



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

BOARD MEETING: July 21, 2026	PROJECT NO: 26-025	PROJECT COST: Original: \$48,579,513
FACILITY NAME: Rochelle Community Hospital	CITY: Rochelle	
TYPE OF PROJECT: Non-Substantive		HSA: I

PROJECT DESCRIPTION: The Applicant (Rochelle Community Hospital Association) proposes the modernization of its 17-bed critical access hospital, including the relocation/expansion of its existing Emergency, Radiology, Convenient Care, and Laboratory Departments to/in a new building on the hospital campus. The project has a total cost of \$48,579,513, with a completion date of April 30, 2030.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicant (Rochelle Community Hospital Association) proposes a major modernization/expansion project on the campus of their critical access hospital in Rochelle. The project has a total cost of \$48,579,513 and a completion date of April 30, 2030.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project exceeds the capital expenditure minimum (\$17,787,538) in effect at the time of this report.

PUBLIC HEARING/COMMENT:

- No public hearing was requested. To date, no letters of support or opposition have been received by the State Board.

CONCLUSION:

- The Applicant's facility is a 17-bed critical access hospital located in Rochelle, a community consisting of approximately 9,500 inhabitants in Ogle County. The service area for Rochelle Community Hospital (RCH) meets the federal designation as a Health Professional Shortage Area (HPSA) for Primary Care and Mental Health. It is designated as rural by the Federal Office of Rural Health Policy. Studies from the Applicant facility, which are documented in the Rochelle Community Hospital 2025 Community Health Needs Assessment (CHNA), identify three interrelated community health priorities, which are:
 - Behavioral Health (including mental health and substance use disorders)
 - Access to health care services
 - Chronic disease and obesity

The proposed project is a strategic initiative designed to address the hospital's infrastructure and operational deficiencies while remaining responsive to the community's identified health needs.

- The Applicants addressed 17 criteria and have not met the following:

Criterion	Non-Compliant
77 Adm. Code 1110.120(b) – Projected Utilization	The Applicant provided substandard utilization data to justify the number of stations planned for the Emergency Department (ED).
77 Adm. Code. 1110.270(c) – Clinical Service Areas Other Than Categories of Service Utilization – Service or Facility	The Applicant provided non-compliant utilization data to justify the number of stations planned for the Emergency Department (ED).
77 Ill. Adm. Code 1120.140(c) Reasonableness of Project Costs	The Applicant is not compliant with the following criteria: <u>Site Survey, Soil Investigation, and Site Preparation Costs</u> are \$1,385,825, or 9% of the new construction, and contingency costs of \$15,305,102. This appears HIGH compared to the State Board Standard of 5%. <u>Contingency Costs</u> are \$2,130,469, which is 16.2% of the new construction costs. This appears HIGH compared to the State Board Standard of 10%.



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STATE BOARD STAFF REPORT

#26-025

Rochelle Community Hospital

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	Rochelle Community Hospital Association
Facility Name	Rochelle Community Hospital
Location	900 North 2 nd Street, Rochelle
Application Received	May 12, 2026
Application Deemed Complete	May 14, 2026
Review Period Ends	July 13, 2026
Permit Holder	Rochelle Community Hospital Association
Operating Entity	Rochelle Community Hospital Association
Owner of the Site	Rochelle Community Hospital Association
Project Completion Date	April 30, 2030
Expedited Review	No
Can Applicant Request a Deferral?	Yes

I. The Proposed Project

The Applicant (Rochelle Community Hospital Association) proposes to modernize their 17-bed critical-access hospital by relocating various clinical and non-clinical patient service lines to a newly constructed building on the hospital's campus in Rochelle. The project has a total cost of \$48,579,513, with a completion date of April 30, 2030.

II. Summary of Findings

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

III. General Information

Rochelle Community Hospital Association d/b/a Rochelle Community Hospital is a not-for-profit Illinois corporation that operates a 17-bed Critical Access Hospital, providing inpatient and outpatient healthcare services to patients in Rochelle and surrounding communities. Rochelle Community Hospital Association, a not-for-profit Illinois corporation, is the sole corporate member of the Hospital. Rochelle Community Hospital has been serving patients since 1913. The Hospital was relocated to its Second Street location in 1944, following the construction of its main building. In the past eight decades, four other buildings were added to the hospital, bringing the campus under this project. Financial commitment will occur after project approval. This non-substantive project is subject to a review under Part 1110 and Part 1120.

IV. Health Service Area

Rochelle Community Hospital is located in Health Service Area (“HSA”) I and the B-04 Hospital Planning Area (“HPA”). HSA I includes the Illinois Counties of Boone, Winnebago, Stephenson, Jo Daviess, Carroll, Ogle, DeKalb, Lee, and Whiteside. HPA B-04 HPA includes the counties of Lee, DeKalb, and Ogle. There are three hospitals in the B-04 Hospital Planning Area (see Table One).

TABLE ONE Hospitals in the B-04 Hospital Planning Area			
Hospital	City	Beds	Miles
Rochelle Community Hospital*	Rochelle	17	0
Northwestern Medicine Kishwaukee Hospital	DeKalb	95	41
Northwestern Medicine Valley West Hospital*	Sandwich	21	21
*Critical Access Hospital			

The State Board projects a 1.4% increase in population in HPA B-04 by 2030, along with an estimated 13.2% increase in the population aged 65 and above by the same year (see Table Two).

TABLE TWO HPA B-04 Population Projection			
	2025	2030	% change
Population	105,520	107,080	1.4%
+65	18,220	20,630	13.2%

V. Rochelle Community Hospital

Table Three depicts Rochelle Community Hospital's 2024 utilization.¹ In 2024, the payer mix was approximately 40.2% Medicare, 10.5% Medicaid, 48.3% Private Insurance, and 1% Self-Pay.

