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: June 2, 2026	PROJECT NO: 26-007	PROJECT COST:
FACILITY NAME: Rush Elmhurst Medical Office Building	CITY: Elmhurst	Original: $27,201,077
TYPE OF PROJECT: Non-Substantive		HSA: VII

PROJECT DESCRIPTION: Rush System for Health d/b/a Rush University System for Health and Rush University Medical Center (Applicants) propose the establishment of the Rush Elmhurst Medical Office Building, an approximately 20,764 square foot medical office building at 107 N. York St., Elmhurst, Illinois. The cost of the project is $27,201,077, and the anticipated completion date is July 1, 2028.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- Rush System for Health d/b/a Rush University System for Health and Rush University Medical Center (the "Applicants") proposes the establishment of the Rush Elmhurst Medical Office Building, an approximately 20,764 square foot medical office building at 107 N. York St., Elmhurst, IL 60126. This building will entail new construction of the core and shell by the building owner, with additional construction to be completed by the Applicant for the medical office building. The cost of the project is $27,201,077, and the anticipated completion date is July 1, 2028.
- The proposed MOB will consist of twenty-five (25) examination rooms, 1 procedure room, imaging, pharmacy, lab, home infusion, and office space, and likely services under consideration include: Primary Care, Urgent Care, Medical Weight Loss, General Gynecology, Otolaryngology, Audiology, Dermatology, Transplant Hepatology, Transplant Nephrology, and Cardiology.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project exceeds the FY 2026 Capital Expenditure Minimum of $17,787,538.

PURPOSE OF THE PROJECT:

- The purpose is to provide a central location for outpatient medical services**,** reducing the need for residents to travel to Chicago for specialized care.

PUBLIC HEARING/COMMENT:

- A public hearing was offered but was not requested. In addition, no letters of support or opposition were submitted regarding this project.

SUMMARY:

- The Applicants addressed a total of eleven criteria and have not met the following:

Criterion	Reasons for Non-Compliance
77 Ill. Adm. Code 1120-140(c) - Reasonableness of Project Costs	New Construction Costs are $6,508,866, or $467.15 per GSF. This exceeds the State Board Standard of $423.31 per GSF by $43.84 per GSF.

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STATE BOARD STAFF REPORT
Project #26-007
Rush Elmhurst Medical Office Building

APPLICATION/SUMMARY CHRONOLOGY	
Applicant(s)	Rush System for Health d/b/a Rush University System for Health and Rush University Medical Center
Facility Name	Rush Elmhurst Medical Office Building
Location	107 N. York Street, Elmhurst, Illinois
Permit Holder	Rush System for Health d/b/a Rush University System for Health and Rush University Medical Center
Operating Entity/Licensee	Rush University System for Health
Owner of Site	Cordora Properties LLC
Application Received	February 17, 2026
Application Deemed Complete	February 24, 2026
Anticipated Completion Date	July 1, 2028
Review Period Ends	April 25, 2026
Review Period Extended by the State Board Staff?	No
Can the Applicant request a deferral?	Yes

I. Project Description

Rush System for Health d/b/a Rush University System for Health and Rush University Medical Center (the "Applicants") proposes the establishment of the Rush Elmhurst Medical Office Building, an approximately 20,764 square foot medical office building at 107 N. York St., Elmhurst, IL 60126. This building will entail new construction of the core and shell by the building owner, with additional construction to be completed by the Applicants for the medical office building. The cost of the project is $27,201,077, and the anticipated completion date is July 1, 2028.

II. Summary of Findings

A. State Board Staff finds the proposed project is in conformance with all relevant provisions of Part 1110 (77 Ill. Adm. Code 1110).

B. State Board Staff finds the proposed project is in conformance with all relevant provisions of Part 1120 (77 Ill. Adm. Code 1120).

III. General Information

Rush University System for Health ("Rush") is a nonprofit academic health system anchored by Rush University Medical Center, located in the Illinois Medical District. Rush also operates Rush Copley Medical Center in Aurora and Rush Oak Park Hospital, as well as ambulatory surgical treatment centers, its Ambulatory Care Building, and more than 30 outpatient clinical locations throughout the Chicago metropolitan area. This is a non-substantive project subject to review under Part 1110 and Part 1120. Financial commitment will occur after permit issuance.

