STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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BOARD MEETING: February 26, 2026	**PROJECT NO:** 25-050	**PROJECT COST:**
FACILITY NAME: Mount Sinai Hospital	**CITY:** Chicago	Original: $250,000
TYPE OF PROJECT: Substantive		**HSA**: VI

DESCRIPTION: The Applicants (Mount Sinai Hospital Medical Center of Chicago, Sinai Health System) propose establishing a 92-bed comprehensive physical rehabilitation category of service at 1401 S. California Avenue, Chicago, Illinois. The project cost is $250,000, and the expected completion date is December 31, 2026.

Information regarding this Application for Permit can be found at this link:
https://hfsrb.illinois.gov/project.25-050-mount-saini-hospital.html

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Mount Sinai Hospital Medical Center of Chicago, Sinai Health System) propose establishing a 92-bed comprehensive physical rehabilitation ("CPR") category of service at 1401 S. California Avenue, Chicago, Illinois. The project cost is $250,000, and the expected completion date is December 31, 2026.
- Schwab Rehabilitation Hospital, located on the Mount Sinai Hospital campus, has filed a certificate of need application to discontinue the 92-bed rehabilitation hospital (#25-049). The Applicants are requesting state approval to align operations at Schwab Rehabilitation Hospital under the Mount Sinai Hospital license. The Applicants state that this is a strategic move to manage financial challenges faced by safety-net hospitals. The Applicants state that the proposed change will not result in any reduction in services, workforce, or community access to the 92-bed hospital's comprehensive inpatient and outpatient rehabilitation care. Executive Summary Table One shows the 5-year average utilization at Schwab Rehabilitation Hospital and the projected utilization for the first two years after project completion.

EXECUTIVE SUMMARY
Table One
Projected Utilization of Mount Sinai Hospital Rehabilitation Unit

	Year	Authorized Beds	Staffed Beds	Admits	Days	ALOS	ADC	Authorized Occ	Staffed Occ
5-Year	Average	92	62	1,044	16,195	15.54	44.33	48.18%	71.50%
	Year 1	92	62	1,167	18,089	15.54	49.55	53.86%	79.92%
	Year 2	92	62	1,190	18,492.6	15.54	50.66	55.07%	81.72%

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the Applicants propose the establishment of a 92-bed comprehensive physical rehabilitation category of service.

SUMMARY:

- In November 2025, Sinai Chicago submitted a letter of intent to discontinue the individual operating license for Schwab Rehabilitation Hospital and integrate it under the single license of Mount Sinai Hospital Medical Center, Chicago. The primary reasons for this change are that aligning operations under a single license allows Sinai Chicago to unify administrative and billing functions, reducing duplicative infrastructure and management costs. The move promotes better integration of rehabilitation services with acute care specialties such as neurology, orthopedics, and trauma. As a safety-net provider, the system is seeking ways to improve financial stability during challenging economic times. The Applicants state that the change is designed to preserve comprehensive rehabilitation services at the existing campus without reducing the workforce, licensed beds, or patient access. All services are planned to continue without interruption at the current Schwab site, and the Sinai Health System will retain current Schwab employees.
- The Applicants addressed a total of **twenty-three criteria** and failed to address the following successfully:

Non-Compliance	
Criteria	Explanation
Criterion 77 Adm. Code 1110.120 (a) – Projected Utilization Criterion 77 Adm. Code 1110.560 (c) (3) – Service Demand	The State Board Utilization Standard for CPR beds is 85%. By the second year after project completion, the Applicants will be at 56% occupancy. There is not sufficient demand to justify the 92 CPR beds. (See Executive Summary Table One above)
Criterion 77 Adm. Code 1110.560 (c) (2) – Maldistribution of Service	The geographical service area (GSA) radius for the proposed 92-bed comprehensive physical rehabilitation unit is 10 miles. The population within the 10-mile radius is approximately 2,337,296. There are currently 471 comprehensive physical rehabilitation ("CPR") beds in the 10-mile GSA. The ratio of CPR beds to population is 0.2015 per thousand in this 10-mile GSA. There are currently 1,668 CPR beds in the State of Illinois. The population in the State of Illinois is 12,779,600. The ratio of CPR beds to population is 0.1351 per thousand in the State of Illinois. The ratio of beds to population within the 10-mile radius is 1.5 times the State of Illinois average. There is a surplus of CPR beds in the HSA VI CPR Planning Area. The Applicants state that the proposed project does not introduce new services, add bed capacity, or alter referral patterns in a manner that could negatively impact area providers.

Project #25-050
State Board Staff Report
Mount Sinai Hospital

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants	Mount Sinai Hospital Medical Center of Chicago and Sinai Health System
Facility Name	Mount Sinai Hospital
Location	1401 S. California, Chicago, Illinois
Permit Holder	Mount Sinai Hospital Medical Center of Chicago and Sinai Health System
Licensee/Operating Entity	Mount Sinai Hospital Medical Center of Chicago
Owner of Site	Sinai Health System
Application Received	December 12, 2025
Project Completion Date	December 31, 2026
Can the Applicants Request a Deferral?	Yes

I. Project Description

Mount Sinai Hospital at 1401 S. California Ave., Chicago, is seeking the State Board's approval to establish a 92-bed comprehensive physical rehabilitation category of service. Schwab Rehabilitation Hospital has filed a certificate of need to discontinue the 92-bed rehabilitation hospital (25-049). Mount Sinai Hospital Medical Center of Chicago is proposing to establish a comprehensive physical rehabilitation service on its campus. Inpatient and outpatient rehabilitation services will continue to be performed at the physical plant where Schwab Rehabilitation is located. Clinicians will remain in their current roles throughout this transition, and there will be no disruption in service availability at the site.

II. Summary of Findings

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

B. The State Board Staff finds the provisions of Part 1120 do not apply to this project because there is no cost.

III. General Information

Sinai Health System is a non-profit "safety-net" healthcare system serving the West and Southwest sides of Chicago. Sinai Health System includes Mount Sinai Hospital (a Level I trauma center), Holy Cross Hospital, Schwab Rehabilitation Hospital, and Sinai Children's Hospital. Sinai Health System is focused on health equity and serving underserved, predominantly African American and Latino communities. Sinai Health System operates the Sinai Urban Health Institute for research on health disparities and the Sinai Community Institute for social services. Sinai Health System comprises a network of four hospitals, more than 15 community clinics, a community institute, and a nationally recognized research institute, all serving communities on Chicago's West and

Southwest sides. Since 1919, Sinai Health System has worked to create a health care system that respects the community and an individual's beliefs, values, and needs, and welcomes their languages and cultures. With more than 800 physicians and approximately 3,300 caregivers on staff, an epidemiological research institute focused on health care disparities, and a community institute offering more than 15 programs serving an area of 1.5 million people, Sinai Health System puts people at the center of everything it does, working to improve the health of the individuals and communities it serves. Sinai Health System also operates Sinai Medical Group (SMG), a primary care and specialty physician group with more than 15 community clinics across Chicagoland. SMG providers offer compassionate, high-quality care to patients of all ages, accept all forms of insurance, including Medicare and Medicaid, and provide care on a sliding-fee scale based on ability to pay.

Mount Sinai Hospital is a 288-bed teaching, research, and tertiary care facility offering medical, surgical, behavioral health, therapeutic, emergency care, and diagnostic services to meet the needs of the community and inpatients on the southwest side of Chicago. Mount Sinai traces back to **1912**, with the founding of Maimonides Hospital, intended to serve poor Eastern European Jewish immigrants on Chicago's West Side and to provide a place for Jewish physicians and nurses to practice. After a brief closure due to financial difficulties, it reopened in **1919** as **Mount Sinai Hospital**, a 60-bed facility dedicated to its original mission.