TABLE THREE Rochelle Community Hospital Utilization 2024							
	Beds	ADM	Days	Observation Days	ALOS	ADC	Occ
Medical Surgical	13	818	858	533	1.04	2.35	18%
Intensive Care	4	0	0	0	0	0	0%
Totals	17	818	858	533	1.04	2.35	18%

¹ A Critical Access Hospital (CAH) is a small, rural hospital, often located a significant distance from other hospitals, that provides a limited range of inpatient and outpatient services to rural communities. These hospitals are designated by the Centers for Medicare and Medicaid Services (CMS) to ensure access to healthcare in underserved areas and receive special funding and reimbursement arrangements (Source: CMS).

VI. Project Uses and Sources of Funds

The Applicant is funding this project in its entirety with \$48,579,513 in cash and securities (see Table Four).

TABLE FOUR				
Project Uses and Sources of Funds				
Use of Funds	Clinical	Non-Clinical	Total	% of Total Cost
Preplanning Costs	\$215,879	\$258,076	\$473,955	1%
Site Survey and Soil Investigation	\$181,654	\$213,246	\$394,900	.8%
Site Preparation	\$1,204,171	\$1,413,592	\$2,617,763	5.5%
Off-Site Work	\$0	\$56,733	\$56,733	.1%
New Construction	\$13,174,633	\$15,422,395	\$28,597,028	58.9%
Modernization	\$0	\$7,585,080	\$7,585,080	15.6%
Contingencies	\$2,130,469	\$2,750,985	\$4,881,454	10%
A&E Fees	\$1,138,776	\$1,336,824	\$2,475,600	5%
Consulting and Other Fees	\$94,300	\$110,700	\$205,000	.5%
Movable or Other Equipment	\$832,000	\$90,000	\$922,000	1.9%
Other Costs to be Capitalized	\$170,200	\$199,800	\$370,000	.7%
Total	\$19,142,082	\$29,437,431	\$48,579,513	100.00%
Source of Funds	Clinical	Nin-Clinical	Total	% of Total Cost
Cash & Securities	\$19,142,082	\$29,437,431	\$48,579,513	100.00%
Total	\$19,142,082	\$29,437,431	\$48,579,513	100.00%

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

Criterion 1110.110 (a) – Background of the Applicants
Criterion 1110.110 (b) – Purpose of the Project
Criterion 1110.110 (c) – Safety Net Impact Statement
Criterion 1110.110 (d) – Alternatives to the Proposed Project

A) **Background of Applicant**

An Applicant must demonstrate that it is fit, willing, and able, and *has the qualifications, background, and character to adequately provide a proper standard of health care service for the community.* [20 ILCS 3960/6] In evaluating the qualifications, background and character of the applicant, HFSRB shall consider whether adverse action has been taken against the applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed health care facility, or against any health care facility owned or operated by the applicant, directly or indirectly, within 3 years preceding the filing of the application.

The Applicant attests that the facility is the only Illinois-licensed healthcare facility they own. The Joint Commission (JCHAO) accredits the Hospital. Through signed certification pages, the Applicant attests there has been no “adverse action” (as that term is defined in Section 1130.140 of the Illinois Health Facilities and Services Review Board (HFSRB) rules) against any Illinois health care facility owned and/or operated by the Applicant, during the three years immediately before the filing of this application. The Applicant authorized the HFSRB and the Illinois Department of Public Health to access information that may be required to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information that the HFSRB or the Illinois Department of Public Health finds pertinent to this subsection. The Applicants have demonstrated the *qualifications, background, character, and financial resources to provide adequate service for the community*.

B) Purpose of the Project

The applicant shall document that the project will provide health services that improve the healthcare 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 deems appropriate.

The Applicant states that the project is a strategic modernization initiative designed to address operational deficiencies and antiquated infrastructure, informed by identified community health needs. The project is driven by the need to expand and modernize the Emergency Department (ED) and the ancillary services that support it. This expansion/modernization/relocation of services is predicated on the establishment of a new patient services building on the hospital campus. The Applicant proposes to relocate the existing ED into the newly constructed building, expanding its bed/station complement from six to ten treatment rooms, with each appropriately designed to meet current and projected operational needs and equipped with security components to accommodate a growing behavioral health population. The Radiology Department will also be relocated in proximity to the new ED to support emergency services and stroke readiness/response. The existing Convenient Care service will also be relocated near the new ED/Imaging services to improve triage efficiency for walk-in patients with non-emergent care needs. In addition, Laboratory services will be relocated in proximity to the new ED for workflow efficiency and will be expanded to meet future patient needs. The proposed improvements/expansions will modernize critical hospital infrastructure, enhance patient access and safety, and allow RCH to meet current and future operational needs in the service area.

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 provided by healthcare providers or organizations that serve individuals with barriers to mainstream care, including those who lack insurance, are unable to pay, have special needs, belong to an ethnic or cultural minority, or live in geographic isolation. [20 ILCS 3960/5.4]

This project is a non-substantive project. Non-substantive projects do not require a Safety Net Impact Statement. The Applicant provided three years of historical charity care data, which are listed in Table Five.

TABLE FIVE Charity Care Information Rochelle Community Hospital			
	2023	2024	2025
Net Patient Revenue	\$50,395,943	\$49,944,866	\$52,814,394
Amount of Charity Care (Charges)	\$1,154,298	\$1,414,926	\$1,511,555
Cost of Charity Care (Cost)	\$444,369	\$517,404	\$568,341
Ratio of Charity Care Cost to Net Patient Revenue	.88%	1%	1%

D) Alternatives to the Proposed 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 it will serve.

The Applicants considered three alternatives to the proposed project.

