Apheresis Services
- Outpatient Infusion Center providing
 - TCT Infusions
 - Oncology Infusions
 - Non-Oncology Infusions & Injections
 - Blood Transfusions
- Multi-Specialty Oncology Clinic
- Dedicated Oncology/Phlebotomy Laboratory
- Dedicated Oncology Pharmacy
- TCT & Non TCT Pharmacy

While none of the listed modalities are subject to State utilization standards, the Applicants supplied historical and projected utilization data which supports the need for the proposed project (see Table Twelve). The Applicants have successfully addressed this criterion.

TABLE 12 Utilization of Services				
Dept./Service	Historical Utilization*	Projected Utilization* (2029)	State Standard	Standard Met?
Hematology/Oncology Clinic	39,946	40,726	N/A	Yes
Hematology/Oncology Infusions	32,399	33,179	N/A	Yes
TCT Clinic Visits/Treatments	3,752	6,044	N/A	Yes
Apheresis	729	740	N/A	Yes
Oncology Infusions	7,357	7,555	N/A	Yes
Thoracic Oncology Clinic	5,058	5,188	N/A	Yes
OP Laboratory	65,434	71,977	N/A	Yes
*Patient Visits 2029: First year after project completion				

VIII. 1110.270 Clinical Services Other Than Categories of Service

The Applicants propose to consolidate, modernize, and expand its comprehensive Outpatient Oncology program on the campus of Advocate Lutheran General Hospital. The project will be a combination of new construction and modernization/expansion of the mentioned services to better serve its Oncology patient population, resulting in a comprehensive destination for the mentioned services. Table 13 illustrates the expansion per category of service.

TABLE 13 Expansion of Oncology Services, Advocate Lutheran General Hospital		
Service	# of Existing Units	# of Proposed Units
Hematology/Oncology Clinic & Infusion Center	19 clinic rooms / 36 infusion bays	26 clinic rooms / 49 infusion bays
Outpatient TCT Clinic /Apheresis Services	5 clinic rooms / 2 apheresis bays	6 clinic rooms / 3 apheresis bays
Outpatient Infusion Center	13 infusion bays	24 infusion bays
Multispecialty Surgical Oncology Clinic	4 rooms	12 rooms
Dedicated Oncology Lab	0	1 lab (6 stations)
Hospital Outpatient Lab (CAC modernization)	1 lab (5 stations)	1 lab (6 stations)
Dedicated Oncology Pharmacy	1	1
TCT and Non-TCT Pharmacy	0	1

Necessary Expansion

The Applicants propose to consolidate its Oncology care services from scattered sites throughout the service area to the campus of Advocate Lutheran General Hospital, Park Ridge, to create a comprehensive cancer care center where its patient base can seek treatment and clinician consult in one centralized location. The data supports the need for this modernization and expansion to meet the growing need for services in the area.

Utilization: Service or Facility

Table 14 illustrates the historical and projected utilization of its Hematology/Oncology Clinic for patient visits and infusions. Both show a steady historical and projected increase in utilization for these modalities.

TABLE 14 Hematology/Oncology Clinic Visits / Infusion Historical & Projected Utilization					
	2022	2023	2024	2025	% change 2022 to 2025
Hematology Oncology Clinic Visits	32,422	35,862	39,808	39,946	23.2%
Hematology Oncology Infusions	27,805	30,009	30,454	32,399	16.5%
	2026	2027	2028	2029	% change 2026-2029
Hematology Oncology Clinic Visits	39,946	39,946	39,946	40,726	2.0%
Hematology Oncology Infusions	32,399	32,399	32,399	33,179	2.4%

Utilization: Service or Facility

Table 15 illustrates the historical and projected utilization of its Oncology Infusion Clinic for patients. This modality also shows historical and projected increase in use, and the need for additional space/rooms.

TABLE 15 Oncology Infusion Historical & Projected Utilization					
	2022	2023	2024	2025	% change 2022 to 2025
Oncology Infusions	5,926	5,780	6,707	7,357	24.1%
	2026	2027	2028	2029	% change 2026-2029
Oncology Infusions	7,357	7,357	7,357	7,555	2.7%

Utilization: Service or Facility

Table 16 illustrates the historical and projected utilization of its Thoracic Surgical Oncology Clinic for patients. This modality also shows a steady increase in historical and projected use, and the need for additional space/rooms.

TABLE16 Thoracic Surgical Oncology Historical & Projected Utilization					
	2022	2023	2024	2025	% change 2022 to 2025
Thoracic Surgical Oncology Clinic Visits	4,538	4,956	4,538	5,058	11.5%
	2026	2027	2028	2029	% change 2026-2029
Thoracic Surgical Oncology Clinic Visits	5,058	5,058	5,058	5,188	2.6%

Utilization: Service or Facility

Table 17 illustrates the historical and projected utilization of its Laboratory services through the number of patient visits. This modality also shows an historical and projected increase in use which supports the need for additional Laboratory services.