Schwab Rehabilitation Hospital was established in 1912 as Rest Haven Memorial Hospital. In 1948, it became an affiliate of the Jewish Federation of Metropolitan Chicago, focusing on treating long-term illnesses. In 1972, the hospital was officially affiliated with Mount Sinai Hospital, creating a comprehensive care network that extends from primary care through rehabilitation. In 1998, a new facility opened at its current West Side location, introducing advanced features like seven treatment gyms, a therapeutic indoor pool, and an award-winning rooftop therapeutic garden (Permit #94-069). (Source: Annual Report)

This is a substantive project subject to review under Parts 1110 and 1120. Financial commitment will occur after permit approval. Target Occupancy for Comprehensive Physical Rehabilitation ("CPR") Beds is 85%.

Sinai Health System proposed discontinuing the independent licensee of the 92-bed Schwab Rehabilitation Hospital to integrate its services under the license of its Mount Sinai Hospital. Schwab Rehabilitation Hospital is located on the Mount Sinai Hospital campus under Medicare's 250-yard rule.

IV. 250-Yard Rule – Hospital Campus

The Medicare "250-yard rule" remains a regulatory standard used by the Centers for Medicare & Medicaid Services (CMS) to define the boundaries of a hospital campus for both emergency care obligations and billing purposes. The rule generally states that any facility or area located **within 250 yards of a hospital's main buildings** is considered on-campus. Under the Emergency Medical Treatment and Labor Act (EMTALA), a hospital's

legal obligation to provide a medical screening exam is triggered if a person presents anywhere on the hospital campus, including parking lots, sidewalks, and driveways within 250 yards of the main building. Facilities within this 250-yard radius are classified as "on-campus" provider-based departments. These locations are generally eligible for higher reimbursement rates under the Hospital Outpatient Prospective Payment System (OPPS) compared to off-campus facilities. Services provided at "off-campus" locations (those 250 yards or more from the main campus) may be subject to lower "site-neutral" payment rates unless they meet specific grandfathered exceptions or are dedicated emergency departments. The rule explicitly excludes entities from being part of the "campus," even if they are physically within the 250-yard boundary:

- Independent physician offices, non-medical establishments like restaurants or gift shops.
- Other separately participating Medicare entities, like skilled nursing facilities (SNFs).

Definitions related to provider-based status are found at 42 CFR 413.65(a)(2):
Campus: means the physical area immediately adjacent to the provider's main buildings, other places and structures that are not strictly contiguous to the main buildings but are located within 250 yards of the main buildings, and any other areas determined on an individual case basis, by the CMS regional office, to be part of the provider's campus. (Source: Pub. 100-07 State Operations)

V. Health Service Area

Mount Sinai Hospital is in Health Service Area VI, Comprehensive Physical Rehabilitation ("CPR") Planning Area. HSA VI consists of the City of Chicago. Table One lists the Hospitals with CPR beds in HSA VI. There is currently a calculated excess of 161 CPR beds in this planning area.

TABLE ONE
Rehabilitation Hospitals/Units within Health Service Area VI [1]

Facility	Beds	Admit	Days	ALOS	ADC	Occ
Illinois Masonic Medical Center Campus	22	322	4,444	13.80	12.18	55.34%
Louis A. Weiss Memorial Hospital	26	114	1,714	15.04	4.70	18.06%
Prime Resurrection Medical Center	35	518	7,056	13.62	19.33	55.23%
Prime Saint Mary and Elizabeth Medical Ctr	15	274	3,403	12.42	9.32	62.16%
Rush Specialty Hospital	56	363	4,652	12.82	12.75	22.76%
Schwab Rehabilitation Hospital	92	1,113	15,788	14.19	43.25	47.02%
Shirley Ryan AbilityLab	262	3,726	77,798	20.88	213.15	81.35%
Shriners Hospital for Children	6	57	1,041	18.26	2.85	47.53%
Swedish Hospital	25	540	7,100	13.15	19.45	77.81%
Insight Hospital & Medical Center [2]	24	0	0	0.00	0.00	0.00%
Total	563					

1. Information from 2024 Hospital Survey.
2. No data reported.

VI. Mount Sinai Hospital and Schwab Rehabilitation

Table Two below outlines Mount Sinai Hospital utilization for 2024. Table Three presents the number of patients by payer source for 2024 at Mount Sinai Hospital. Table Four shows the utilization for Schwab Rehabilitation for the years CY 2020 to CY 2024.

TABLE TWO
Mount Sinai Hospital [1]

	Beds	Staffed Beds	Admit	Days	OB Days	ALOS	ADC	Occ	Staffed Occ.
Medical Surgical	165	165	5,591	36,006	6,029	7.52	115.16	69.80%	69.80%
Intensive Care	30	30	522	4,000	119	7.89	11.28	37.62%	37.62%
OB/Gyn	30	30	2,958	6,408	250	2.25	18.24	60.80%	60.80%
Neonatal	35	28	276	3,604	3	13.07	9.88	28.23%	35.29%
AMI	28	28	864	5,471	0	6.33	14.99	53.53%	53.53%
	288	281	10,211	55,489	6,401	6.06	169.56	58.88%	60.34%

1. Information from 2024 IDPH Hospital Survey
2. OB Days – Observation Days
3. ALOS - Average Length of Stay
4. ADC – Average Daily Census

TABLE THREE
Mount Sinai Hospital [1]

	Medicare	Medicaid	Other Public	Private Insurance	Private Payment	Charity	Total
Inpatients	2,084	6,271	50	1,014	688	104	10,211
Outpatients	36,977	132,184	1,629	36,148	40,324	3,051	250,313
Total	39,061	138,455	1,679	37,162	41,012	3,155	260,524
% of Total	14.99%	53.14%	0.64%	14.26%	15.74%	1.21%	100.00%

1. Information from 2024 IDPH Hospital Survey

TABLE FOUR [1]
Schwab Rehabilitation Utilization

Year	Authorized Beds	Staffed Beds	Admits	Days	ALOS	ADC	Authorized Occ	Staffed Occ
2020	92	62	1,042	16,411	15.7	44.8	48.7%	72.3%
2021	92	62	987	16,008	16.2	43.9	47.7%	70.7%
2022	92	62	1,031	16,621	16.1	45.5	49.5%	73.4%
2023	92	62	1,045	16,149	15.5	44.2	48.1%	71.3%
2024	92	62	1,113	15,788	14.2	43.25	47.0%	69.8%
Average	92	62	1,044	16,195	15.54	44.33	48.2%	71.50%

1. Information from IDPH Hospital Surveys

VII. Project Uses and Sources of Funds

The Applicants propose to spend $250,000 on consulting costs for this project. These costs will be funded from cash.

VIII. Background of the Applicant, Purpose of Project, Safety Net Impact Statement, Alternatives to the Project

A) 77 Ill. Adm. Code 1110.110 (a) – Background of the Applicants
B) 77 Ill. Adm. Code 1110.110 (b) – Purpose of the Project
C) 77 Ill. Adm. Code 1110.110 (c) – Safety Net Impact Statement
D) 77 Ill. Adm. Code 1110.110 (d) – Alternatives to the Project

A) Background of Applicants

An applicant must demonstrate that it is fit, willing, and able, and has the qualifications, background, and character to provide a proper standard of health care service for the community. [20 ILCS 3960/6] In evaluating the applicant's qualifications, background, and character, 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 health care facility is considered "owned or operated" by every person or entity that owns, directly or indirectly, an ownership interest. If any person or entity owns any option to acquire stock, 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").