1. Maintain Status Quo/Do Nothing – **no cost identified**
2. Larger Scale Replacement/Comprehensive Redevelopment - **\$70,000,000**
3. Renovate Existing Space/No New Construction – **no cost identified**

The first alternative, Do Nothing, was rejected because it would not address the growing operational, clinical, and infrastructure needs on the RCH campus. By maintaining the current care environment, the Applicant would increase regulatory and compliance risks while reducing operational efficiency, clinical workflow, and overall patient satisfaction. Lastly, doing nothing would prevent the Applicant from delivering care commensurate with current standards and would preclude the Applicant from effectively responding to the community's care needs.

The second alternative of constructing a larger-scale replacement Hospital on the current site was dismissed because it was not a prudent investment of the hospital's resources for the services needed and would have resulted in extensive operational challenges during construction.

The third alternative involved renovating existing space without new construction. This alternative was rejected because it failed to address the Applicants' most critical operational, clinical, and infrastructure challenges. It was also noted that extensive renovation of existing structures commonly triggers additional regulatory and code compliance requirements, resulting in increased costs without any long-term benefit.

The fourth alternative, the option chosen, was seen as the most viable and cost-effective to achieve the standard of care sought and provide a positive patient experience.

VIII. Project Scope and Utilization

- A) 77 Ill. Adm.. Code 1110.120 (a) – Size of the Project
- B) 77 Ill. Adm.. Code 1110.120 (b) – Projected Utilization

A) Project Size

The applicant shall document that the physical space proposed for the project is necessary and appropriate.

The Applicant proposes to modernize and expand four clinical service lines by constructing a replacement patient services building on the campus of Rochelle Community Hospital. Of the four service lines designated as clinical, two have State standards for size, and the project appears to comply with these standards. The Applicant proposes to construct a new building on the hospital campus, comprising 47,178 GSF (19,640 GSF clinical/27,538 GSF non-clinical). Table Six shows the spatial allotment for the entire building space, and the Applicant is compliant with this criterion.

TABLE SIX Size of Project Rochelle Community Hospital				
Dept./Service (of Units)	Proposed DGSF	State Standard	Difference	Standard Met?
Clinical				
Emergency Dept. (10)	7,184 DGSF	9,000 DGSF	-1,816 DGSF	Yes
General Radiology X-Ray (2)	1,205 DGSF	2,600 DGSF	-4,489 DGSF	Yes
Mammography (1)	576 DGSF	900 DGSF	-324 DGSF	Yes
Ultrasound (1)	777 DGSF	900 DGSF	-123 DGSF	Yes
CT Scan	988 DGSF	1,800 DGSF	-812 DGSF	Yes
MRI	1,651 DGSF	1,800 DGSF	-149 DGSF	Yes
Nuclear Medicine	1,217 DGSF	1,600 DGSF	-383 DGSF	Yes
DEXA	437 DGSF	1,300 DGSF	-863 DGSF	Yes
Laboratory	3,485 DGSF	N/A	N/A	Yes
Convenient/Prompt Care	2,120 DGSF	N/A	N/A	Yes
Clinical Total	19,640 DGSF			
Non-Clinical				
Administrative	9,843 DGSF	N/A	N/A	N/A
Patient Registration/Circulation/Staff Areas	14,893 DGSF	N/A	N/A	N/A
Materials Management	2,802 DGSF	N/A	N/A	N/A
Non-Clinical Total	27,538 DGSF			
TOTAL	47,148 DGSF			

B) Projected Utilization

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 Applicant proposes to modernize/expand its Emergency Department (ED) from six to 10 stations, modernize/relocate/expand its Laboratory department, and relocate/modernize its Radiology and Convenient Care departments into a newly constructed patient care building located on the hospital campus in Rochelle. The Applicant did not have sufficient projected utilization for its ED services and did not meet the requirements of this criterion (see Table Seven).

TABLE SEVEN Historical/Projected Utilization Rochelle Community Hospital						
Dept./Service	Historical Utilization*		Projected Utilization Post-Project*		State Standard*	Standard Met?
	2024	2025	Year 1	Year 2		
Emergency Department	8,697 (6 units)	9,066 (6 units)	10,825 (10 units)	11,150 (10 units)	2,000 visits/unit 20,000 visits	No
X-Ray (2 units)	7,498	7,783	8,765	8,940	8,000 visits/unit 16,000 visits	Yes
Nuclear Medicine (1 unit)	74	175	209	215	2,000 visits/unit	Yes
Mammography (1 unit)	960	1,111	1,179	1,191	5,000 visits/unit	Yes
Ultrasound (1 unit)	2,305	2,273	2,714	2,795	3,100 visits/unit	Yes
CT (1 unit)	4,051	4,096	4,350	4,394	7,000 visits/unit	Yes
MRI (1 unit)	676	570	642	655	2,500 visits/unit	Yes
DEXA (1 unit)	262	276	311	317	1,300 visits/unit)	Yes
Convenient Care	4,760	5,610	5,782	6,013	N/A	N/A
Laboratory	>	>	>	>	N/A	N/A
*Visits						
>No data supplied						

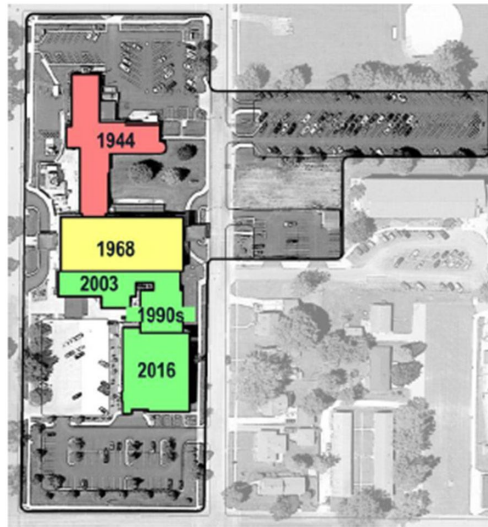
IX. Criterion 1110.270 Clinical Service Areas Other Than Categories of Services

A. Deteriorated Facilities

The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall include, but is not limited to, historical utilization data; downtime or time spent out of service due to operational failures; upkeep and annual maintenance costs; and licensure or fire code deficiency citations involving the proposed project.

