



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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BOARD MEETING: January 13, 2026	PROJECT NO: 25-042	PROJECT COST: Original: \$191,369,861
FACILITY NAME: University of Illinois Medical Center at Chicago	CITY: Chicago	
TYPE OF PROJECT: Non-Substantive		HSA: VI

PROJECT DESCRIPTION: On May 7, 2020, the Illinois Health Facilities and Services Review Board approved Project #20-001. This permit authorized the construction and establishment of a Medical Office Building. The Applicant (Board of Trustees of the University of Illinois) proposed establishing a six-story ambulatory care building connected to the main inpatient Hospital building by a bridge. Services in the building included outpatient surgery, endoscopy, and outpatient clinics. The cost of the project was \$191,369,861. The expected completion date was June 30, 2023. There were no adverse findings associated with Project #20-001.

The project was carried out with due diligence, and the medical office building became operational in September 2022. The Applicant filed a notice of project completion with the State Board on December 21, 2023, and initiated the project close-out. During this process, the Applicant realized that the final project cost was \$208,455,373, which is \$1,708,551 (approximately 8.9%) higher than the approved permit amount. Because this overage exceeded the maximum monetary amount allowed for a project alteration (7%), the permit holder was required to withdraw/abandon Project #20-001 and submit a second Certificate of Need application reflecting the accurate project cost. This project is the resubmission of Project #20-001, with adjusted project costs and sources of funds, and no programmatic changes.

Information on this project can be found at this link:
<https://hfsrb.illinois.gov/project.25-042.html>

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicant (Board of Trustees of the University of Illinois) is proposing a six-story Ambulatory Care building to be connected by a bridge to the main inpatient Hospital building. Services in the building will include adding operating and procedure rooms, as well as multi-specialty procedure rooms for outpatient surgery, gastro, and other procedures. Also included in the building will be outpatient clinics and exam rooms. The adjusted cost of the project is approximately \$208,455,373. The expected completion date is January 31, 2026.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The University of Illinois Medical Center at Chicago is not licensed as a hospital by the Illinois Department of Public Health. The University of Illinois Medical Center at Chicago is governed by the University of Illinois Hospital Act [110 ILCS 330]. The Medical Center is considered a health care facility as defined by the Illinois Health Facilities Planning Act [20 ILCS 3960/3(4)] and is subject to the Planning Act's requirements. A permit is required for a modernization project that exceeds the capital expenditure minimum of \$17,787,538.

PURPOSE OF THE PROJECT

- The Applicant states the purpose of the project is to provide certain outpatient services, including surgical services and outpatient clinics, more efficiently.

PUBLIC HEARING/COMMENT:

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

SUMMARY:

- The University of Illinois Medical Center at Chicago is in the A-02 Hospital Planning Area (HPA). The geographic service area (GSA) consists of a 10-mile radius surrounding the University of Illinois Medical Center campus. However, this facility treats patients referred from throughout the State.
- The University of Illinois Medical Center at Chicago currently has a large Outpatient Care Center (OCC) housing 21 primary and specialty clinics at the Medical Center. This outpatient care center is connected to the hospital. The Applicant states the proposed Ambulatory Care facility is needed due to increased demand for outpatient services. According to the Applicant, *"UI Health continues to see 5% annual growth in outpatient surgeries across many surgical service lines. The new outpatient surgery and multispecialty procedure floors are designed to meet this demand in a more efficient, patient-friendly setting. Additionally, the expansion will allow several complex inpatient surgeries to be performed in the main hospital's surgery facility, which is also in high demand. UI Health has experienced record growth in kidney transplants and remains a leader in combined kidney/pancreas and small bowel transplantation."*
- The State Board does not have a calculated need methodology for operating and procedure rooms being proposed by this project. The State Board relies on historical utilization and growth in these services to determine if the number of rooms being requested is justified. Also, the State Board does not have a need methodology for the primary and specialty clinics or exam rooms being added under this proposal.
- The Medical Center currently has 21 operating rooms, five gastro rooms, and three multi-purpose rooms.
For the five years (2014-2018), total outpatient surgery and procedures grew at a 5.83% annual rate (see Tables One and Two).

TABLE ONE University of Illinois Medical Center	
Year	Total Surgery and Procedure Cases
2024*	13,205
2023*	28,214
2022*	24,717
2021>	25,075
2020>	20,756
*29 surgery, 11 procedure, one pain management >21 surgery, 11 procedure, one pain management	

TABLE TWO University of Illinois Medical Center Number of Existing and Proposed Rooms			
	Hospital Existing Rooms	Proposed Addition	Total
Class C	21	8	29
Class B			
Gastro	5	4	9
Multi-purpose	3	2	5
Total	29	14	43

- The five-year historical utilization justifies the need for eight operating rooms to be added for a total of 29 operating rooms at the Medical Center. The Medical Center currently has five Gastro rooms and is proposing a total of nine rooms. Of these rooms, one will be dedicated to bronchoscopy. Projected utilization (based upon historical growth at the Medical Center) of 3.86% annually will justify six rooms. The Applicant believes an increase of 6.7% annually in the number of colonoscopies would be more likely given the increasing demand resulting from a heightening awareness of the value of colorectal screenings in the communities served by the hospital that will result in an additional demand for endoscopic services. Should the Applicant's projections materialize, the University can justify the number of gastro rooms requested.
- The five multi-specialty rooms are warranted based on the historical growth over the past five years.
- The Applicant addressed 16 criteria and is non-compliant with the following:

Criterion	Reasons for Non-Compliance
Criterion 1120.140 (c) – Reasonableness of Project Costs	New Construction Costs are \$61,618,335, or \$565.00 per GSF. This appears HIGH compared to the State Board Standard of \$556.76 per GSF (2026 project mid-point). Architectural/Engineering Costs total \$4,450,000, or 7% of the construction/contingencies cost of \$63,691,059. This appears high compared to the State Board standard of 5.39%.