Mount Sinai Hospital Medical Center of Chicago has a one-star quality rating on the Medicare Compare website. The Applicants have not had an adverse action directly or indirectly for the prior three years preceding the filing of this Application for Permit. The Applicants appear to be fit, willing, and able, and have the qualifications, background, and character to provide a proper standard of health care service for the community.

B) Purpose of the Project

The applicant shall document that the project will provide health services that improve the health care or well-being of the population to be served in the market area. The applicant shall define the planning area, market area, or other area, as the applicant defines it.

The purpose of the project is to integrate the 92-bed Schwab Rehabilitation services under the Mount Sinai Hospital Medical Center of Chicago, Illinois Department of Public Health license. The Applicants state that the move is intended to promote operational efficiency and secure financial stability for essential safety-net services. The primary goal of the integration is to improve operational efficiency and ensure the long-term economic stability of rehabilitation and acute care services within Sinai Chicago. All existing services will continue without interruption at the current Schwab location, and all current employees will be retained. The transition does not involve any reduction in services, workforce, or community access.

C) Safety Net Impact Statement

All health care facilities, except skilled and intermediate long-term care facilities licensed under the Nursing Home Care Act, shall provide a safety net impact statement, which shall be filed with an application for a substantive project (see Section 1110.40). *Safety net services are offered by health care providers or organizations that deliver care to persons with barriers to mainstream health care, including lack of*

insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. [20 ILCS 3960/5.4]

The Applicants provided the required Safety Net Impact Statement, which is included at the end of this report.

D) Alternatives to the Project

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

1) Alternative options shall be addressed. Examples of alternative options include:

A) Proposing a project of greater or lesser scope and cost.

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes.

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

The Applicants considered two alternatives to the proposed project.
Alternative #1: **Maintain the Status Quo**
Alternative #2: Utilize Existing Rehabilitation Hospitals or External Providers

Alternative #1: The Applicants considered maintaining the current dual-license structure in which Schwab Rehabilitation and Mount Sinai operate as separate hospitals. The Applicants believe this alternative fails to correct the structural inefficiencies and clinical limitations inherent in the existing arrangement. Maintaining the status quo would perpetuate an outdated operational model that does not align with contemporary rehabilitation standards or Sinai Chicago's current patterns of care delivery. The Applicants state that maintaining the status quo does **not** address mounting pressures on the safety net or long-term sustainability concerns. This alternative was not selected.

Alternative #2: The Applicants also examined whether rehabilitation needs could be met by referring patients to existing inpatient rehabilitation hospitals or outpatient rehabilitation providers in the region. The Applicants state this alternative was rejected as clinically and logistically unsound for Sinai Chicago's patient population. The West and Southwest Sides of Chicago contain some of the highest levels of chronic disease burden, trauma incidence, disability, poverty, and transportation hardship in the state. Many of Sinai's patients, who include large numbers of Medicaid, Medicare, uninsured, undocumented, and socially vulnerable individuals, face substantial barriers to accessing specialty rehabilitation outside their immediate community. The Applicants state that relying on external providers would:
• **Disrupt continuity of care,** particularly for medically fragile patients transitioning from Mount Sinai's Level I Trauma Center, stroke program, neurology, orthopedics, and medical units. • **Risk inconsistent outcomes,** as external providers may not have the safety-net capacity, social service infrastructure, or cultural and linguistic competencies necessary to serve Sinai's patient population effectively. • **Reduce access** for patients who are frequently turned away from non-safety-net rehabilitation facilities due to payer mix, immigration status, or clinical complexity. Moreover, outsourcing a core service line runs counter to the Board's commitment to enhancing access and continuity of care within communities of highest need. Sinai Chicago has determined that relying on other rehabilitation hospitals

would materially worsen access, quality, and outcomes for its already vulnerable patient population. For these reasons, this alternative was not pursued.

IX. Project Scope, Size, and Utilization

A) Ill. Adm. Code 1110.120 (a) – Size of the Project
B) Ill. Adm. Code 1110.120 (b) – Projected Utilization

A) Size of Project – Review Criteria

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

The 92-bed occupies 44,978 GSF of clinical space or 489 GSF per bed. The State Board Standard is 660 GSF per bed. The Applicants have met the State Board's size requirements.

B) Project Services Utilization − Review Criterion

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

The State Board Utilization Standard for CPR beds is 85%. By the second year after project completion, the Applicants will be at 56% occupancy. The Applicants will not meet the State Board's utilization target by the second year after project completion.

TABLE FIVE
Projected Utilization of Mount Sinai Hospital Rehabilitation Unit

	Year	Authorized Beds	Staffed Beds	Admits	Days	ALOS	ADC	Authorized Occ	Staffed Occ
5-Year	Average	92	62	1,044	16,195	15.54	44.33	48.18%	71.50%
	Year 1	92	62	1,167	18,089	15.54	49.55	53.86%	79.92%
	Year 2	92	62	1,190	18,492.6	15.54	50.66	55.07%	81.72%

X. Comprehensive Physical Rehabilitation

Criteria		
Establishment of Services or Facility	(b)(1)	Planning Area Need – 77 Ill. Adm. Code 1100 (formula calculation)
77 Ill. Adm. Code 1110.560	(b)(2)	Planning Area Need – Service to Planning Area Residents
	(b)(3)	Planning Area Need – Service Demand − Establishment of CPR
	(b)(5)	Planning Area Need − Service Accessibility
	(c)(1)	Unnecessary Duplication of Services
	(c)(2)	Maldistribution
	(c)(3)	Impact of the Project on Other Area Providers
	(e)(1)	Staffing Availability
	(f)	Performance Requirements
	(g)	Assurances

b) Planning Area Need − Review Criterion

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

1) 77 Ill. Adm. Code 1100 (Formula Calculation)

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

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

There is a calculated excess of 161 comprehensive physical rehabilitation beds in the HSA VI Comprehensive Physical Rehabilitation Planning Area. However, no comprehensive physical rehabilitation beds are being added to the Planning Area with the proposed project. The current excess will remain unchanged with this project.

2) Service to Planning Area Residents

A) Applicants proposing to establish or add beds shall document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.

B) Applicants proposing to add beds to an existing CPR service shall provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, applicants shall document that at least 50% of the projected patient volume will be from area residents.

C) Applicants proposing to expand an existing CPR service shall submit patient origin information by zip code, based upon the patient's legal residence (other than a health care facility).

The Applicants state that more than 85% of the rehabilitation patients in the past 12 months who received services at Schwab Rehabilitation reside in the HSA VI CPR Planning Area. (See pages 124-129 of the Application for Permit.

3) Service Demand – Establishment of Comprehensive Physical Rehabilitation

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

A) Historical Referrals

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

B) Projected Referrals

An applicant proposing to establish CPR or a new hospital shall submit the following:

i) Physician referral letters attesting to the physician's total number of patients (by zip code of residence) who have received care at existing facilities in the area during the 12 months before submission of the application.

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

iii) The physician's notarized signature, the typed or printed name of the physician, the physician's office address, and the physician's specialty; and

iv) Verification by the physician that the patient referrals have not been used to support another pending or approved CON application for the subject services.

Over five years, Schwab Rehabilitation admitted an average of 1,044 patients, with an Average Length of Stay of 15.54 days and an Average Daily Census of 44.33. The Applicants estimate that 1,167 patients will be admitted to the Mount Sinai Rehab Unit in Year One and 1,190 patients in Year Two. Target Occupancy is 85% for a comprehensive physical rehabilitation unit. Based on the information provided, the number of beds warranted at the State Board's target occupancy is 60 beds. The Applicants were unable to justify the 92-bed unit.