Rochelle Community Hospital was established in 1913, under the name Lincoln Hospital. The current hospital campus was established in 1944, and has undergone multiple expansions/upgrades over the years:

- 1944: The original hospital building is built at 900 North Second Street and is the northernmost building on the hospital campus. The “1944 wing” is the building slated for demolition and replacement with the building proposed via this project.
- 1968: A second building is constructed on the RCH campus, immediately south and connected to the 1944 building. This expansion currently houses the Laboratory and Radiology Departments.
- 1990: A third building is constructed southeasterly and connected to the 1968 building, housing modernized/expanded Laboratory and Radiology departments.
- 2003: A fourth building is added to the existing campus, southwest, and connected to the existing 1968 building. This addition accommodated an expanded/modernized Emergency Department (ED), which is currently in service today.
- 2016: A Medical Office Building (MOB) is built southerly and connected to the 1990 building to accommodate growing outpatient services.



Apart from the 2016 addition (MOB), the existing buildings on campus are significantly deteriorated, its clinical care units are undersized, and the infrastructure needs replacement. Most operational components have outlived their lifespan and are in imminent need of replacement. The units/rooms are subject to the current State size standards and require expansion, modernization, and/or replacement. The first phase of the proposed project will involve demolition of the 1944 building, to allow a viable/centralized location for the proposed “2030 building”, which will house relocated ED, Radiology, Laboratory, and Convenient Care departments. The picture above illustrates the approximate footprint of this new building and its proximity to other critical care services provided by RCH, a critical component of this project.

B. Necessary Expansion

The proposed project must expand diagnostic treatment, ancillary training, or other support services to meet patient service demands. Documentation shall include, 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.

Emergency Department (ED)

The relocation/expansion of the ED is the cornerstone of the proposed project. Since being modernized in 2003, the lack of space has necessitated further modernization of this component, including the need for clinical space dedicated to behavioral health emergency services. Although the historic and projected utilization of the ED (see Table Seven) does not support an expansion for this service, the proposed expansion from six to ten ED care rooms/units is necessary to accommodate peak demand, reduce ED wait times, and elevate RCH’s ability to provide safe, timely, and effective ED care. The Applicant notes that three of the ten new ED stations will be designed and equipped to treat patients experiencing acute mental health crises safely. The data in Table Seven show a steady increase in ED utilization, and the Applicants expect a significant increase in behavioral health-related emergency visits over the next ten years.

Radiology

The Radiology department will be relocated to the newly constructed building and will be located in proximity to the ED to improve care coordination. The co-location of Radiology services next

to the new ED will enhance emergency care delivery and improve the ability to treat stroke patients in a timely and effective manner. The data in Table Seven support the proposed expansion/relocation. The Applicant notes that this portion of the project will not increase the number of imaging units but will replace an outdated Nuclear Medicine unit that cannot be accommodated within the current spatial constraints.

Laboratory

The Laboratory is currently located in a confined space in the “1968 building” and is functionally obsolete. The relocation to the proposed “2030 building” will co-locate critical services near the Emergency Department, in a space adequate to support the growing need for Laboratory services at RCH. Similar to the planned project, the existing Laboratory is located near the ED, and the space it currently occupies will be repurposed. The demolition/replacement of Laboratory space will not only enhance clinical services but also provide additional benefits by integrating modern HVAC and mechanical systems within the unit and throughout the new building.

Based on the information submitted and reviewed by the State Board Staff, it appears that adding a non-sterile procedure room to the hospital's facilities can broaden its scope of services to address standard, non-surgical procedures that can be performed locally. Should the State Board approve this project, it will reduce the need for patients to travel to larger facilities for these procedures, improving access to care within the community.

C. Utilization - Service or Facility

Projects involving the modernization of a service or facility shall meet or exceed the utilization standards for the service, as specified in Appendix B. **The number of key rooms being modernized shall not exceed the number justified by historical utilization rates for each of the last two years unless additional key rooms can be justified per subsection (c)(2) (Necessary Expansion).**

Table Seven of this report illustrates the historical and projected utilization of services impacted through this modernization/expansion project. The modernization/expansion of the hospital ED from six to ten stations is not supported by this data. The utilization data for ED services (historical and projected) show consistent increases, and the Applicants cite the need to expand as necessary to ensure access, timely service, and patient safety. Despite the justifications set forth, the Applicant is not in compliance with this criterion.

X. FINANCIAL AND ECONOMIC FEASIBILITY

A) Criterion 1120.120 – Availability of Funds

The Applicant is funding this project in its entirety with \$48,579,513 in cash and securities. The Applicant attests to the existence of a robust program of grants, gifts, and community contributions, and was recently notified by Congressman Darin LaHood that a previously submitted funding request totaling \$4,000,000 has been selected for consideration in the FY 2027 appropriations process. Table Eight contains audited financial data confirming the availability of funding for this project, and Table Nine contains Medicare Cost Report data for the years 2020-2024.