TABLE 17					
Hospital Outpatient Laboratory Historical & Projected Utilization					
	2022	2023	2024	2025	% change 2022 to 2025
Laboratory Visits/Encounters	75,107	59,175	63,117	65,434	10.6%
	2026	2027	2028	2029	% change 2026-2029
Laboratory Visits/Encounters	67,070	68,705	70,342	71,977	10%

The Data contained in the above-reference tables illustrates the need for expanded services, and the Applicants proposal to consolidate the mentioned services only reinforces Applicants intent to provide a high quality of service/care to its patient base. The Applicants have met the requirements of this criterion.

IX. Financial Viability and Economic Feasibility**A. Criterion 1120.120 – Availability of Funds****B. Criterion 1120.130 – Financial Viability****C. Criterion 1120.140 (a) – Reasonableness of Debt Financing**

The Applicants will fund this project with cash of \$16,618,226 and bond proceeds of \$82,528,494. The Applicants provided the following Bond Ratings:

- Fitch Ratings Service: AA/Stable, dated October 2025
- Standard & Poor's Global Ratings Service: AA, dated September 2025
- Moody's Ratings Service: Aa3, dated October 2025

The Applicants provided Audited Financial Statements (Application for Permit pages 168-215), and the results are shown in Table 18, and Table 19 contains the hospital's Medicare Cost Report from 2020 through 2024. The Applicants appear to have sufficient funds available to fund this proposed project.

TABLE 18				
Audited Financial Statements				
Advocate Aurora Health, Inc.				
Years ended December 31st,				
(In thousands)				
	2024	2023	2022	2021
Cash	\$716,506	\$857,599	\$372,898	\$703,725
Current Assets	\$3,990,693	\$4,037,317	\$3,298,360	\$3,407,129
Total Assets	\$28,475,837	\$27,997,820	\$21,878,270	\$23,138,561
Current Liabilities	\$3,772,055	\$3,648,294	\$3,195,849	\$3,713,295

TABLE 18
Audited Financial Statements
Advocate Aurora Health, Inc.
Years ended December 31st,
(In thousands)

LTD	\$3,061,905	\$2,939,221	\$3,255,423	\$3,298,508
Total Liabilities	\$16,918,153	\$8,738,766	\$8,430,723	\$8,807,582
Net Patient Revenue	\$14,127,471	\$12,987,089	\$12,065,771	\$11,702,581
Total Revenues	\$16,843,517	\$15,753,054	\$14,544,246	\$14,062,232
Income from Operations	\$386,927	\$71,621	-\$23,887	\$593,552
Net Income	\$1,207,920	\$774,332	-\$750,832	\$1,922,253
Source: Advocate Aurora Health Audited Financial Statement application p. 154				

TABLE 19
Revenue Advocate Lutheran General Hospital
2020 Thru 2024
Medicare Cost Report

	2020	2021	2022	2023	2024	Avg.
Total Patient Revenue	\$2,514,649,454	\$3,124,061,925	\$3,362,750,117	\$3,749,248,712	\$4,421,726,636	17.17%
Less Contractual Allowances	\$1,661,147,791	\$2,098,823,357	\$2,279,740,294	\$2,545,908,427	\$2,942,438,827	19.28%
Net Patient Revenue	\$853,501,663	\$1,025,238,568	\$1,083,009,823	\$1,203,340,285	\$1,299,287,809	13.06%
Operating Expense	\$761,727,108	\$837,760,606	\$914,595,850	\$985,458,970	\$1,092,483,448	10.86%
Net Income Patient Services	\$91,774,555	\$187,477,962	\$168,413,973	\$217,881,315	\$206,804,361	31.33%
Other Income	\$72,068,177	\$13,394,912	\$23,626,148	\$11,268,852	\$19,675,368	-18.17%
Other Expense	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	\$163,842,732	\$200,872,874	\$192,040,121	\$229,150,167	\$226,479,729	9.56%
Operating Margin	10.75%	18.29%	15.55%	18.11%	15.92%	15.72%

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

Kevin Fitch, Group Vice President of Finance, affirmed that the selected form of debt financing will be at the lowest net cost available or, if not, it is more advantageous due to terms such as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs, and other factors. The Applicants have met the requirements of this criterion.

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

Board Staff notes only clinical/reviewable costs are used in the following calculations.

Preplanning costs are \$315,500, which is .9% of construction, modernization, contingencies, and moveable equipment costs of \$34,817,233. This appears reasonable compared to the State Board Standard of 1.8%.

Site Survey, Soil Investigation, and Site Preparation Costs are \$179,500, or .6% of construction, modernization and contingency costs of \$31,000,852. This appears reasonable compared to the State Board Standard of 5%.

New construction and proportionate contingency costs total \$30,162,070 or \$576.19 per GSF ($\$30,162,070 \div 52,348 \text{ GSF} = \576.19) This appears high compared to the State Board Standard of \$500.72 per GSF (Project mid-point: 2027).