STATE BOARD STAFF REPORT
Project #25-042
University of Illinois Medical Center at Chicago

APPLICATION/CHRONOLOGY/SUMMARY	
Applicant	Board of Trustees of the University of Illinois
Facility Name	University of Illinois Medical Center at Chicago
Location	Intersection of Taylor and Wood Street, Chicago
Permit Holder	Board of Trustees of the University of Illinois
Operating Entity	University of Illinois Medical Center at Chicago
Owner of Site	Board of Trustees of the University of Illinois
Total GSF	202,403
Application Received	October 3, 2025
Application Deemed Complete	October 27, 2025
Review Period Ends	December 26, 2025
Financial Commitment Date	N/A
Project Completion Date	January 31, 2026
Review Period Extended by the State Board Staff?	No
Can the Applicant request a deferral?	Yes
Expedited Review?	No

I. Project Description

The Applicant (Board of Trustees of the University of Illinois) is proposing a six-story ambulatory care building connected to the main inpatient Hospital building by a bridge. Services in the building will include outpatient surgery, endoscopy, and outpatient clinics. The project's cost is approximately \$208,455,373. The expected completion date is January 31, 2026.

II. Summary of Findings

- A.** State Board Staff finds the proposed project is in conformance with the provisions of 77 Ill. Adm. Code 1110 (Part 1110).
- B.** State Board Staff finds the proposed project is not in conformance with the provisions of 77 Ill. Adm. Code 1120 (Part 1120).

III. General Information

The University of Illinois Health Services Facilities System (System) comprises the University of Illinois Hospital (Hospital) and associated clinical facilities that provide patient care, including, but not limited to, the University of Illinois at Chicago Medical

Center. The System is a tertiary care facility¹ in Chicago that offers a full range of clinical services.

The System was established by a Bond Resolution of the Board of Trustees (Board) of the University of Illinois, adopted on January 22, 1997. The System's financial balances and activities are also included in the University of Illinois financial statements. The University of Illinois Medical Center at Chicago is a 451-bed acute care hospital. The Board of Trustees of the University of Illinois owns the University of Illinois Medical Center at Chicago and several other healthcare providers across the state. These providers are not subject to the licensure requirements of the Illinois Hospital Licensure Act. The Hospital was established under the University of Illinois Hospital Act ([110 ILCS 330] / P.A. 86-1324). The Joint Commission accredits the Medical Center.

IV. Health Service Area

The University of Illinois Medical Center at Chicago is in the Health Service Area (HSA) VI and the A-02 Hospital Planning Area (HPA). The A-02 HPA includes the City of Chicago Community Areas of Humboldt Park, West Town, Austin, West Garfield Park, East Garfield Park, Near West Side, North Lawndale, South Lawndale, Lower West Side, Loop, Armour Square, McKinley Park, and Bridgeport. There are nine acute care hospitals in the A-02 HPA (see Table Three). The GSA for this project is a 10-mile radius of the Medical Center.

TABLE THREE			
Hospitals in the A-02 Hospital Planning Area			
Facility	City	Beds	Miles
University of Illinois Hospital at Chicago	Chicago	451	0
Rush University Medical Center, Chicago	Chicago	727	1
Mount Sinai Hospital Medical Center	Chicago	288	1.5
John H. Stroger, Jr. Hospital of Cook County	Chicago	450	1.7
St. Anthony Hospital	Chicago	151	3.2
Norwegian-American Hospital	Chicago	210	3.5
Prime Saint Mary of Nazareth Hospital	Chicago	387	5.2
Ascension St. Elizabeth Hospital, Chicago	Chicago	387	5.2
Loretto Hospital	Chicago	177	5.5

The State Board estimates no population growth in the A-02 HPA for the period 2017-2022. However, the 65+ age cohort was estimated to increase by approximately 7.7% over these five years in this planning area (see Table Four).

¹ Tertiary care is a level of care in the health care system that consists of complex procedures given in a health care center that has highly trained specialists and often advanced technology.

TABLE FOUR Population Estimate			
Age Cohort	2021	2026	Change
0-14	95,350	85,620	-10.20%
15-44	309,410	306,730	-.087%
45-64	123,350	120,700	-2.15%
65-74	40,020	43,100	7.70%
75+	23,000	32,920	43.13%
Total	591,130	589,070	-0.35%

In 2024, there were 120 surgery rooms and 35 gastro procedure rooms in the A-02 HPA. Over these five years, there has been a 3.76% increase in surgery cases and a 9.34% increase in gastro cases in this planning area (see Table Five).

TABLE FIVE Surgery and Gastro Room Cases and Hours in the A-02 Hospital Planning Area						
Surgery						
	2024	2023	2022	2021	2020	Growth
Cases	67,251	67,934	70,083	67,212	56,608	3.76%
Hours	161,397	153,994	194,423	162,937	141,738	2.76%
Gastro						
Cases	37,459	33,524	26,502	32,361	25,530	9.34%
Hours	28,465	41,373	39,582	25,739	26,205	1.72%

1. Information from IDPH Hospital Profiles 2024-2020

V. Project Details

The Applicant proposes a six-story ambulatory care building with a basement and a penthouse. The basement will include space for mechanical systems and for the Illinois Department of Corrections (IDOC). Approximately 1,765 DGSF is provided on the lower level of the building as a holding and staging area for IDOC inmates being seen as outpatients at the hospital. Prisoners are brought in a group to the hospital, enter through the loading dock, and are held in this area until they are to be seen in one of the hospital's clinical areas. At that point, they are escorted by IDOC personnel to the examination or treatment site via a dedicated elevator. The Medical Center provides specialty care for IDOC inmates.