TABLE EIGHT Rochelle Community Hospital Association Audited Financial Statements April 30th		
	2025	2024
Cash	\$27,751,875	\$26,522,891
Current Assets	\$61,553,885	\$57,652,652
Total Assets	\$80,084,645	\$77,013,085
Current Liabilities	\$5,569,514	\$5,240,477
Long Term Liabilities	\$2,787,706	\$4,476,360
Net Patient Service Revenue	\$52,814,394	\$49,944,866
Total Revenue	\$53,372,332	\$50,343,467
Expenses	\$51,838,305	\$47,286,367
Revenue over Expenses	\$4,431,177	\$6,259,434

TABLE NINE Medicare Cost Report					
	2020	2021	2022	2023	2024
Total Patient Revenue	\$60,695,030	\$66,802,153	\$89,573,536	\$102,984,111	\$103,162,811
Contractual Allowance	\$27,742,137	\$29,820,347	\$42,486,712	\$52,588,168	\$53,217,945
Net Patient Revenue	\$32,952,893	\$36,981,806	\$47,086,844	\$50,395,943	\$49,944,866
Operating Expenses	\$32,396,878	\$35,703,115	\$43,719,588	\$48,286,831	\$47,218,945
Net Income	\$556,015	\$1,278,691	\$3,367,256	\$2,109,112	\$2,725,921
Other Income	\$856,774	\$7,065,174	\$4,526,797	\$891,889	\$3,473,456
Other Expenses	\$0	\$8,413	\$1,270,370	\$229,286	\$0
Net Income	\$1,412,789	\$8,335,452	\$6,623,683	\$2,771,715	\$6,199,377
Net Margin	4.29%	22.5%	14.06%	5.49%	12.41%
Net Margin = Net Income ÷ Net Patient Revenue					

B) Criterion 1120.130 – Financial Viability

The Applicant is funding the project in its entirety with cash and/or securities and qualifies for the financial waiver. The Applicant has provided audited financial statements (See Table Eight), which further affirms their financial viability.

C) Criterion 1120.140 (a) – Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts, and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than liquidating existing investments, and the existing investments being retained may be converted to cash or used to retire debt within 60 days.

The Applicant is funding the project internally (cash & securities), and this criterion is not applicable.

D) Criterion 1120.140 (b) – Conditions of Debt Financing

Applicants with projects involving debt financing shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available.
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs, and other factors;
- 3) That the project involves (in total or part) the leasing of equipment or facilities, and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

The Applicant is funding the project internally (cash & securities), and this criterion is not applicable.

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

All costs evaluated under this criterion are clinical, as is the clinical space (19,640 DGSF).

Preplanning Costs are \$215,879, which is 1.33% of the new construction, contingency, and movable equipment costs of \$16,137,102. This appears reasonable compared to the State Board standard of 1.8%.

Site Survey, Soil Investigation, and Site Preparation Costs are \$1,385,825, or 9% of the new construction and contingency costs of \$15,305,102. This appears **HIGH** compared to the State Board Standard of 5%.

New Construction Costs are \$13,174,633, or \$670.81 per GSF ($\$13,174,633 / 19,640 = \670.81). This appears reasonable compared to the State Board Standard of \$722.84 per GSF at the project midpoint in 2028.

Contingency Costs are \$2,130,469, which is 16.2% of the new construction costs. This appears **HIGH** when compared to the State Board Standard of 10%.

A&E Fees are \$1,138,776, which is 7.44% of the new construction and contingency costs of \$15,305,102. This appears reasonable compared to the standard of 5.64% - 8.48%

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

Consulting and Other Fees	\$94,300
Movable or Other Equipment	\$832,000
Other Costs to be Capitalized	\$170,200

F) Criterion 1120.140 (d) – Projected Operating Cost

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization, but no more than two years following project completion. Direct costs refer to the fully allocated salaries, benefits, and supplies required to provide the service.

The Direct Operating Costs per Equivalent Patient Day are \$1,958. The State Board does not have a standard for this criterion.

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

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization, but no more than two years following project completion.

The Total Effect of the Project on Capital Costs per Equivalent Patient Day is \$81. The State Board does not have a standard for this criterion.