IV. Project Details

The establishment of the Rush Elmhurst Medical Office Building is driven by a strategic goal of shifting from a standalone academic medical center to a comprehensive, community-focused health system. Rush aims to improve access for patients living and working in the Chicago suburbs, reducing the need for residents to travel to the main West Side campus for specialized care. The facility is designed to meet the increasing demand for "care close to home" by offering primary and specialty services in a local setting. This location acts as a "symbol of Rush's community-centric approach," emphasizing long-term wellness and resources for the local population. Rush proposed this approximately 20,764-square-foot facility at 107 N. York St., Elmhurst, Illinois, to handle its growing outpatient volume. Each new suburban site, including Elmhurst, provides Rush with data to develop innovative, more efficient ways to deliver outpatient care. The expansion supports the Rush

University System for Health's goal of integrating excellent patient care, research, and community partnerships across a broader network.

The Proposed Rush Elmhurst MOB is a 3-story 20,764-square-foot outpatient facility that combines primary care, urgent care, diagnostic services, pharmacy, laboratory, home infusion, and specialty care. The facility will have 25 examination rooms, one procedure room, on-site diagnostic imaging, pharmacy and laboratory services, and clinical support space, enabling patients to receive timely evaluation, diagnosis, and treatment without needing to visit multiple locations.

The property on which the proposed Medical Office Building will be constructed is currently owned by Cordora Properties LLC. The Applicant has also signed a letter of intent with Peerless Development for the development of the proposed Medical Office Building. (See pages 28-34 of the Application for Permit)

V. Project Uses and Sources of Funds

The Applicant is funding this project with $18,183,768 cash and the fair market value of a lease of $9,017,309.

TABLE ONE
Uses and Sources of Funds

USES OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL	% of Total
New Construction Contracts	$6,508,866	$3,191,134	$9,700,000	35.66%
Contingencies	$427,327	$209,508	$636,835	2.34%
Architectural/Engineering Fees	$484,139	$237,361	$721,500	2.65%
Consulting and Other Fees	$1,068,938	$524,074	$1,593,012	5.86%
Movable or Other Equipment (not in construction contracts)	$1,823,000	$1,218,800	$3,041,800	11.18%
Fair Market Value of Leased Space or Equipment	$6,050,769	$2,966,540	$9,017,309	33.15%
Other Costs to Be Capitalized	$1,671,249	$819,372	$2,490,621	9.16%
TOTAL USES OF FUNDS	$18,034,288	$9,166,789	$27,201,077	100.00%

TABLE ONE Uses and Sources of Funds				
USES OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**	**% of Total**
SOURCE OF FUNDS				
Cash and Securities	$11,983,520	$6,200,248	$18,183,768	66.85%
Leases (fair market value)	$6,050,769	$2,966,540	$9,017,309	33.15%
TOTAL SOURCES OF FUNDS	$18,034,289	$9,166,788	$27,201,077	100.00%

VI. Background of the Applicant, Purpose of Project, Safety Net Impact Statement, and Alternatives − Information Requirements

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 Applicant

1) 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. 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").

Rush University Medical Center has a five-star overall quality rating on the Medicare Compare website. The Applicants attest that no adverse action was taken against the Applicants' facility during the three years before the filing of this application. The Applicants authorize HFSRB and IDPH to access any documents necessary to verify the information submitted, including, but not limited to, official records of IDPH or other State agencies, licensing or certification records of other states, when applicable, and records of nationally recognized accreditation organizations. The Applicants have demonstrated that

they are fit, willing, and able and possess the necessary qualifications, background, and character to provide proper healthcare services to the community.

B) Purpose of the Project – Information Requirements

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

According to the Applicants, the proposed project is designed to enhance the health and well-being of the market area population by delivering primary care, urgent care, diagnostic services, and specialty care in a single, accessible outpatient setting. By shifting appropriate care to an ambulatory environment, the project will improve patient experience, reduce unnecessary emergency department utilization, and support timely diagnosis and treatment.

According to the Applicants, the project is intended to address several existing and interrelated issues within the market area, including:

- Limited access to comprehensive outpatient and urgent care services within the immediate Elmhurst community, requiring patients to travel to hospital campuses or more distant outpatient facilities.
- Overreliance on hospital emergency departments for non-emergent conditions due to insufficient urgent care capacity in convenient community locations.
- Fragmentation of care, with patients receiving primary care, diagnostic services, and specialty care across multiple locations.
- Growing demand for outpatient services, driven by population growth, aging demographics, and increased prevalence of chronic conditions, including cardiovascular disease and obesity.