The first floor will contain the lobby and public areas, imaging, pharmacy, and materials management. The second floor will include the transplant, pre-operative anesthesia, and urology clinics. Perioperative services will be on the third floor, and the multi-specialty

procedure area will be on the fourth floor, with pre- and post-operative stations on both floors. The perioperative area on the 3rd floor will have 6 ORs, two procedure rooms, 8 Phase 1 recovery stations, and 16 Phase 2 recovery stations. The Multispecialty Procedure Area on the 4th floor will have eight procedure rooms, 8 Phase 1 recovery stations, and 24 Phase 2 recovery stations. A bridge connecting the hospital to the ambulatory care building will have two levels. A public passageway will connect to the hospital on the 2nd floor, and a patient and staff passageway will connect on the 3rd floor. The gastroenterology clinic will be located on the fourth floor. The ophthalmology clinic will be located on the fifth and sixth floors. The otolaryngology clinic will be located on the sixth floor.

University of Illinois Medical Center at Chicago
Outpatient Building



VI. Project Uses and Sources of Funds

The Applicant is funding this project with cash of \$31,369,861 and a bond issue of \$160 million. The Applicant supplied proof of an “A-/strong” bond rating from Standard & Poor’s Global Ratings Service, dated June 12, 2025, which affirms their financial viability.

TABLE SIX
Project Costs and Sources of Funds

USE OF FUNDS	Reviewable	Non-Reviewable	Total	% of Total
Preplanning Costs	\$426,707	\$349,124	\$775,831	.4%
Site Survey and Soil Investigation	\$21,450	\$17,550	\$39,000	.1%
Site Preparation	\$2,500,000	\$4,985,643	\$7,485,643	3.6%
New Construction Contracts	\$61,618,335	\$50,149,534	\$111,767,869	53.6%
Contingencies	\$2,072,724	\$1,270,379	\$3,343,103	1.6%
Architectural/Engineering Fees	\$4,450,000	\$2,184,485	\$6,634,485	3.2%
Consulting and Other Fees	\$13,647,390	\$5,848,881	\$19,496,271	9.3%
Movable or Other Equipment (not in construction contracts)	\$43,278,966	\$3,763,388	\$47,042,354	22.6%
Net Interest Expense During Construction (project-related)	\$7,359,907	\$4,510,910	\$11,870,817	5.6%
TOTAL USES OF FUNDS	\$135,375,478	\$73,079,895	\$208,455,373	100.00%
SOURCE OF FUNDS	Reviewable	Non-Reviewable	Total	
Cash and Securities	\$27,126,324	\$14,535,283	\$41,661,607	20%
Bond Issues (project-related)	\$108,249,154	\$58,544,612	\$166,793,766	80%
TOTAL SOURCES OF FUNDS	\$135,375,478	\$73,079,895	\$208,455,373	100.00%

Regarding the funding, the Applicant stated:

The proposed project will be funded through a public-private partnership (P3), a project financing structure previously used by the University of Illinois for other capital projects.

The University is using a P3 delivery method for this project because delivery can be accelerated compared to traditional methods, with financing rates competitive with those for direct University borrowing. The collaborative design approach for a P3 project, involving the developer, architect, contractor, and user, yields a more satisfactory product for stakeholders, with guaranteed pricing and delivery dates. The secondary benefit of using the proposed P3 financing is that doing so reserves cash on hand that can be leveraged to support other strategic growth initiatives for the hospital.

A newly formed 501(c)(3) entity that is a wholly owned subsidiary of Provident Resources Group, LLC, unrelated to the hospital or the Board of Trustees of the University of Illinois, will enter into a ground lease with the Board, secure tax-exempt bond financing through the Illinois Finance Authority, and engage a developer who will be responsible for the design and construction of the building. The subsidiary of Provident Resources Group, LLC, is the owner of the building and the debtor on the bonds.

The ground lease will be for a term exceeding the bond financing's maturity (estimated at 30 years). It will contain provisions requiring the project to be constructed and maintained in accordance with campus standards. Under the ground lease, the ground will always remain owned by the University, and the borrower will own the improvements for the term of the bonds. At the end of the financing term, or upon earlier payment of the bonds, ownership of improvements will automatically transfer to the University. Rent under the ground lease is nominal at \$ 1 per year.

The Board will sublease the facility from the new 501(c)(3) entity, with the sublease rent being used to pay the debt service on the bonds. At the end of the ground lease, the building improvements, fixtures, equipment, and all personal property will become the University's property.

As of the filing of this application, the anticipated amount of the bond is approximately \$160 million, the anticipated term of the bond is thirty years, and the expected interest rate on **that** bond is approximately 4%, subject to market conditions. The balance of the project cost will be funded from the Board's cash and other liquid sources.

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

A) Criterion 1110.110 (a)-Background of the Applicant

The Applicant (Board of Trustees of the University of Illinois) attested that no adverse action² Has been taken against the University of Illinois Medical Center at Chicago, directly or indirectly, within three (3) years before the filing of this Application and authorized the State Board and the Illinois Department of Public Health to access any documents which it finds necessary to verify any Information submitted, including, but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations (Application for Permit page 35).

B) Criterion 1110.110 (b) – Purpose of the Project

According to the Applicant, the building, a six-story ambulatory care facility connected to the Medical Center, is to provide selected outpatient services more efficiently than they are currently offered, given the Medical Center's current space constraints. The Geographical Service Area is a 10-mile radius from the Medical Center. This 10-mile radius has an estimated population of approximately 2.6 million residents in 98 zip codes.

C) Criterion 1110.110 (c) – Safety Net Impact Statement

This project is considered a non-substantive³ project and a safety net impact statement⁴ is not required. The Applicant provided both Medicaid and Charity Care Information for the Medical Center.