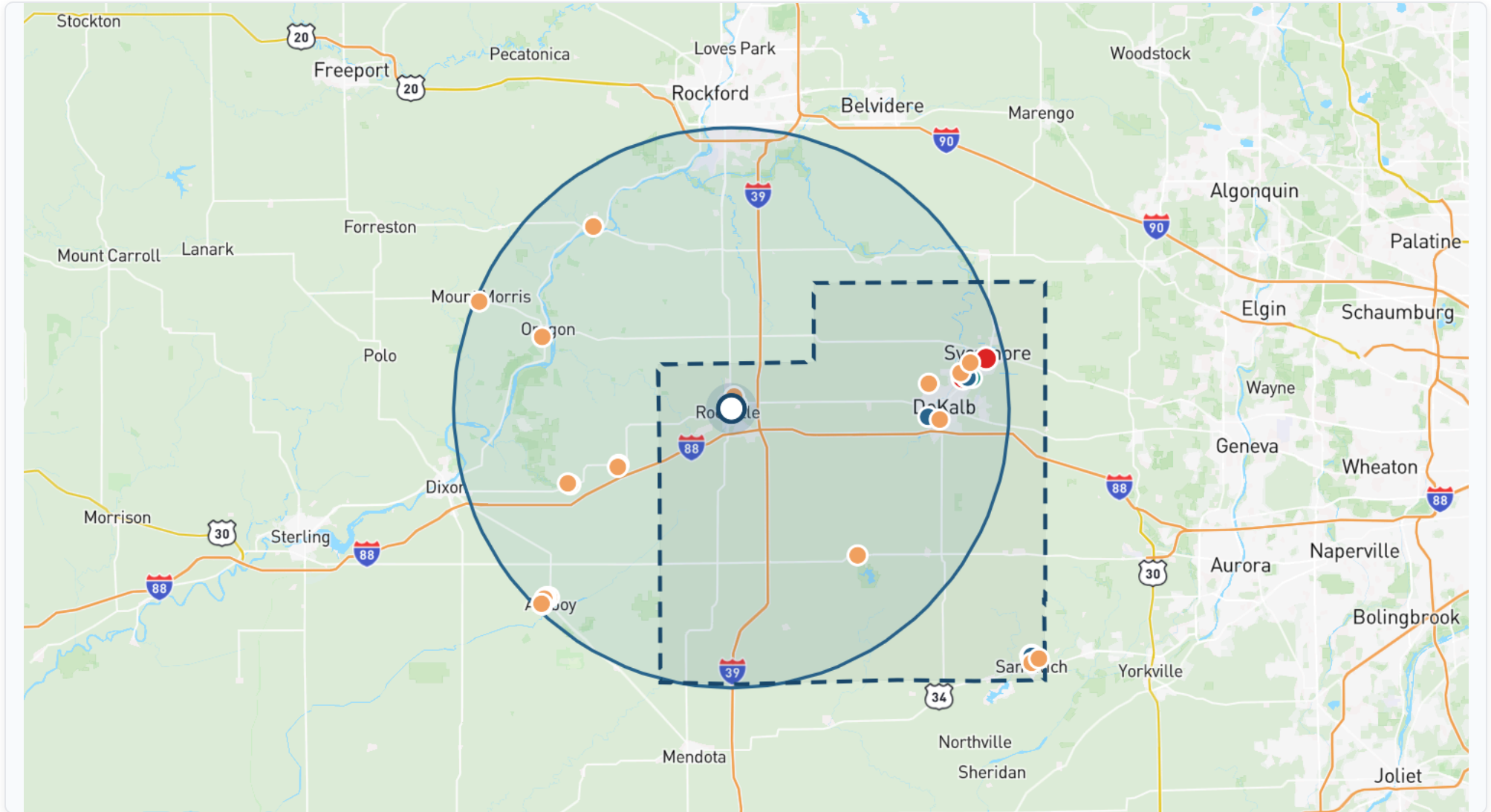


CON Radius & HPA Analysis Report

Geographic inventory of hospital, ASTC, ESRD, long-term care facilities — statutory radius and Health Planning Area shown together

Rochelle Community Hospital | Hospital Modernization Project

CENTER POINT	COUNTY	CLASSIFICATION	STATUTORY RADIUS	HPA	HSA
41.9283°N, 89.0629°W	Ogle	Rural County (21-mile radius)	21 miles	B-04	1 - Rockford



LEGEND ● Hospital ● ASTC ● ESRD (dialysis) ● Long-term care ● Analysis center — Statutory radius - - Health Planning Area



Supply Comparison — Radius vs HPA

Ogle County · partial DeKalb + partial Lee + partial Ogle

HSA 1 · Rockford | HPA B-04 | RADIUS 21 miles | DATA YEAR 2024

HOSPITALS			ASTCS			ESRD			LONG-TERM CARE		
	RADIUS	HPA		RADIUS	HPA		RADIUS	HPA		RADIUS	HPA
Facilities	3	4	Facilities	3	3	Facilities	2	3	Facilities	21	11
Total beds	119	140	Class C cases	1,076	1,076	Authorized stations	26	36	Licensed beds	1,094	762
M-S	92	109	Submissions on file	1	1	CMS-certified	26	36	Beds set-up	1,265	800
ICU	16	20				In-center treatments	430	5,297	Beds occupied	892	650
OB / GYN	11	11				Year-end patients	65	98	Occupancy	70.5%	81.3%
Pediatric	0	0									
NICU	0	0									
AMI	0	0									
Rehab	0	0									

Radius: totals from facilities within the 21-mile statutory radius around the center point. **HPA:** totals from every active facility whose Health Planning Area is B-04, regardless of distance. **Source:** 2024 HFSRB annual surveys.



Demographic Profile — Radius · HPA · Illinois · USA

Ogle County · partial DeKalb + partial Lee + partial Ogle · ACS 2020–2024 5-year estimates

HSA 1 · Rockford | HPA B-04 | RADIUS 21 miles | SOURCE ACS 5-year

STATUTORY RADIUS (21 MI)

Area-weighted tract interpolation

153,004 ± 2,694

Population **HIGH RELIABILITY**

HEALTH PLANNING AREA B-04

Area-weighted (sub-county polygons)

106,498 ± 2,442

Population **HIGH RELIABILITY**

Benchmarks — Illinois: 12,694,798 · United States: 334,922,499 (official published ACS statewide / national aggregates, same vintage)

POPULATION & AGE

	RADIUS	HPA	ILLINOIS	USA
Total population	153,004	106,498	12,694,798	334,922,499
Median age†	37.6	35.0	39.0	38.9
Under 18	21.7%	21.8%	21.8%	22.0%
Age 65+	15.8%	14.2%	17.0%	17.2%
Age 75+	6.5%	6.1%	7.0%	7.0%
Female	50.2%	50.5%	50.6%	50.5%

RACE & ETHNICITY

	RADIUS	HPA	ILLINOIS	USA
White alone	74.1%	73.5%	61.0%	61.0%
Black alone	6.5%	7.0%	13.6%	12.2%
Asian alone	2.4%	2.3%	6.0%	6.0%
AIAN / NHPI / Other	5.9%	5.9%	8.6%	8.2%
Two or more races	11.1%	11.4%	10.9%	12.6%
Hispanic / Latino	15.5%	15.7%	18.8%	19.3%

INCOME & POVERTY

	RADIUS	HPA	ILLINOIS	USA
Median household income†	\$73,171	\$72,636	\$83,390	\$80,734
Per-capita income	\$36,411	\$35,449	\$46,406	\$44,673
Below poverty	13.4%	14.2%	11.8%	12.5%
Age 65+ below poverty	10.4%	7.0%	11.3%	11.9%