TABLE SIX
Projected Utilization of Mount Sinai Hospital Rehabilitation Unit

	Year	Authorized Beds	Staffed Beds	Admits	Days	ALOS	ADC	Authorized Occ	Staffed Occ
5-Year	Average	92	62	1,044	16,195	15.54	44.33	48.18%	71.50%
	Year 1	92	62	1,167	18,089	15.54	49.55	53.86%	79.92%
	Year 2	92	62	1,190	18492.6	15.54	50.66	55.07%	81.72%

5) Service Accessibility

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

A) Service Restrictions

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

i) The absence of the proposed service within the planning area.

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

iii) Restrictive admission policies of existing providers.

iv) The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, high infant mortality, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population.
v) For purposes of this subsection (b)(5) only, all services within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) meets or exceeds the utilization standard specified in 77 Ill. Adm. Code 1100.

As demonstrated throughout the Application for Permit, the area population has been designated as a Medically Underserved Area and a Medically Underserved Population. The Applicants have met the requirements of this criterion.

Sinai Health (Mount Sinai Hospital) is the most extensive private safety-net healthcare system in Illinois. It primarily serves residents on the West and Southwest sides of Chicago. Many of the census tracts within Mount Sinai's primary service area are federally designated as Medically Underserved Areas (MUAs) or Medically Underserved Populations (MUPs) by the Health Resources and Services Administration (HRSA). These designations identify geographic areas lacking adequate access to primary care services. Specific communities served include: **West Side:** North Lawndale, East Garfield Park, and Austin **Southwest Side:** Little Village. (South Lawndale), Brighton Park, Pilsen, and Marquette Park **South Side:** Beverly and Bronzeville.

The hospital serves predominantly African American and Latine communities. Over 92% of visits are from Medicare or Medicaid beneficiaries. Approximately 10% of patients are uninsured, with the hospital providing over $40 million in uncompensated care annually. Residents face significantly higher rates of chronic diseases—such as diabetes and pediatric asthma—compared to national averages. Roughly 45% of patients experience food insecurity, and 25% report Post Traumatic Stress Disorder related to community violence. As a Level I Adult Trauma Center, Mount Sinai provides critical emergency and surgical services to these underserved zones. Its research arm, the Sinai Urban Health Institute (SUHI), focuses explicitly on addressing racial health inequities and the social determinants of health through data-driven community interventions. (Source: Community Health Needs Assessment Mount Sinai Hospital – 2025)

c) Unnecessary Duplication/Maldistribution − Review Criterion

1) The applicant shall document that the project will not result in unnecessary duplication. The applicant shall provide the following information:
A) A list of all zip code areas that are located, in total or in part, within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) of the project's site.
B) The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois population); and
C) The names and locations of all existing or approved health care facilities located within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) from the project site that provides the categories of bed service that are proposed by the project.
2) The applicant shall document that the project will not result in maldistribution of services. Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities, beds, and services characterized by such factors as, but not limited to:
A) A ratio of beds to population that exceeds one and one-half times the State average.
B) Historical utilization (for the latest 12-month period before submission of the application) for existing facilities and services that are below the occupancy standard established pursuant to 77 Ill. Adm. Code 1100; or

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

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

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

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

TABLE SEVEN
Rehabilitation Hospitals within a 10-mile radius

Facility	Miles	Beds	Admit	Days	ALOS	ADC	Occ
Illinois Masonic Medical Center Campus	6.6	22	322	4,444	13.8	12.18	55.34%
Prime Saint Mary and Elizabeth Medical Ctr	6.9	15	274	3,403	12.42	9.32	62.16%
Rush Specialty Hospital	2.2	56	363	4,652	12.82	12.75	22.76%
Schwab Rehabilitation Hospital	0	92	1,113	15,788	14.19	43.25	47.02%
Shirley Ryan AbilityLab	5.2	262	3,726	77,798	20.88	213.15	81.35%
Insight Hospital & Medical Center [(2)]	7.3	24	0	0	0	0	0.00%
Total		471					

The geographical service area (GSA) radius for the proposed 92-bed comprehensive physical rehabilitation unit is 10 miles. The geographical service area (GSA) radius for the proposed 92-bed comprehensive physical rehabilitation unit is 10 miles. The population within the 10-mile radius is approximately 2,337,296. There are currently 471 comprehensive physical rehabilitation ("CPR") beds in the 10-mile GSA. The ratio of CPR beds to population is 0.2015 per thousand in this 10-mile GSA. There are currently 1,668 CPR beds in the State of Illinois. The population in the State of Illinois is 12,779,600. The ratio of CPR beds to population is 0.1351 per thousand in the State of Illinois. The ratio of beds to population within the 10-mile radius is 1.5 times the State of Illinois average. There is a surplus of CPR beds in the HSA VI CPR Planning Area. The Applicants state that the proposed project does not introduce new services, add bed capacity, or alter referral patterns in a manner that could negatively impact area providers.

e) Staffing

1) Availability − Review Criterion

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

The Applicants state that the staff currently in place at Schwab Rehabilitation will serve the rehabilitation unit with the same complement of physicians, nurses, therapists, behavioral staff, social workers, and support personnel. The Applicants currently employ 299 individuals at Schwab Rehabilitation. The Applicants have met the requirements of this criterion. (Application for Permit page 135-137)

f) Performance Requirements − Bed Capacity Minimums

1) The minimum freestanding facility size for comprehensive physical rehabilitation is a minimum facility capacity of 100 beds.

2) The minimum hospital unit size for comprehensive physical rehabilitation is 16 beds.

The Applicants are proposing a 92-bed unit at Mount Sinai Hospital. The Applicants have successfully addressed this criterion.

g) Assurances

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

The Applicants have provided the necessary attestation. Because this project consolidates an existing 92-bed comprehensive rehabilitation unit rather than establishing new beds, the Applicants note that projected utilization for Years 1 and 2 will fall below the 85% occupancy standard outlined in 77 Illinois Admin—section 1100.550 (c). Projected occupancy for Year 1 is approximately 48%, and for Year 2, approximately 50%, based on the most recent 12-month patient data at Schwab Rehabilitation.

The Applicants emphasize that the variance from the occupancy standard reflects Sinai Chicago's unique mission and safety-net obligations, which serve one of the largest medically underserved areas in Illinois and care for a disproportionately high volume of Medicaid, Medicare, uninsured, and undocumented patients. These patients often have complex clinical and social needs that contribute to delayed rehabilitation transfers, longer acute-care stabilization periods, and greater variability in referral timing, all of which lower occupancy relative to the State standard but remain clinically appropriate. The Applicants further note that the Board's occupancy targets are intended to prevent unnecessary expansion of new beds where adequate capacity already exists. This project does not add beds, activate unused approved beds, or increase the rehabilitation bed inventory in the planning area. It simply transfers existing operational beds from the Schwab Rehabilitation license to the Mount Sinai license. Because there is no increase in bed capacity and no change in the planning area inventory, the strict application of the 85 percent occupancy target does not serve the statutory purpose of limiting overbuilding or maldistribution of resources. Despite utilization levels below the standard, the Applicants affirm that the project is necessary to maintain essential access to comprehensive rehabilitation services for a medically underserved population that otherwise faces significant barriers to care. The Applicants, therefore, provide the required attestation with the understanding that Sinai will continue to strive to improve utilization through enhanced care coordination, more efficient acute-to-rehab transitions, strengthened interdisciplinary pathways, and improvements in community-based referrals. The Applicants respectfully submit that the variance from the occupancy standard is fully justified and does not negatively affect access, cost-effectiveness, or continuity of care.