² "Adverse Action" means a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations. As defined in Section 1-129 of the Nursing Home Care Act [210 ILCS 45], "Type 'A' violation" means a violation of the Nursing Home Care Act or of the rules promulgated thereunder which creates a condition or occurrence relating to the operation and maintenance of a facility presenting a substantial probability that risk of death or serious mental or physical harm to a resident will result therefrom or has resulted in actual physical or mental harm to a resident. As defined in Section 1-128.5 of the Nursing Home Care Act, a "Type AA violation" means a violation of the Act or of the rules promulgated thereunder which creates a condition or occurrence relating to the operation and maintenance of a facility that proximately caused a resident's death. [210 ILCS 45/1-129]

³ "Substantive Projects" means types of projects that are defined in the Act and classified as substantive. *Substantive projects shall include no more than the following:*

- *Projects to construct a new or replacement facility located on a new site; or a replacement facility located on the same site as the original facility and the costs of the replacement facility exceed the capital expenditure minimum.*
- *Projects proposing a new service or discontinuation of a service, which shall be reviewed by the Board within 60 days.*
- *Projects proposing a change in the bed capacity of a health care facility by an increase in the total number of beds or by a redistribution of beds among various categories of service or by a relocation of beds from one facility to another by more than 20 beds or more than 10% of total bed capacity, as defined by the State Board in the Inventory, whichever is less, over a 2-year period. [20 ILCS 3960/12]*

⁴ Safety Net Providers: "providers that organize and deliver a significant level of both health care and other health-related services to the uninsured, Medicaid, and other vulnerable populations," as well as providers "who by mandate or mission offer access to care regardless of a patient's ability to pay and whose patient population includes a substantial share of uninsured, Medicaid, and other vulnerable patients" (source: US Department of Health and Human Services)

TABLE SEVEN Medicaid and Charity Care Information			
Year	2022	2023	2024
Net Revenue	\$1,027,875,918	\$1,141,917,018	\$1,226,803,692
Charity # of Patients			
Inpatient	232	342	479
Outpatient	9,099	11,778	16,667
Total	9,331	12,120	17,146
Charity Cost in Dollars			
Inpatient	\$16,336,413	\$11,250,134	\$14,195,748
Outpatient	\$9,117,193	\$10,966,059	\$12,293,652
Total	\$25,453,606	\$22,216,193	\$15,489,400
% of Charity Care Expense to Patient Revenue	2.4%	1.9%	1.26%
MEDICAID			
Medicaid # of Patients			
Inpatient	7,579	7,866	7,992
Outpatient	295,191	326,387	338,205
Total	302,770	334,253	346,197
Medicaid Revenue			
Inpatient	\$318,473,137	\$388,394,566	\$392,672,772
Outpatient	\$133,695,051	\$186,642,140	\$199,959,388
Total	\$452,168,188	\$575,036,706	\$592,632,160
% of Medicaid Revenue to Patient Revenue	44%	50.3%	48.3%

1. Information taken from pages 24-25 of the Application for Permit
2. The System maintains records to identify and monitor the level of charity care provided. These records include the amount of estimated costs for services rendered and supplies furnished under its charity care policy. The estimated cost of charity care using the System's cost-to-charge ratio was \$18,397,000 for fiscal year 201 S, an increase of 37% from the prior year, primarily due to accelerated charity reviews being performed, an increase in the number of patients qualifying for charity care and patients who qualified under the presumptive requirement of the System's financial assistance policy who were either declined Medicaid coverage 01' were previously covered by Medicaid but are now uninsured. The cost-to-charge ratio is calculated based on the System's total operating expenses. Unreimbursed costs of providing care to Medicare and Medicaid patients are not included as charity care. (Source: University of Illinois Health Services Facilities System Audited Financial Statement)

D) Criterion 1110.110 (d) – Alternative to the Project

The Applicant considered two alternatives to the proposed project:

1. Utilizing existing off-site locations to provide outpatient services, including establishing an ASTC.

According to the Applicant, this alternative was rejected because the building to be developed will serve as a training and educational site for the University's medical, nursing, and health professional programs.

The Applicant states:

“Approximately 13% of the proposed project's square footage is dedicated to outpatient surgery, and the alternative of constructing an ASTC outside of the hospital, properly, would reduce the project's capital cost. Physically, appropriate and usable space, that being of sufficient square footage and condition, and not being designated for another usage, is not available on the hospital's campus for the construction of a freestanding ASTC (therein requiring the acquisition of land to house the ASTC); and programmatically, the travel-related issues associated with the use of an off-site location would be complicated, given the hospital's position as a teaching institution, with students, residents and surgical fellows training in the ORs. If this alternative were implemented, the quality of care provided would be identical to that associated with the proposed project, staffing and operating costs would be very similar, and, depending on the site selected, patient access would likely be very similar, though staff accessibility would be compromised. The construction of space, easily accessible by surgical staff from the hospital's main surgery suite, is viewed as the most reasonable approach to providing additional outpatient surgical capacity.”

2. Developing the proposed building without the bridge connection to the main hospital.

According to the Applicant, “this alternative was considered but was deemed to be inferior to the proposed project. The bridge component of the proposed project will provide for a direct physical link for staff between existing surgical suite (which will provide all inpatient as well as selected outpatient surgery) and the outpatient surgical suite, that is a primary component of the proposed project; as well as a link between the medical center's other inpatient areas and the outpatient services to be provided in the proposed building. The ability of staff to move between the two surgical suites without leaving the suites or interfacing with the public is considered valuable from the perspectives of staffing efficiency and patient care. Aside from the cost of the bridge (approximately \$7M) and minimal duplicative staffing-associated costs, all aspects of this alternative are very similar to those of the proposed project.”

VIII. Size of the Project, Projected Utilization, Assurances

A) Criterion 1110.120 (a) – Size of the Project

The Applicant is proposing 6 Class C operating rooms, 2 Class B procedure rooms, and 8 Phase I and 24 Phase II recovery stations.⁵⁶ The Applicant has met the gross square footage standards.⁷ Of the State Board.