C) Safety Net Impact Statement – Information Requirements

All health care facilities, except for skilled and intermediate long-term care facilities licensed under the Nursing Home Care Act, must provide a safety net impact statement, which should 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 serve individuals facing barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural traits, or geographic isolation. [20 ILCS 3960/5.4]

This is a non-substantive project; a Safety Net Impact Statement is not required. At the conclusion of this report is Rush's Commitment to Health Equity**.**

D) Alternatives to the Proposed Project – Information Requirements

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.

The Applicants considered three alternatives to the proposed project.

Alternative #1: Maintain the Status Quo.
Alternative #2: Construct another Medical Office Building at another location.
Alternative #3: Construct a smaller Medical Office Building at the same location

The first alternative was rejected because the Applicants do not believe that inaction would meet the demand for urgent care and outpatient services in the service area. The second alternative was rejected because other potential sites within the service area did not offer a combination of accessibility, proximity to the patients, and operational efficiency. The third alternative of constructing a smaller facility at the proposed site was rejected because it would limit service availability, constrain future growth, and undermine Rush's ability to meet community needs over time.

VII. Project Scope and Size, Utilization, and Unfinished/Shell Space − Review Criteria

A) Ill. Adm. Code 1110.120 – Size of the Project
B) Ill. Adm. Code 1110.120 – Projected Services 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 square footage can be justified by documenting, as described in subsection (a)(2).

The proposed medical office building totals 20,764 gross square feet ("GSF"). Of this total, 13,933 GSF is designated for clinical space, while 6,831 GSF is allocated to non-clinical administrative and support areas. The Applicants plan to include one X-ray machine, one ultrasound unit, and space for an Echocardiogram stress test. The State Board size standard for X-Ray is 1,300 GSF, and for ultrasound, it is 900 GSF. The State Board establishes no

size standard for an Echocardiogram stress test. The Applicants propose 975 GSF for the combined X-ray and ultrasound units. The Applicants have successfully addressed the State Board Size Standards.

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 years projected shall not exceed the number of historical years documented. If the applicant does not meet the utilization standards in Appendix B, or if service areas do not have utilization standards in 77 Ill. Adm. Code 1100, the applicant shall justify its own utilization standard by providing published data or studies, as applicable and available from a recognized source.

The proposed medical office building is designed primarily to increase access to primary and specialty outpatient care for residents in the planning area where it will be located. The facility is also expected to serve Rush patients in secondary service areas who currently seek care at other Rush locations. Community physician office capacity is nearing its operational limits, and ongoing growth in the Rush patient population has created a need to expand outpatient services in a convenient, community-based setting. Therefore, the proposed project is justified in addressing current capacity constraints and supporting the expected future demand for care.

Based on projected referrals from Rush Medical Group practices and Rush University Medical Center patients residing within the service area, the Applicants anticipate substantial utilization of diagnostic imaging services at the proposed facility. According to the Applicants, all projections are based on historical utilization data and existing Rush patient volumes. It is anticipated that in Year 2 of operation, the number of procedures performed using this diagnostic equipment will increase by approximately 3 percent annually, consistent with recent utilization trends and projected growth in outpatient demand.

The State Board Utilization Standard for X-Ray is 6,500 procedures, and for ultrasound, it is 3,100 visits. If the procedures and visits materialize, the Applicants have met the requirements of the State Board.

TABLE TWO
Utilization of X-Ray and Ultrasound Equipment

Services	2023	2024	2025	Year 1	Year 2
One X-Ray	9,723	11,031	11,625	6,900	7,107
One Ultrasound	7,307	9,106	10,215	6,100	6,283
Stress Echocardiology	2,791	3,263	3,581	2,200	2,266

VIII. Clinical Service Areas Other Than Categories of Service

77 Ill. Adm. 1110.270 (b) – Need Determination

A) Need Determination − Establishment

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

1) Service to the Planning Area Residents

A) Either:

i) The primary purpose of the proposed project is to provide care to the residents of the planning area in which the proposed service will be physically located; or

ii) If the applicant service area includes a primary and secondary service area that expands beyond the planning area boundaries, the applicant shall document that the primary purpose of the project is to provide care to residents of the service area; and

B) Documentation shall consist of strategic plans or market studies conducted, indicating the historical and projected incidence of disease or health conditions, or use rates of the population. The number of years projected shall not exceed the number of historical years documented. Any projections and/or trend analyses shall not exceed 10 years.