XI. Financial Viability and Economic Feasibility

A) Ill. Adm. Code 1120.120 – Availability of Funds
B) Ill. Adm. Code 1120.130 – Financial Viability
C) Ill. Adm. Code 1120.140 (a) – Reasonableness of Financing Arrangements
D) Ill. Adm. Code 1120.140 (b) – Terms of Debt Service
E) Ill. Adm. Code 1120.140 (c) – Reasonableness of Project Costs
F) Ill. Adm. Code 1120.140 (d) – Direct Operating Costs
G) Ill. Adm. Code 1120.140 (e) – Effect of the Project on Capital Costs

The Applicants are funding this project with $250,000 in cash for consulting costs. The Applicants have sufficient funds for this project. The Applicants have qualified for the financial waiver because the project is funded by internal sources. No debt is being used to finance this project, and the State Board does not have a standard for project consulting costs. The Applicants have successfully met all financial viability and economic feasibility requirements. Bond ratings for Sinai Health System in Chicago are not actively listed in recent S&P Global ratings publications or Fitch Ratings reports.

TABLE EIGHT
Sinai Health System and Affiliates
June 30th
Audited Financial Information
(000s omitted)

	2024	2023
Cash	$4,784	$4,589
Current Assets	$130,339	$120,429
Total Assets	$416,458	$402,326
Current Liabilities	$220,588	$164,602
Total Liabilities	$416,458	$402,326
Net Patient Service Revenue	$406,362	$371,383
Total Revenue	$652,572	$633,589
Expenses	$715,038	$686,205
Operating Loss	-$62,466	-$52,616
Other Income	$1,754	$2,323
Expenses over Revenue	-$60,712	-$50,293

As a primary "safety net" system in Chicago, Sinai Health System serves a high volume of Medicaid and uninsured patients, which traditionally leads to thinner operating margins. Bond ratings for Sinai Health System are not publicly assigned by the major rating agencies (Moody's, S&P, or Fitch) as the system typically does not issue public debt in the same manner as larger academic health systems.

As a safety-net provider, Sinai Health System relies heavily on operating revenue from government programs such as Medicaid and Medicare (which account for a large share of its net patient revenue), fundraising, and managing patient accounts receivable and bad debt. The health system offers extensive financial assistance and charity care to uninsured and low-income patients, which contributes to its high volume of uncompensated care. Sinai Chicago operates on lean margins and faces ongoing financial challenges due

to its role as a safety-net provider, which entails a high volume of uncompensated care. The system reported operating losses in some recent periods but has focused on strategic initiatives to improve its financial resilience. Sinai Health System operates on much leaner margins compared to most other healthcare systems, frequently reporting very thin or negative operating margins.

Sinai Health System faces a challenging patient-payer mix. The communities it serves face some of the city's most severe systemic barriers to care and suffer the most significant health disparities. Approximately 45% of Sinai Chicago patients face food insecurity, and 25% report that they are experiencing post-traumatic stress disorder due to community violence. Chronic diseases such as diabetes and pediatric asthma disproportionately impact community members and are significantly higher than the national average.

With the majority of patients coming from historically marginalized communities, over 50% of Sinai Chicago's patients are covered by Medicaid, and Medicare covers 26%. On average, Medicaid and Medicare beneficiaries represent more than 92% of total visits. Medicaid and Medicare make up 79% of Sinai Chicago's net patient revenue. Because more than 10% of patients lack health insurance, Sinai Health System provides more than $40 million in uncompensated care each year.

TABLE NINE
Sinai Health System Hospital
Information from Medicare Cost Reports

Mount Sinai Hospital	**2020**	**2021**	**2022**	**2023**	**2024**
Total Patient Revenue	$1,244,650,206	$1,255,481,744	$1,285,466,779	$1,341,492,595	$1,341,492,595
Contractual Allowances	$1,051,775,206	$937,806,127	$946,606,779	$995,239,033	$995,239,033
Net Patient Revenue	$192,875,000	$317,675,617	$338,860,000	$346,253,562	$346,253,562
Operating Expense	$322,148,017	$356,315,360	$406,009,058	$428,781,562	$469,725,152
Net Patient Income	-$129,273,017	-$38,639,743	-$67,149,058	$82,528,000	-$123,471,590
Other Income	$156,968,000	$67,433,708	$58,500,028	$102,531,000	$102,531,000
Other Expense	$0	$0	$0	$0	$0
Net Income	$27,694,983	$28,793,965	$8,649,030	$20,003,000	-$20,940,590
Operating Margin	-67.02%	-12.16%	-19.82%	23.83%	-35.66%

Holy Cross Hospital	**2020**	**2021**	**2022**	**2023**	**2024**
Total Patient Revenue	$499,647,732	$432,025,424	$440,058,467	$425,222,245	$465,534,122
Contractual Allowances	$432,638,157	$392,413,691	$344,280,965	$334,786,456	$368,652,965
Net Patient Revenue	$67,009,575	$69,611,733	$95,777,502	$90,435,789	$96,881,157
Operating Expense	$105,694,161	$97,715,873	$118,054,306	$124,876,753	$123,415,603
Net Patient Income	-$38,684,586	-$28,104,140	-$22,276,804	-$34,440,964	-$26,534,446
Other Income	$19,596,542	$29,250,820	$10,618,582	$13,975,448	$12,328,714
Other Expense	$0	$0	$978,173	$0	$0
Net Income	-$19,088,044	$1,146,680	-$12,636,395	-$20,465,516	-$14,205,732
Operating Margin	-57.73%	-40.37%	-23.26%	-38.08%	-27.39%

Schwab Rehabilitation	**2020**	**2021**	**2022**	**2023**	**2024**
Total Patient Revenue	$91,267,881	$95,395,351	$98,219,211	$102,198,719	$105,519,009
Contractual Allowances	$61,574,133	$60,580,146	$57,748,669	$56,048,252	$59,246,659
Net Patient Revenue	$29,693,748	$34,815,205	$40,470,542	$46,150,467	$46,272,350
Operating Expense	$31,466,383	$34,043,768	$39,656,638	$46,863,956	$48,371,882
Net Patient Income	-$1,772,635	$766,437	$813,904	-$713,489	-$2,099,532
Other Income	$1,610,034	$2,112,547	$2,017,838	$2,856,724	$2,215,198
Other Expense	$0	$0	$379,658	$0	$919,626
Net Income	-$162,601	$2,878,984	$1,638,130	$2,143,235	-$803,960
Operating Margin	-5.97%	2.20%	2.01%	-1.55%	-4.54%

Total	**2020**	**2021**	**2022**	**2023**	**2024**
Total Patient Revenue	$1,835,565,819	$1,782,902,519	$1,823,744,457	$1,868,913,559	$1,912,545,726
Contractual Allowances	$1,545,987,496	$1,390,799,964	$1,348,636,413	$1,386,073,741	$1,423,138,657
Net Patient Revenue	$289,578,323	$422,102,555	$475,108,044	$482,839,818	$489,407,069
Operating Expense	$459,308,561	$488,075,001	$563,720,002	$600,522,271	$641,512,637
Net Patient Income	-$169,730,238	-$65,977,446	-$88,611,958	$47,373,547	-$152,105,568
Other Income	$178,174,576	$98,797,075	$71,136,448	$119,363,172	$117,074,912
Other Expense	$0	$0	$1,357,831	$0	$919,626
Net Income	$8,444,338	$32,819,629	-$2,349,235	$1,680,719	-$35,950,282
Operating Margin	-130.72%	-50.33%	-41.06%	-15.79%	-67.59%

Safety Net Impact Statement

The single largest payer category is Managed Medicaid, which accounts for 518 patients (approximately 46% of all referrals). This is consistent with the demographic profile of HSA 6 and the surrounding West and South Sides of Chicago, where Medicaid enrollment rates exceed the state average. This payer category also reflects the clinical complexity of the Sinai Chicago patient population, including individuals with chronic conditions, disabilities, or multi-morbidity who require structured post-acute rehabilitation. Traditional Medicare and Managed Medicare combined represent 347 patients (31 %), illustrating the high prevalence of older adults, disabled adults, and individuals transitioning from acute episodes such as stroke, orthopedic trauma, and neurological injury. Commercially insured patients represent only 137 individuals (12%), reinforcing the fact that Sinai's comprehensive rehabilitation program is not commercially driven but rather fulfills an essential community-based safety-net function. "Self-Pay" patients (57 total) and Charity Care patients (52 total) demonstrate additional uncompensated or undercompensated care obligations that many other rehabilitation providers are not positioned to take on.