TABLE EIGHT							
Size of the Proposed Project							
		Proposed		State Standard			
Surgery	Number of Rooms	Gross Square Ft.	GSF/Per Room	GSF/Per Room	Total	Difference	Met Standard
Class C	6	16,400	2,733	2,750	16,500	-100	Yes
Class B	2	2,200	1,100	1,100	2,200	0	Yes
Multi-Specialty							
Class B	8	8,309	1,039	1,100	8,800	-491	Yes
Recovery							
Phase I	8	2,880	180	180	2,880	0	Yes
Phase II	24	15,340	383.5	400	16,000	-660	Yes
Imaging							
MRI	1	1,600	1,600	1,800	1,800	-200	Yes

B) Criterion 1110.120 (b) – Projected Utilization

The Medical Center is proposing to increase the number of Class C Operating Rooms by six and the number of Class B Procedure Rooms by 2. The State Board Staff is required to review this proposed modernization as an addition to the hospital's surgical and procedural suite, not as a separate suite in a separate building. Historical utilization and growth are used to justify the proposed total number of rooms.

⁵ Operating Room (Class B)" or "Surgical Procedure Room (Class B)" means a setting designed and equipped for major or minor surgical procedures performed in conjunction with oral, parenteral or intravenous sedation or under analgesic or dissociative drugs.

"Operating Room (Class C)" means a setting designed and equipped for major surgical procedures that require general or regional block anesthesia and support of vital bodily functions.)

⁶ Post-Anesthesia Recovery Phase I" means the phase in surgical recovery that focuses on providing a transition from a totally anesthetized state to one requiring less acute interventions. Recovery occurs in the post-anesthesia care unit (PACU). The purpose of this phase is for patients to regain physiological homeostasis and receive appropriate nursing intervention as needed.

"Post-Anesthesia Recovery Phase II" means the phase in surgical recovery that focuses on preparing the patient for self-care, care by family members, or care in an extended care environment. The patient is discharged to phase II recovery when intensive nursing care no longer is needed. In the phase II area, sometimes referred to as the step-down or discharge area, the patient becomes more alert and functional. (Source 77 ILAC 1100.220)

⁷ "Square Feet" or "SF" or "Square Footage" means a unit of measure of physical service areas or buildings considered by HFSRB. Departmental Gross Square Feet (DGSF) means the designation of physical areas for departments and services. It consists of the entire space dedicated to the use of that department or service, including walls, shafts and circulation. Building Gross Square Feet (BGSF) means the designation of physical area of an entire building. It includes all exterior walls and space within those walls. (Source 77 ILAC 1130.140)

TABLE NINE Number of Existing and Proposed Rooms			
	Hospital Existing Rooms	Proposed Addition	Total
Class C/B	21	8	29
Gastro	5	4	9
Multi-purpose	3	2	5
MRI	5	1	6
Total	34	15	49

Operating Rooms

The Medical Center currently has 21 Class C Operating Rooms and is proposing to add 8, bringing the total to 29. Over the past five years, the Medical Center has averaged approximately 15,500 cases and 42,750 hours annually in these 21 Class C Rooms. Over these five years, the number of cases has increased by 3.87% annually, and the number of hours by 8.3% annually. The average number of hours will justify the 29 Class C rooms being requested at the State Board's target occupancy of 1,500 hours per operating room ($42,746 \div 1,500 = 28.50$ rooms).

TABLE TEN Surgical Cases and Hours						
	2021	2022	2023	2024	2027*	Ave.
Surgical Cases	15,854	15,325	16,008	678	14,056	15,465
Surgical Hours	45,363	49,588	45,459	3,256	82,446	42,746

*Projected Utilization

Gastro Rooms

The Medical Center is requesting 16 Class B Procedure Rooms in total. Gastro Procedure rooms will increase from 5 to 9 rooms. Over the past 5 years, gastro cases and hours have increased at an annual rate of 3.86%. Based on that growth, the Applicant can justify six gastro rooms by 2025, the second year after project completion (2025), rather than the nine requested ($8,267 \text{ hours} \div 1,500 \text{ hours State Standard} = 5.51$ rooms, or six rooms).

TABLE ELEVEN					
Gastro Historical and Projected Hours and Cases					
Year	2021	2022	2023	2024	2027
Gastro Cases	6,842	7,701	9,843	10,479	8,267
Gastro Hours	6,842	7,701	9,843	8,705	8,267

The Applicant stated that during 2024, 86% of the endoscopy procedures performed at the hospital were conducted on outpatients. With increasing utilization of the gastroenterology clinic and targeted increases in screening colonoscopies, that percentage is anticipated to increase. Between 2021 and 2024, outpatient utilization increased at an annual rate of 6.7%. According to the Applicant, outpatient demand, primarily driven by screening colonoscopies, is projected to increase at a rate exceeding the historical 6.7% growth rate. The Applicant states, *“colorectal cancer is one of the most common forms of cancer in the communities served by the hospital, and the need to improve the detection of cancer was identified as one of the eight highest priorities by respondents participating in the development of the hospital's UI Health's 2019 Community Assessment of Needs. In response, the applicant desires to significantly increase the rate of colon screenings performed in the largely minority communities surrounding the hospital (in 2024, 51.7% of the patients treated at the hospital identified themselves as African Americans).”*

One of the nine rooms will be dedicated to bronchoscopy, and the remaining eight will be for endoscopy procedures. The Applicant provided the following methodology:

TABLE TWELVE	
University Gastro Room Projection	
Inpatients based on historical caseload@ 3.0%, annually	2,068
Outpatients based on historical caseload @ 6.7%, annually	7,981
Less projected bronchoscopies @3% of total	-301
Screenings "lost" due to lack of capacity	1,000
Procedures resulting from "retained" screenings	200
Procedures resulting from increased clinic capacity	200
Total Cases	11,148
Number of Hours (1 hour per case)	11,148
Rooms Justified 11,148/1,500 hours	8 rooms

Should the Applicant's methodology materialize, the Applicant can justify the requested nine rooms (one for bronchoscopies and eight for gastro procedures).