HEALTH COVERAGE

	RADIUS	HPA	ILLINOIS	USA
Uninsured (all ages)	5.4%	5.4%	6.9%	8.4%
Uninsured under 19	2.3%	2.4%	3.3%	5.5%
Uninsured 65+	0.3%	0.5%	0.9%	0.8%

DISABILITY & ACCESS

	RADIUS	HPA	ILLINOIS	USA
With a disability	13.1%	11.7%	12.1%	13.3%
Disability, age 65+	34.1%	29.8%	31.5%	32.9%
Households w/o vehicle	6.5%	6.9%	11.0%	8.4%
Limited-English households	2.2%	2.1%	4.4%	4.3%

HOUSEHOLDS & EDUCATION

	RADIUS	HPA	ILLINOIS	USA
Households	61,300	41,733	5,036,449	129,227,496
Avg. household size	2.41	2.43	2.46	2.53
Renter-occupied	34.8%	39.5%	32.9%	34.8%
Median home value†	\$203,630	\$237,452	\$263,300	\$332,700
High school grad+	90.8%	91.7%	90.5%	89.6%
Bachelor's+	28.1%	32.3%	37.8%	35.7%

HOUSEHOLD PRIMARY LANGUAGE (C16002)

	RADIUS	HPA	ILLINOIS	USA
English only	85.7%	85.6%	75.9%	76.9%
Spanish	9.4%	9.2%	12.7%	13.1%
Other Indo-European	2.4%	2.9%	6.6%	4.6%
Asian & Pacific Island	1.6%	1.4%	3.5%	4.0%
Other language	0.9%	0.8%	1.3%	1.4%

Radius / HPA = ACS 2020–2024 5-year, area-weighted census-tract interpolation; **Illinois / USA** = exact published ACS aggregates. † Radius/HPA medians are weighted approximations (tract medians can't be re-summed); IL/USA medians are exact. Percentages recomputed from aggregated counts; scope reliability = combined population MOE (90% CI).



Facility Inventory

Hospitals and ambulatory surgical treatment centers within 21 miles of Ogle County or HPA B-04 — 4 Hospitals, 3 ASTCs

COUNTY **Ogle** | HSA **1 • Rockford** | HPA **B-04** | RADIUS **21 miles** | DATA YEAR **2025**

#	TYPE	FACILITY NAME	CITY	DIST	M-S	ICU	OB	PED	NICU	AMI	REH	TOTAL
1	HOSP	Rochelle Community Hospital	Rochelle	0.0	12	4	—	—	—	—	—	16
2	HOSP	Northwestern Medicine Kishwaukee Hospital	DeKalb	17.6	80	12	11	—	—	—	—	103
3	ASTC	Hauser-Ross Surgicenter, Inc.	SYCAMORE	17.9	—	—	—	—	—	—	—	—
4	ASTC	The Midland Surgical Center, LLC d/b/a Northwestern Medicine Surgery Center Sycamore	Sycamore	18.0	—	—	—	—	—	—	—	—
5	ASTC	Dekalb Surgical Services DBA Hauser Ross ASTC	Sycamore	18.3	—	—	—	—	—	—	—	—
6	HOSP	Kindred Hospital Sycamore	Sycamore	19.6	—	—	—	—	—	—	—	0
7	HOSP	Northwestern Medicine Valley West Hospital	Sandwich	29.4	17	4	—	—	—	—	—	21
Total — 4 Hospitals, 3 ASTCs					109	20	11	—	—	—	—	140



Bed Utilization Analysis

Authorized capacity compared to State Health Plan need formulas for the Health Planning Area and Health Service Area.

COUNTY **Ogle** | HSA **1 • Rockford** | HPA **B-04** | RADIUS **21 miles** | DATA YEAR **2025**

HEALTH PLANNING AREA • HPA B-04

partial DeKalb + partial Lee + partial Ogle

BED CATEGORY	AUTHORIZED	NEED	GAP	% OF NEED
Med-Surg/Pediatric	109	107	+2	101.9%
Obstetrics	11	12	(1)	91.7%
Intensive Care Unit	20	14	+6	142.9%
Total	140	133	+7	105.3%

HEALTH SERVICE AREA • HSA 1

Rockford

BED CATEGORY	AUTHORIZED	NEED	GAP	% OF NEED
Rehabilitation	65	65	0	100.0%
Acute Mental Illness	66	73	(7)	90.4%
Total	131	138	(7)	94.9%

Statutory radius: Per 77 Ill. Adm. Code 1100, radius follows county classification — 10 miles (Cook, DuPage, Kane, Lake, Will), 17 miles (mid-size), 21 miles (rural). **Gap analysis:** Positive values indicate surplus; parentheses indicate shortage. Need calculated per State Health Plan formulas. **Source:** Current CON-authorized bed inventory (2025); need per State Health Plan formulas.

Surgical Volume Analysis

Combined hospital and ASTC operating-room volume within 21 miles of Ogle County or HPA B-04.