TABLE TEN
Mount Sinai Hospital Medical Center of Chicago

	2022	2023	2024
Charity # of patients			
Inpatient	372	349	104
Outpatient	17,972	15,260	3,051
Total	18,344	18,344	3,155
Charity (cost in dollars)			
Inpatient	$12,993,177	$6,969,198	$12,639,543
Outpatient	$15,586,328	$16,336,876	$23,655,062
Total	$28,579,505.00	$23,306,074.00	$36,294,605.00
MEDICAID			
Medicaid # of patients			
Inpatient	6,700	6,873	6,271
Outpatient	112,966	120,934	132,184
Total	119,666	127,807	138,455
Medicaid (revenue)			
Inpatient	$88,527,226	$85,492,892	$103,401,166
Outpatient	$21,930,759	$28,564,123	$34,547,476
Total	$110,457,985	$114,057,015	$137,948,642

Schwab Rehabilitation Hospital and Care Network

	2022	2023	2024
Charity # of patients			
Inpatient	7	10	5
Outpatient	453	376	97
Total	460	386	102
Charity (cost in dollars)			
Inpatient	$428,598	$5,444,575	$434,709
Outpatient	$168,074	$422,112	$1,217,825

Total	$596,672	$5,866,687	$1,652,534
MEDICAID			
Medicaid # of patients			
Inpatient	598	600	670
Outpatient	6,172	6,073	11,478
Total	6,770	6,673	12,148
Medicaid (revenue)			
Inpatient	$15,070,281.00	$16,368,808.00	$16,832,685.00
Outpatient	$5,105,468.00	$4,380,779.00	$4,502,926.00
Total	$20,175,749.00	$20,749,587.00	$21,335,611.00

Holy Cross Hospital			
	2022	2023	2024
Charity # of patients			
Inpatient	286	252	48
Outpatient	4,682	4,421	1,156
Total	4,968	4,673	1,204
Charity (cost in dollars)			
Inpatient	$2,559,965	$1,623,253	$744,678
Outpatient	$4,165,369	$3,955,174	$8,400,137
Total	$67,215,334	$5,578,427	$9,144,815
MEDICAID			
Medicaid # of patients	2022	2023	2024
Inpatient	2,484	2,129	1,885
Outpatient	30,415	32,472	41,334
Total	32,899	34,601	43,219
Medicaid (revenue)			
Inpatient	$18,545,537	$13,188,510	$23,992,441
Outpatient	$8,074,008	$7,920,444	$14,408,814
Total	$26,619,545	$21,108,954	$38,401,255

Juan Morado, Jr.
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Chicago, IL 60606
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Fax: 312.757.9192
jmorado@beneschlaw.com

February 6, 2026

VIA E-MAIL

John P. Kniery
Board Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, IL 62761
John.Kniery@illinois.gov

Re: Project #25-049 and Project #25-050 – Response to Staff Questions

Dear Mr. Kniery:

On behalf of Mount Sinai Hospital ("Mount Sinai") and Schwab Rehabilitation Hospital ("Schwab"), we appreciate Staff's continued review of the above-referenced projects. As described in each application, the proposed license integration is a continuity-focused alignment designed to preserve all existing rehabilitation capacity and services at the 1401 S. California Avenue campus, maintain employment and community access, and strengthen the long-term financial and operational sustainability of Mount Sinai's safety-net rehabilitation and acute-care programs through unified oversight and coordination. Set forth below are Mount Sinai's responses to the additional questions transmitted January 30, 2026. Where quantitative estimates are requested, Mount Sinai has provided the best available information based on current operational analyses; certain integration impacts will continue to be refined as implementation planning progresses.

1. Will all 92 inpatient rehabilitation beds and outpatient clinics remain at the 1401 S. California Avenue campus indefinitely?

Yes. All ninety-two (92) inpatient rehabilitation beds and all existing outpatient rehabilitation clinics will remain located at the 1401 S. California Avenue campus on an ongoing and indefinite basis. The proposed license integration does not involve any relocation, reduction, or discontinuation of inpatient or outpatient rehabilitation capacity or services.

2. Does the discontinuation of the Schwab license allow for future reductions in specialized services, such as pediatric rehab or stroke care, once integrated?

No. The license integration does not contemplate any reduction in specialized rehabilitation services. Pediatric rehabilitation, stroke rehabilitation, and all other current service lines will continue to be offered consistent with their existing scope, volume, and clinical standards.

Currently, Mount Sinai has no plans to reduce or eliminate any of these services as a result of the licensure change.

3. How will the shift to the Mount Sinai license affect existing insurance contracts? Will patients currently in network for Schwab Rehabilitation remain in network under Mount Sinai Hospital?

Mount Sinai's objective is to ensure continuity of patient access and maintain in-network status for patients currently served at Schwab. Mount Sinai is actively working with each applicable payor to determine whether rehabilitation services will transition under existing Mount Sinai contracts or remain under current arrangements, as permitted by the applicable agreements. This review includes evaluating assignment provisions and, where necessary, pursuing contract amendments. At this time, Mount Sinai does not anticipate that patients receiving services at Schwab will become out-of-network as a result of the integration.

Furthmore, Mount Sinai has engaged directly with its managed care organizations, several of which have already begun coordinating the operational steps necessary to reconfigure claims and authorization systems to reflect Schwab's designation as a Mount Sinai distinct part unit ("DPU"). These discussions indicate an expectation that Schwab services will continue to be treated as in-network following completion of the applicable contractual and administrative updates.

4. Will Schwab employees maintain their current seniority, benefits, and union representation (if applicable) under the new license?

Yes. Schwab employees will retain their current seniority, benefits, and existing terms and conditions of employment. The only labor union currently represented at Schwab is the Service Employees International Union, which also represents employees at Mount Sinai. No changes to union representation, seniority, or benefits are anticipated.

5. Will physicians currently privileged at Schwab need to undergo a new credentialing process for the Mount Sinai license?

The attending physiatry physicians providing care at Schwab are employed by the Mount Sinai Community Foundation d/b/a Sinai Medical Group and currently hold consulting privileges at Mount Sinai. As part of the integration, their privileges will be expanded through Mount Sinai Hospital's standard medical staff credentialing process to provide admitting privileges to the designated rehabilitation unit. This process is administrative in nature and intended to ensure continuity of care without disruption.

6. How does this license change affect the existing partnership with Mary Free Bed, which currently manages Schwab's day-to-day operations?

Mount Sinai's prior agreement with Mary Free Bed for certain rehabilitation services terminated in September 2025. Following termination, Mary Free Bed personnel transitioned to

become Schwab employees. There is no ongoing management or operational relationship with Mary Free Bed, and the proposed license integration does not depend upon or alter any such arrangement.

7. How will the integration ensure that 340B drug pricing and charity care programs are preserved or expanded?

Because Schwab is not independently eligible to participate in the 340B Drug Pricing Program, the integration will extend Mount Sinai's 340B capabilities to discharge medications for patients receiving rehabilitation services at the Schwab campus. This expansion will improve access to high-cost discharge medications, reduce financial barriers to adherence, and support safer transitions from hospital to home, thereby strengthening continuity of care and patient outcomes. In addition, Mount Sinai's existing charity care and financial assistance policies will apply to services provided at Schwab, ensuring that eligible patients continue to receive support consistent with system-wide standards.