Multi-Specialty Rooms

The Applicant reports one pain management room and two multi-purpose procedure rooms at the hospital (2018 data). The Applicant is requesting a total of five procedure rooms for multi-specialty purposes. The 2018 workload will justify only two rooms, not the three rooms reported. Multi-purpose usage has increased approximately 30% over the past 5 years (2014-2018). If that growth continues, the Applicant can justify the requested five rooms.

TABLE THIRTEEN								
Multi-Purpose Rooms Utilization								
	Rooms	2018	2017	2016	2015	2014	Average	Growth
Pain Management Cases	1	2,143	2,219	1,988	1,559	1,083	1,798	24.47%
Hours		1,102	1,147	994	783	550	915	25.09%
Non-Ded. Cases	2	453	69	66	42	63	139	100%
Non-Ded. Hours		453	101	57	54	66	146	100%
<i>Total Cases</i>		<i>2,596</i>	<i>2,288</i>	<i>2,054</i>	<i>1,601</i>	<i>1,146</i>	<i>1,937</i>	<i>31.63%</i>
<i>Total Hours</i>		<i>1,555</i>	<i>1,248</i>	<i>1,051</i>	<i>837</i>	<i>616</i>	<i>1,061</i>	<i>38.11%</i>

Imaging

The Applicant proposes 1 MRI and 1 PET/CT unit in the ambulatory care building. The State Board does not have a standard for PET/CT equipment. The MRI State Board Standard is 2,500 procedures per unit. The Hospital currently has 5 MRI units, as reported to the State Board in 2018. The average number of treatments over the past 5 years supports 7 MRI Units (15,927 treatments ÷ 2,500 treatments = 6.37 or 7 Units)

TABLE FOURTEEN						
MRI Utilization						
2014-2018						
2018	2017	2016	2015	2014	Ave	% Growth
17,657	17,124	16,193	15,306	13,355	15,927	8.05%

IX. Clinical Service Areas Other Than Categories of Service

A) Criterion 1110.270 (c) (1) Necessary Expansion

These criteria apply only to projects or components of projects (including major medical equipment) concerning Clinical Service Areas (CSAs) that are not Categories of Service, for which utilization standards are listed in Appendix B or Part 1110.

2) Necessary Expansion

The proposed project is necessary to expand diagnostic and treatment services, ancillary training, or other support services to meet patient service demand. Documentation shall consist of, but is not limited to: historical utilization data, evidence of changes in industry standards, changes in the scope of services offered, and licensure or fire code deficiency citations involving the proposed project.

This criterion was addressed at 1110.120 (b) above.

X. Financial Viability

A) Criterion 1120.120 - Availability of Funds

B) Criterion 1120.130 - Financial Viability

The Applicant is funding this project with cash amounting to \$41,661,607 and a bond issue of \$166,793,766. S&P's Rating Services affirmed its "A-/strong" rating for the University of Illinois Board of Trustees Series 2025 revenue bonds. (Explanation of Moody's Ratings is at the end of this report)

TABLE FIFTEEN University of Illinois Health Services Facilities System Audited Financial Statements June 30 th 2024	
	2024
Cash	\$442,336,298
Current Assets	\$669,920,270
Total Assets	\$1,184,509,844
Current Liabilities	\$228,264,197
Total Liabilities	\$487,658,263
Net Patient Revenue ⁽¹⁾	\$1,226,803,692
Operating Expense	\$1,410,647,660
Operating Loss	(\$100,902,543)
Non-Operating Revenue ⁽²⁾	\$157,786,507
Increase	\$56,883,964

1. Operating revenues generally result from exchange transactions such as payments received for providing goods and services
2. Certain revenue sources that the System relies on for operations, including on-behalf payments for fringe benefits and investment income, are defined by OASB Statement No. 35 as nonoperating. In addition, transactions related to capital and financing activities are components of net nonoperating revenues. In fiscal year 2018, \$20,000,000 was appropriated by the State to be transferred to the University of Illinois Hospital Services Fund, which is a special fund established in the State of Illinois Treasury pursuant to the State Finance Act, 30 ILCS I 05/6z-30. This fund is owned and operated by the Illinois Department of Healthcare and Family Services. It is not part of or affiliated with the University. Other operating revenues of the System include capitation payments from Health Maintenance Organizations (HMOs) to provide medical services to subscribers, revenues from laboratory services provided to external organizations, cafeteria/gift shop sales, and other sources
3. Source Application for Permit pages 50-86.

XI. Economic Feasibility

A) Criterion 1120.140 (a) - Reasonableness of Financing Arrangements

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

The Applicant is funding this project with cash of \$31,369,861 and a bond issue of \$160 million. S&P's Rating Services affirmed its "A-" rating for the University of Illinois Board of Trustees Series 2025 revenue bonds. As of the filing of this application, the anticipated amount of the bond is approximately \$160 million, the anticipated term of the bond is thirty years, and the expected interest rate on that bond is approximately 4%, subject to market conditions. The balance of the project cost will be funded from the Board's cash and other liquid sources.

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

Only reviewable (clinical) costs are taken into consideration when reviewing this criterion.

Preplanning Costs are \$426,707, or 0.03% of the new construction, contingencies, and movable equipment, totaling \$106,970,025. This appears reasonable when compared to the State Board Standard of 1.8%.

Evaluation of Alternatives	\$256,024
Pre-Arch. Functional Planning	\$341,366
Financial feasibility	\$93,099
Misc./Other	\$85,341

Site Survey, Soil Investigation, and Site Preparation Costs are \$2,521,450, which are 3.9% of the new construction and contingencies, totaling \$63,691,059. This is reasonable when compared to the State Board Standard of 5%.