Modernization and proportionate contingency costs total \$838,782, or \$621.32 per GSF ($\$838,782 \div 1,350 \text{ GSF} = \621.32) This appears high compared to the State Board Standard of \$350.51 per GSF (Project mid-point: 2027).

Contingency Costs-New Construction Costs total \$2,734,130, or 9.9% of new construction costs of \$2,734,130. ($\$2,734,130 / \$27,427,940 = 9.9\%$). This appears reasonable compared to the State Board Standard of 10%.

Contingency Costs – Modernization Costs total \$75,870, or 9.99% of modernization costs of \$762,912 ($\$75,870 / \$762,912 = 9.9\%$). This appears reasonable compared to the State Board Standard of 10% - 15%.

Architectural and Engineering Fees - New Construction total \$2,505,475, or 8.3% of construction and proportionate contingencies of \$30,162,070 ($\$30,162,070 / 2,505,475 = .083$). This appears high compared to the State Board Standard of 5.12% - 7.68%.

Architectural and Engineering Fees - Modernization total \$69,525, or 8.2% of modernization and proportionate contingencies costs of \$838,782 ($69,525 / \$838,782 = .082$). This appears reasonable compared to the State Board Standard of 10.76% - 16.16%.

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

Off-Site Work	\$414,053
Consulting and Other Fees	\$2,649,358
Movable or Other Equipment	\$3,816,381
Bond Issuance Expense (project related)	\$488,344
Net Interest Expense During	\$1,715,880
Other Costs to Be Capitalized	\$4,369,308

Criterion 1120.140 (d) – Direct Operating Costs**Criterion 1120.140 (e) – Total Effect of the Project on Capital Costs**

Project direct operating expenses for the first year after completion per equivalent patient day is \$3,331.85. The total effect of the project on capital costs is estimated at \$111.70 per equivalent patient day. The State Board does not have a standard for these costs.

TABLE 20			
Charity Care and Medicaid Information Advocate Lutheran General Hospital			
	2022	2023	2024
Net Patient Revenue	\$1,083,009,823	\$1,203,340,284	\$1,299,287,809
Charity (# of patients)			
Inpatient	512	1,064	657
Outpatient	1005	4,730	3,742
Total	1,517	5,794	4,399
Charity (cost in dollars)			
Inpatient	\$6,962,000	\$4,075,000	\$5,797,703
Outpatient	\$4,286,000	\$4,373,000	\$3,800,708
Total	\$11,248,000	\$8,448,000	\$9,598,411
% of Net Patient Revenue	1.04%	0.70%	.73%
MEDICAID			
Medicaid (# of patients)			
Inpatient	5,888	7,254	7,479
Outpatient	65,930	60,756	61,499
Total	71,848	68,010	68,978
Medicaid			
Inpatient	\$135,227,833	\$141,354,996	\$143,324,413
Outpatient	\$32,224,428	\$60,104,530	\$59,754,670
Total	\$167,502,261	\$201,459,527	\$203,079,083
% of Net Patient Revenue	15.46%	16.74%	15.6%

TABLE 21 Cost Premiums Provided by the Applicant	
Two production pharmacies for TCT and Oncology Infusion Pharmaceutical preparation and compounding • Must follow USP/ISO 797/800 rules of pharmaceuticals • Higher hospital-grade square feet rules, higher mechanical/electrical rules. • Requires emergency power. • Clean room requirements related to donning and doffing and airlock type compounding of hazardous pharmaceuticals and flows. • Healthcare grade systems and construction types.	\$2,106,915
The new building is required to tie into the existing building. This will maintain usage of any administrative functions within the existing building as well as patient pass through from existing garage entry.	\$1,043,250
TCT and Hematology/Oncology infusion areas have higher mechanical/exhaust needs due to sensitive nature and compromised immune systems of patients who will be utilizing the facility. Due to these requirements, the MEP systems needed to accommodate this space is approximately 45% higher cost per GSF due to a ducted supply and return system not typical in a standard medical office building.	\$1,345,534
The new building requires upgrades to life safety and electrical systems within the existing building.	\$180,000
Rework and upgrade existing mechanical and electrical systems to code required levels.	\$265,000
Two new emergency generators will be added to support the new building. The existing generator is old and beyond life for continued support.	\$2,675,000
Existing sanitary sewer pipes need to be extended and rerouted around the new building.	\$8,108
The project requires storm water retention volume exceeding the requirements of the MWRDGC. The City of Park Ridge requirements exceed those of the MWRDGC by 50%.	\$1,451,695
The project is located over an existing paved parking lot with existing site lighting, utilities, and curbing that needs to be demolished and removed from the site.	\$82,045
Renovation costs are higher than anticipated in RS Means cost due to infection prevention and other construction control costs to maintain patient environmental safety.	\$284,850