8. Please provide the expected savings for the next three years associated with the integration.

The integration is expected to generate operational efficiencies primarily through consolidation of duplicative administrative and regulatory functions and alignment under a single hospital license. Based on current internal assessments and reflected in Mount Sinai's three-year operating forecast (see Tables 1-3 below), anticipated efficiencies arise from:

(i) consolidation of regulatory compliance and reporting activities;
(ii) elimination of duplicative administrative infrastructure and vendor contracts;
(iii) implementation of unified credentialing, quality improvement, and performance oversight processes; and
(iv) streamlined referral management and care coordination between acute and rehabilitation services.

The financial projections reflecting the proposed integration are based on conservative and transparent assumptions intended to normalize operations under a single hospital license. *Net patient service revenue* is projected to grow at approximately three percent (3%) annually, reflecting modest increases in utilization and improved care coordination resulting from integration with Mount Sinai's acute-care services, rather than expansion of clinical capacity. *Non-patient other operating revenue* is assumed to grow at approximately one percent (1%) annually, reflecting stabilization of existing revenue sources. Operating expenses are projected to increase at inflationary levels, with salaries, wages, and fringe benefits and supplies and purchased services growing at approximately three percent (3%) annually, and no reductions in staffing levels or service lines assumed.

Within this framework, the economic benefits of integration are reflected not only through the avoidance of duplicative administrative and regulatory costs, but also through improved revenue capture achieved by aligning rehabilitation services within Mount Sinai's existing referral,

contracting, and operational infrastructure. These improvements are appropriately characterized as savings achieved through integration, as they represent efficiencies and avoided financial leakage that would not be realized under a standalone licensing structure. As a result, the forecast demonstrates stable and improving operating performance attributable to integration-related efficiencies, without reliance on service reductions or speculative growth assumptions.

Three-Year Operating Forecast (In Thousands)

Table 1. Year 1: Fiscal Year (FY) Ending June 30, 2027 (Base Year)

Category	**Amount**
Net Patient Service Revenue	35,454
Non-Patient Other Operating Revenue	18,035
Net Operating Revenue	**53,489**
Salaries, Wages & Fringe	(26,121)
Supplies & Purchased Services	(24,421)
Total Operating Expenses	**(50,542)**
EBIDA	**2,947**
Interest & Depreciation	(2,209)
Gain from Operations	**738**
Nonoperating Gains	243
Revenue in Excess of Expenses	**981**

Table 2. Year 2: FY Ending June 30, 2028

Category	**Amount**
Net Patient Service Revenue (+3%)	36,518
Non-Patient Other Operating Revenue (+1%)	18,215
Net Operating Revenue	**54,733**
Salaries, Wages & Fringe (+3%)	(26,905)
Supplies & Purchased Services (+3%, no implementation cost)	(24,154)
Total Operating Expenses	**(51,059)**
EBIDA	**3,674**
Interest & Depreciation (+3%)	(2,275)
Gain from Operations	**1,399**
Nonoperating Gains	243
Revenue in Excess of Expenses	**1,642**

Table 3. Year 3: FY Ending June 30, 2029

Category	Amount
Net Patient Service Revenue (+3%)	37,614
Non-Patient Other Operating Revenue (+1%)	18,397
Net Operating Revenue	**56,011**
Salaries, Wages & Fringe (+3%)	(27,712)
Supplies & Purchased Services (+3%)	(24,879)
Total Operating Expenses	**(52,591)**
EBIDA	**3,420**
Interest & Depreciation (+3%)	(2,343)
Gain from Operations	**1,077**
Nonoperating Gains	243
Revenue in Excess of Expenses	**1,320**

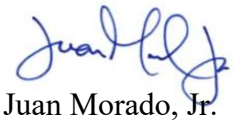
9. Please provide the list of patients by zip code of residence for the referral letter referenced on page 128 of the Application for Permit.

Enclosed please find a list of patients by zip code of residence for individuals served at Schwab during the most recent twelve (12) month period, supporting the referral information referenced in the application.

Should you have any questions or require additional information, please do not hesitate to contact me at 312-212-4967 or via email at JMorado@beneschlaw.com. Thank you for your attention to this matter.

Sincerely,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP

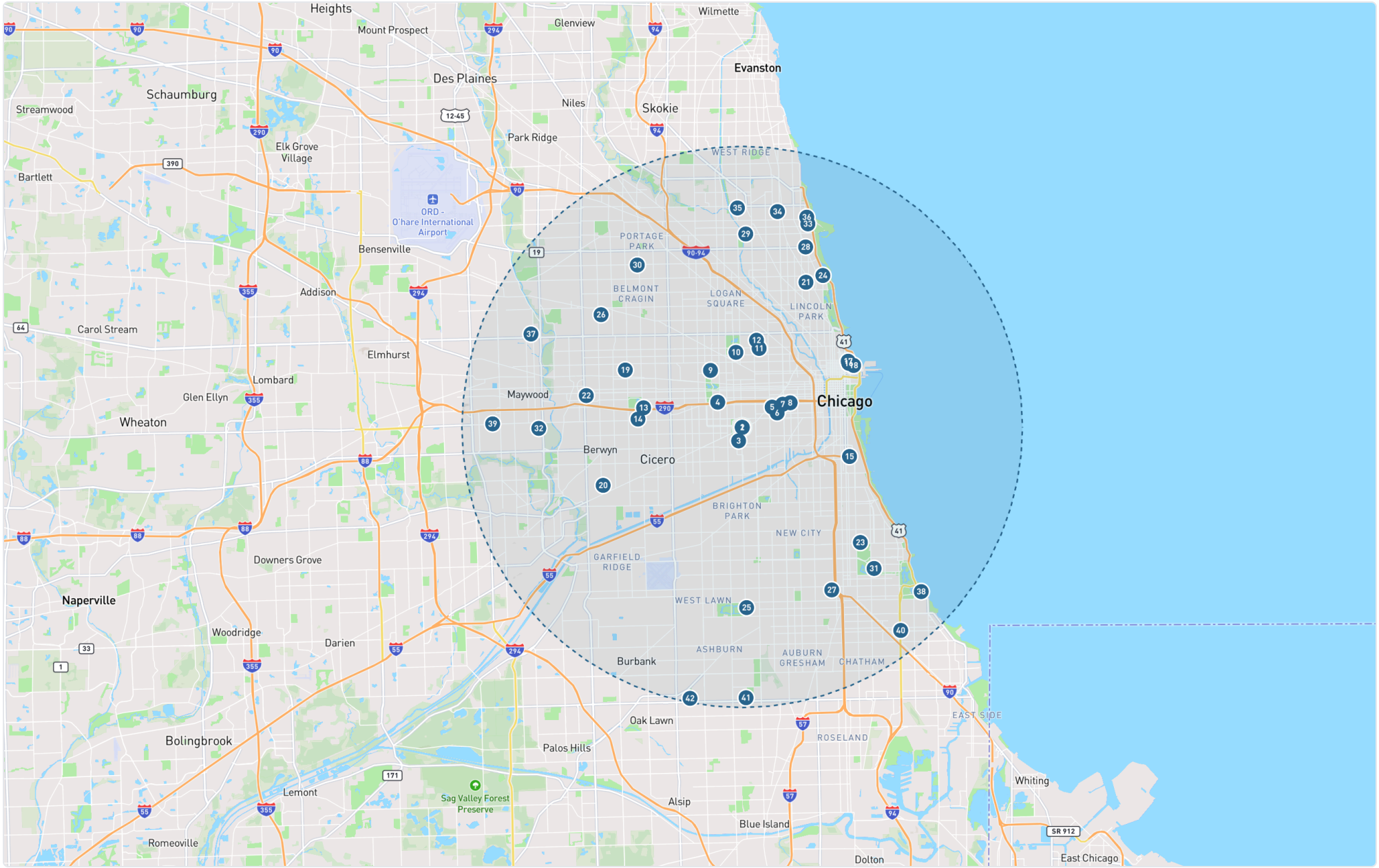


Juan Morado, Jr.