Survey	\$11,700
Soil Testing	\$19,500
Misc./Other	\$7,800
Roadways & Walkways	\$3,443,396
Exterior Lighting & Signage	\$1,721,698
Landscaping	\$ 344,340
Traffic-Related	\$254,512
Earthwork	\$426,682
Utility-Related	\$344,340
Drainage-Related	\$261,998
Misc./Other	\$688,679

New Construction Costs total \$61,618,335 or \$565.00/GSF (\$61,618,335/109,059 GSF = \$565.00). This appears high compared to the State Board Standard of \$556.76 and the midpoint of construction for this project (2026).

Year	2025	2026
RS Means	\$540.54	\$556.76
1. RS Means cost per GSF is \$540.54 for the second quarter of 2025 and is inflated to the midpoint of construction by 3%.		

Contingency Costs are \$2,072,724, representing 3.3% of the new construction. This appears reasonable when compared to the State Board Standard of 10%.

Architectural Fees total \$4,450,000, which is 7% of the new construction and contingencies of \$63,691,059. This appears high when compared to the State Board Standard of 5.39%.

Design	\$6,118,726
Document Preparation	\$111,517
Interface with Agencies	\$99,517
Project Monitoring	\$199,035
Misc./Other	\$105,689

The State Board does not have standards for the remaining costs, including:

Consulting Fees of \$13,647,390 which includes:

Environmental Assessment	\$3,500
Archeological Assessment	\$2,500
Commissioning Agent	\$1,250,000
CON-Related	\$300,000
Zoning Approvals	\$34,500
General Legal	\$86,000
Accounting and Audit	\$11,500
Construction Monitor	\$38,993
Appraisal	\$11,500
Title Insurance	\$116,978
Development Manager	\$3,500,000
Excess Facilities Charges	\$116,978
Utilities Connection	\$19,496
Building Permit and Inspecting	\$6,000
Driveway Permit	\$29,000
Roadway Permit-Closures	\$38,993
Signage Permit	\$6,000

Letter of Credit	\$17,000
Insurance	\$2,400,000
Construction Escrow	\$29,000
Developer-Related	\$9,358,210
Pre-Construction Management	\$383,000
Equipment Consulting	\$19,496
Affirmative Action Consultant	\$172,500
Operations/FM Consultant	\$23,000
Site Tours	\$11,500
Owner's Cleaning	\$58,489
Mock-ups	\$34,500
Misc./Other	<u>\$1,417,639</u>
Total	\$19,496,271

Moveable and Other Equipment costs of \$43,278,966, which includes:

Environmental Services	\$139,654
Facilities & Biomedical	\$82,567
Dept. of Corrections	\$2,229
Sterile Processing	\$1,599,440
Staff and Misc. Non-Clinical	\$109,400
Lobby and Public Areas	\$1,034,932
Outpatient Pharmacy	\$799,720
Outpatient Imaging	\$5,456,913
Materials Management	\$73,600
Urology Clinic	\$893,805
Anesthesia	\$97,663
Transplant Clinic	\$1,740,567
Outpatient Perioperative	\$12,372,139
GI Center	\$9,220,301
Ophthalmology Clinic	\$6,727,057
Otolaryngology Clinic	\$3,245,922
Other	<u>\$3,446,445</u>
Total	\$47,042,354

Net Interest Expense During Construction Period costs total: \$11,870,817.

D) Criterion 1120.140 (d) - Direct Operating Costs

The direct operating costs per adjusted patient day are \$14,343.94. The State Board does not have a standard for this criterion.

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

The total effect of the project on capital costs per adjusted patient day is \$498.76.
The State Board does not have a standard for this criterion.

TABLE SIXTEEN Cost Space Requirements		
Department	Costs	New Construction
Pharmacy	\$2,656,630	4,702
Imaging	\$2,034,000	3,600
Urology Clinic	\$3,617,695	6,403
Anesthesia	\$1,333,400	2,360
Multi-Spec. Proc	\$10,593,185	18,749
Transplant Clinic	\$2,100,670	3,718
Outpatient Perioperative	\$14,882,100	26,340
Gastro Clinic	\$1,546,405	2,737
Ophthalmology Clinic	\$17,650,035	31,239
Otolaryngology Clinic	\$5,204,215	9,211
Total (Reviewable)	\$61,618,335	109,059
Non-Reviewable		
Environmental Services	\$481,425	917
Facilities Mgt	\$340,200	648
Dept. Of Corrections	\$926,100	1,764
Sterile Processing	\$3,772,125	7,185
Staff Areas	\$1,777,125	3,385
Mechanical	\$10,864,200	22,872
Medical Gasses	\$92,400	176
Conference/Mtg Rooms	\$1,468,059	2,538
IT	\$109,725	209
Elevators/Stairs	\$4,641,000	8,840
Lobby	\$3,111,675	5,927
Materials Mgt.	\$1,291,500	2,460
Public Circulation	\$10,699,000	21,398
Bridge	\$6,935,000	3,650
DGSF>>BGSF	\$3,640,000	11,375
Total (Non-Reviewable)	\$50,149,534	93,344
Total	\$111,767,869	202,403

S&P Ratings

Letter Grade	Grade	Capacity to Repay
AAA	Investment	Extremely strong
AA+, AA, AA-	Investment	Very strong
A+, A, A-	Investment	Strong
BBB+, BBB, BBB-	Investment	Adequate
BB+, BB	Speculative	Faces major future uncertainties
B	Speculative	Faces major uncertainties
CCC	Speculative	Currently vulnerable
CC	Speculative	Currently highly vulnerable
C	Speculative	Has filed a bankruptcy petition
D	Speculative	In default