COUNTY **Ogle**

HSA **1 · Rockford**

HPA **B-04**

RADIUS **21 miles**

DATA YEAR **2024 H · 2023 ASTC**

6,829

TOTAL SURGICAL CASES

3

HOSPITALS

1

ASTCS

5,753

HOSPITAL CASES

1,076

ASTC CASES

VOLUME BY SURGICAL SPECIALTY
Within 21-mile radius of Ogle County

SURGICAL SPECIALTY	HOSPITALS	ASTCS	TOTAL CASES
Orthopedic	1,265	733	1,998
General	1,695	0	1,695
Urology	1,208	7	1,215
Podiatry	491	42	533
Gastroenterology	389	141	530
OB/GYN	419	2	421
Otolaryngology	213	151	364
Ophthalmology	45	0	45
Neurosurgery	13	0	13
Oral/Maxillofacial	10	0	10
Plastic Surgery	5	0	5
Total	5,753	1,076	6,829

TOP FACILITIES BY VOLUME
Ranked by total surgical cases (Hospital 2024 · ASTC 2023)

#	FACILITY	TYPE	CASES
1	Northwestern Medicine Kishwaukee Hospital	HOSP	4,378
2	The Midland Surgical Center, LLC d/b/a Northwestern Medicine Surgery Center Sy...	ASTC	1,076
3	Rochelle Community Hospital	HOSP	707
4	Northwestern Medicine Valley West Hospital	HOSP	668

Hospital cases: combined inpatient and outpatient surgical cases from the 2024 Hospital Annual Survey (hospitals without a 2024 submission show their most recent prior-year volume). **ASTC cases:** Class C operating-room cases (general/regional anesthesia) from the 2023 ASTC Annual Survey. **Specialties:** 14 standard surgical specialty categories tracked by HFSRB for both facility types.



ESRD Facility Inventory

Dialysis facilities within 21 miles of Ogle County or HPA B-04 — 3 facilities.

COUNTY **Ogle** | HSA **1·Rockford** | HPA **B-04** | RADIUS **21 miles** | DATA YEAR **2024**

3
ESRD FACILITIES

36
AUTHORIZED STATIONS

36
CMS-CERTIFIED

5,297
IN-CENTER TREATMENTS

98
YEAR-END PATIENTS

#	FACILITY NAME	CITY	DIST	AUTH STNS	CMS CERT	IN-CTR TX	EOY PTS
1	Timber Creek DaVita	Dekalb	14.9	12	12	210	20
2	Davita Sycamore	Sycamore	18.0	14	14	220	45
3	Fresenius Kidney Care Sandwich	Sandwich	29.4	10	10	4,867	33
Total — 3 facilities				36	36	5,297	98

Stations: authorized and CMS-certified counts are taken from the most recent measurement in the survey year (end-of-year preferred). **Treatments:** in-center treatments are the annual total; year-end patients is the 12/31 census. **Source:** 2024 ESRD Facility Annual Survey. **Suppressed columns:** set-up & staffed stations, isolation stations, nocturnal shift — no values reported across this result set.



Long-Term Care Facility Inventory

Nursing and long-term care facilities within 21 miles of Ogle County or HPA B-04 — 23 facilities.

COUNTY **Ogle** | HSA **1·Rockford** | HPA **B-04** | RADIUS **21 miles** | DATA YEAR **2024**

23

LTC FACILITIES

1,157

LICENSED BEDS

1,444

BEDS SET UP

999

BEDS OCCUPIED

69.2%

OCCUPANCY

1,021

RESIDENTS (12/31)

#	FACILITY NAME	CITY	DIST	LIC.	SET UP	OCC.	%	GEN. NURSING	ICF/DD	RESID.
1	Rochelle Rehab & Healthcare Cr	Rochelle	0.1	50	25	25	100.0%	50	—	25
2	Rochelle Gardens Care Center	Rochelle	0.5	74	—	56	75.7%	74	—	56
3	La Bella of Rochelle	Rochelle	0.5	71	—	51	71.8%	71	—	47
4	Res Alternatives of IL,dba Manor Court of Rochelle		0.9	—	92	80	87.0%	—	—	80
5	First Street Group Home	Ashton	9.5	4	4	3	75.0%	—	4	3
6	Ashton Terrace		9.6	—	16	9	56.3%	—	—	9
7	Franklin Grove Group Home	Franklin Grove	13.4	6	6	4	66.7%	—	6	4
8	Franklin Grove Living and Rehabilitation Center		13.6	—	131	—	0.0%	—	—	75
9	Prairie Crossing Living and Rehabilitation center	Shabbona	14.6	91	91	53	58.2%	91	—	0
10	DeKalb County Rehab & Nursing Center	DeKalb	15.0	190	190	117	61.6%	190	—	117
11	Oregon Living and Rehabilitation Center		15.3	—	104	60	57.7%	—	—	60
12	Aperion Care DeKalb	DeKalb, IL	15.8	119	119	80	67.2%	119	—	80
13	Neighbors Health Center	Byron	17.2	131	131	100	76.3%	131	—	100
14	Bethany Rehab and HCC	Dekalb	17.5	90	90	70	77.8%	90	—	70
15	Bethesda Lutheran-Sycamore	Sycamore	18.4	14	14	11	78.6%	—	14	11
16	Wasson St. Home	Amboy	19.8	4	4	4	100.0%	—	4	4
17	Maple Crossing at Amboy	Amboy	20.0	97	97	51	52.6%	97	—	51
18	Amboy Terrace	Amboy	20.2	16	16	16	100.0%	—	16	16
19	Boyd Home	Amboy	20.6	6	5	5	100.0%	—	6	5
20	Division Group Home	Amboy	20.6	6	5	5	100.0%	—	6	5
21	Allure of Pinecrest	Mount Morris	20.7	125	125	92	73.6%	125	—	92
22	Willow Crest Nursing Pavilion		29.8	—	116	79	68.1%	—	—	83
23	Sandwich Living and Rehabilitation Health Care Center	Sandwich	30.0	63	63	28	44.4%	63	—	28
Total — 23 facilities				1,157	1,444	999	69.2%	1101	56	1,021

Bed counts: licensed, set-up, and occupied beds are summed across all reported levels of care. Occupancy uses set-up beds as the denominator when available, otherwise licensed beds. **Source:** 2024 LTC Annual Survey.
Em-dash indicates no submission on file. **Suppressed columns:** facility type, nursing-sheltered beds, skilled beds for residents under 22 — no values reported across this result set.