Radius Analysis Report

Geographic inventory of licensed hospital facilities within statutory radius

CENTER POINT	COUNTY	CLASSIFICATION	STATUTORY RADIUS	HSA	HPA
41.8621°N, 87.6953°W	Cook	Chicago Metropolitan (10-mile radius)	10 miles	6 - City of Chicago	A-02



Data sourced from 2024 Annual Hospital Survey. For planning purposes only.

Hospitals Within 10-Mile Radius of Cook County (42 facilities)

#	Facility Name	City	Dist	M-S	ICU	OB	PED	NICU	AMI	REH	Total
1	Mt. Sinai Hospital Medical Center	Chicago	0.0	165	30	30	—	35	28	—	**288**
2	Schwab Rehabilitation Hospital and Care Network	Chicago	0.0	—	—	—	—	—	—	92	**92**
3	Saint Anthony Hospital	Chicago	0.5	56	15	20	18	—	42	—	**151**
4	RML Health Providers Limited Partnership - DBA RML Chicago	Chicago	1.2	—	—	—	—	—	—	—	**86**
5	John H. Stroger, Jr. Hospital of Cook County	Chicago	1.3	240	86	40	26	58	—	—	**450**
6	University of Illinois Hospital and Clinics	Chicago	1.3	249	65	40	20	30	47	—	**451**
7	Rush University Medical Center	Chicago	1.7	356	132	34	20	72	54	59	**727**
8	Rush Specialty Hospital, LLC	Chicago	1.9	—	—	—	—	—	—	56	**100**
9	Garfield Park Hospital	Chicago	2.3	—	—	—	—	—	91	—	**91**
10	Humboldt Park Health	Chicago	2.7	98	12	48	—	—	52	—	**210**
11	Saint Mary of Nazareth Hospital- Chicago, LLC - DBA Saint Mary of Nazareth Hospital	Chicago	2.9	180	26	20	—	—	120	15	**361**
12	Ascension Saint Elizabeth	Chicago	3.1	—	—	—	—	—	40	—	**40**
13	Loretto Hospital	Chicago	3.6	89	12	—	—	—	76	—	**177**
14	UHS Hartgrove Hospital	Chicago	3.7	—	—	—	—	—	160	—	**160**
15	Insight Hospital & Medical Center	Chicago	4.0	289	30	30	—	—	39	24	**412**
16	Northwestern Memorial Hospital	Chicago	4.4	575	139	116	—	86	29	—	**945**
17	Ann & Robert H Lurie Children's Hospital of Chicago - DBA Lurie Children's	Chicago	4.5	—	162	—	126	64	16	—	**368**
18	Rehabilitation Institute of Chicago - DBA Shirley Ryan Abilitylab	Chicago	4.5	—	—	—	—	—	—	262	**262**
19	Resilience Healthcare - West Suburban Medical Center, LLC - DBA West Suburban Medical Center	Oak Park	4.6	135	24	20	5	—	—	—	**184**
20	Gottlieb Community Health Services Corporation - DBA MacNeal Hospital	Berwyn	5.4	217	26	25	10	—	68	16	**362**
21	Advocate Northside Health Network - DBA Illinois Masonic Medical Center Campus	Chicago	5.6	187	37	24	—	22	34	22	**326**
22	Rush Oak Park Hospital, Inc.	Oak Park	5.7	152	14	—	—	—	—	—	**166**
23	Provident Hospital of Cook County	Chicago	5.9	79	6	—	—	—	—	—	**85**
24	Presence Chicago Hospitals Network - DBA Presence Saint Joseph Hospital - Chicago	Chicago	6.1	216	21	23	11	15	46	—	**332**
25	Holy Cross Hospital	Chicago	6.4	204	20	—	—	—	24	—	**248**
26	Shriners Hospital for Children - Chicago	Chicago	6.4	—	6	—	48	—	—	6	**60**
27	St. Bernard Hospital	Chicago	6.6	104	10	—	—	—	60	—	**174**
28	Thorek Memorial Hospital	Chicago	6.8	118	10	—	—	—	44	—	**172**
29	Kindred Chicago Northlake, LLC - DBA Kindred Hospital - Chicago	Chicago	6.9	—	—	—	—	—	31	—	**124**
30	Community First Healthcare of Illinois, Inc - DBA Community First Medical Center	Chicago	6.9	210	20	—	—	—	—	—	**252**
31	The University of Chicago Medical Center	Chicago	6.9	570	162	42	60	53	—	—	**887**
32	Foster G. McGaw Hospital - Loyola University Medical Center	Maywood	7.3	312	121	30	34	50	—	—	**547**
33	Resilience Healthcare - Weiss Memorial Hospital, LLC - DBA Louis A. Weiss Memorial Hospital	Chicago	7.6	184	16	—	—	—	10	26	**236**
34	Thorek Memorial Hospital - DBA Thorek Memorial Hospital-Andersonville	Chicago	7.8	74	9	—	—	—	62	—	**145**
35	Swedish Covenant Health - DBA Swedish Hospital	Chicago	7.8	188	18	21	—	—	34	25	**286**
36	Chicago BH Hospital - DBA Montrose Behavioral Health Hospital	Chicago	7.8	—	—	—	—	—	161	—	**161**
37	Gottlieb Memorial Hospital - DBA Loyola Health System at Gottlieb	Melrose Park	8.2	157	24	—	—	—	—	20	**233**
38	La Rabida Children's Hospital	Chicago	8.7	—	—	—	49	—	—	—	**49**
39	Riveredge Hospital Inc.	Forest Park	8.9	—	—	—	—	—	210	—	**210**
40	Jackson Park Hospital	Chicago	9.2	144	8	—	1	—	83	—	**236**
41	OSF Little Company of Mary Medical Center	Evergreen Park	9.6	228	29	17	—	—	—	—	**274**
42	Advocate Health and Hospitals Corporation - DBA Advocate Christ Medical Center	Oak Lawn	9.8	437	170	44	45	61	—	37	**794**
			TOTAL	**6213**	**1460**	**624**	**473**	**546**	**1661**	**660**	**11,914**

Beds shown are authorized beds per 2024 HFSRB Annual Hospital Survey.

Health Planning Area (HPA) A-02

Chicago West/Loop

Bed Category	Authorized	Need	Gap	% of Need
Med-Surg/Pediatric	1,594	874	+720	182.4%
Obstetrics	249	73	+176	341.1%
Intensive Care Unit	388	485	(97)	80.0%
Acute Mental Illness	740	552	+188	134.1%
TOTAL	2,971	1,984	+987	149.7%

Health Service Area (HSA) 6

City of Chicago

Bed Category	Authorized	Need	Gap	% of Need
Rehabilitation	622	410	+212	151.7%
TOTAL	622	410	+212	151.7%

Methodology Notes

Statutory Radius: Per 77 Ill. Adm. Code 1100, radius is determined by county classification: 10 miles (Metro - Cook, DuPage, Kane, Lake, Will), 17 miles (Mid-size counties), 21 miles (Rural counties).

Gap Analysis: Positive values (+) indicate surplus; parentheses indicate shortage. Need calculated per State Health Plan formulas.

Data Source: 2024 Annual Hospital Survey responses submitted to HFSRB.