Regional Analysis • Cook County • HSA 6 (City of Chicago) • HPA A-02

CON #25-042

HPA A-02 • Regional Bed Inventory

Category	CON Beds	CON Occ.	Staffed Occ.	Bed Need	Gap
Medical-Surgical	1,692	68.2%	70.2%	874	+818
Intensive Care Unit	374	61.8%	64.4%	485	-111
Obstetrics & Gynecology	234	35.1%	41.0%	73	+161
Acute Mental Illness	708	66.4%	73.0%	552	+156
TOTAL	3,394	—	—	1,984	1,024

HSA 6 (City of Chicago) • Regional Bed Inventory

Category	CON Beds	CON Occ.	Staffed Occ.	Bed Need	Gap
Rehabilitation	396	1.5%	0.1%	410	-14
TOTAL	8,370	—	—	410	-14

Hospitals Within 10-Mile Statutory Radius

Facility	City	County	Dist.	Beds
University of Illinois Hospital	Chicago	Cook	0.0 mi	445
John H. Stroger, Jr. Hospital of Cook County	Chicago	Cook	0.3 mi	362
Rush University Medical Center	Chicago	Cook	0.4 mi	644
Rush Specialty Hospital	Chicago	Cook	0.6 mi	44
Schwab Rehabilitation Hospital	Chicago	Cook	1.3 mi	—
Mt. Sinai Hospital	Chicago	Cook	1.3 mi	281
Saint Anthony Hospital	Chicago	Cook	1.7 mi	151
RML Chicago	Chicago	Cook	2.2 mi	—
Saint Mary of Nazareth Hospital	Chicago	Cook	2.4 mi	361
Humboldt Park Health	Chicago	Cook	2.6 mi	190
Ascension Saint Elizabeth	Chicago	Cook	2.7 mi	40
Garfield Park Hospital	Chicago	Cook	2.9 mi	91
Insight Hospital	Chicago	Cook	3.0 mi	82
Northwestern Memorial Hospital	Chicago	Cook	3.1 mi	933
Lurie's Children's Hospital	Chicago	Cook	3.1 mi	364
Shirley Ryan Abilitylab	Chicago	Cook	3.2 mi	262
Advocate Illinois Masonic	Chicago	Cook	4.8 mi	297
Loretto Hospital	Chicago	Cook	4.8 mi	177
UHS Hartgrove Hospital	Chicago	Cook	5.0 mi	139
Saint Joseph Hospital - Chicago	Chicago	Cook	5.2 mi	320
Provident Hospital of Cook County	Chicago	Cook	5.5 mi	26
West Suburban Medical Center	Oak Park	Cook	5.6 mi	238
Thorek Memorial Hospital	Chicago	Cook	6.0 mi	172
Kindred Hospital - Chicago	Chicago	Cook	6.5 mi	124
University of Chicago Medical Center	Chicago	Cook	6.5 mi	742
St. Bernard Hospital	Chicago	Cook	6.6 mi	174
MacNeal Hospital	Berwyn	Cook	6.7 mi	300
Weiss Memorial Hospital	Chicago	Cook	6.8 mi	210
Rush Oak Park Hospital	Oak Park	Cook	6.8 mi	87
Holy Cross Hospital	Chicago	Cook	7.0 mi	78
Montrose Behavioral Hospital	Chicago	Cook	7.0 mi	60
Thorek Memorial Hospital - Andersonville	Chicago	Cook	7.2 mi	127
Shriners Hospital for Children	Chicago	Cook	7.2 mi	12
Community First Medical Center	Chicago	Cook	7.3 mi	109
Swedish Hospital	Chicago	Cook	7.4 mi	242
La Rabida Children's Hospital	Chicago	Cook	8.2 mi	32
Loyola University Medical Center	Maywood	Cook	8.5 mi	394
Jackson Park Hospital	Chicago	Cook	8.9 mi	72
Loyola Health System at Gottlieb	Melrose Park	Cook	9.2 mi	154
South Shore Hospital	Chicago	Cook	9.8 mi	137

CON Beds: Certificate of Need authorized capacity Bed Need: Projected requirement based on utilization +Excess = capacity exceeds need

-Shortage = capacity below need

Statutory radius determined by county classification per 77 Ill. Adm. Code 1100





Facility Radius Map

Health Facilities & Services Review Board • State of Illinois

10-Mile Radius

University of Illinois Hospital • Cook County

CON #25-042

Dec 10, 2025

40 facilities



FACILITY INDEX

Hospital 10-mi radius

Source: HFSRB Official Records

University of Illinois Hospital	1 John H. Stroger, Jr. Hospital of Cook County	2 Rush University Medical Center
3 Rush Specialty Hospital	4 Schwab Rehabilitation Hospital	5 Mt. Sinai Hospital
6 Saint Anthony Hospital	7 Saint Mary of Nazareth Hospital	8 Ascension Saint Elizabeth
9 RML Chicago	10 Humboldt Park Health	11 Garfield Park Hospital
12 Insight Hospital	13 Northwestern Memorial Hospital	14 Lurie's Children's Hospital
15 Shirley Ryan AbilityLab	16 Advocate Illinois Masonic	17 Saint Joseph Hospital - Chicago
18 Thorek Memorial Hospital	19 Provident Hospital of Cook County	20 Loretto Hospital
21 Kindred Hospital - Chicago	22 UHS Hartgrove Hospital	23 St. Bernard Hospital
24 Weiss Memorial Hospital	25 Holy Cross Hospital	26 Montrose Behavioral Hospital
27 Thorek Memorial Hospital - Andersonville	28 University of Chicago Medical Center	29 West Suburban Medical Center
30 Swedish Hospital	31 Community First Medical Center	32 MacNeal Hospital
33 Shriners Hospital for Children	34 Rush Oak Park Hospital	35 La Rabida Children's Hospital
36 Jackson Park Hospital	37 South Shore Hospital	38 Loyola University Medical Center
39 Loyola Health System at Gottlieb		