The Applicants state the proposed Rush Elmhurst MOB aims to increase access to primary and specialty outpatient care for residents of Elmhurst and the nearby near-west suburban

planning area. The services offered at the facility are non-hospital outpatient treatments provided by physicians and providers affiliated with Rush University System for Health. In addition to serving patients within the primary service area, the facility is expected to provide care to Rush patients from secondary service areas who currently travel to other Rush locations.

The geographical service area (GSA) for a project in DuPage County is a 10-mile radius from the proposed site. DuPage County's population is expected to remain flat, with modest growth or slight fluctuations through the 2020s, following a 2020 census count of 932,877. The population remains stable at 934,298 (Est. 2025) (Source: US Quick Facts)

TABLE THREE
Estimated Population by Zip Code within the 10-mile GSA

Zip Code	City	Miles	Population
60126	Elmhurst	0	46,109
60162	Hillside	2.9	8,048
60181	Villa Park-Oakbrook Terrace	3.7	30,247
60148	Lombard	4.1	52,599
60101	Addison	4.2	37,644
60131	Franklin Park	4.2	18,059
60106	Bensenville	4.2	20,562
60154	Westchester	4.6	16,895
60160	Melrose Park	4.7	24,513
60191	Wood Dale	4.7	14,456
60523	Oak Brook	4.8	10,081
60153	Maywood	5.1	4,411
60104	Bellwood	5.8	18,256
60171	River Grove	5.9	10,482
60305	River Forest	6.2	11,717
60143	Itasca	6.7	11,798
60130	Forest Park	6.8	14,339

TABLE THREE Estimated Population by Zip Code within the 10-mile GSA			
Zip Code	**City**	**Miles**	**Population**
60521	Hinsdale	6.8	18,097
60558	Western Springs	6.9	13,517
60137	Glen Ellyn	7	27,950
60302	Oak Park	7.8	33,492
60644	Chicago - Austin	9.4	47,210
Total			490,482

The Applicants believe the project addresses a clear need for expanded community outpatient capacity, driven by rising demand for primary care, urgent care, diagnostic, and specialty services among Rush's current patient population. The Applicants state capacity limitations at existing Rush Medical Group physician offices and increased outpatient use across the Rush system highlight the need for a purpose-built facility that can handle more visits in a convenient, community-based setting.

The Applicants state there is a growing base of Rush patients living in and around Elmhurst, as shown by patient origin and utilization data. Historical visit patterns used for this application come from the geographic area surrounding the proposed site. Future visit volumes at the Rush Elmhurst MOB are based on past trends across Rush outpatient locations in the near-west suburban market, as well as expected increases in demand for urgent and specialty care. The proposed facility aims to better serve this existing patient group by providing care closer to their homes, while also preparing for future growth.

The project is not expected to negatively impact other local providers. Instead, it will enable the Rush system to serve its current patients more effectively, improve access to timely outpatient care, and ensure services are delivered in the most suitable and cost-efficient environment. By expanding community-based capacity, the Rush Elmhurst MOB will enhance Rush's ability to meet patient needs while supporting efficient, system-wide care delivery.

2) Service Demand

To demonstrate the need for the proposed CSA services, the applicant shall document one or more of the indicators presented in subsections (b)(2)(A) through (D). For any projections, the number of years projected shall not exceed the number of historical years documented. Any projections and/or trend analyses shall not exceed 10 years.

A) Referrals from Inpatient Base

For CSAs that will serve as a support or adjunct service to existing inpatient services, the applicant shall document a minimum of a 2-year historical period and a 2-year projected period for the number of inpatients who will require the subject CSA.

B) Physician Referrals

For CSAs that require physician referrals to build and maintain patient volume, the applicant shall document patient origin information for those referrals. The applicant shall submit original, signed, and notarized referral letters, containing certification by the physicians that the representations contained in the letters are true and correct.

C) Historical Referrals to Other Providers

If, referral; and test 12-month period, patients have been sent to other area providers for the proposed CSA services, due to the absence of those services at the applicant facility, the applicant shall submit verification of those referrals, specifying: the service needed; patient origin by zip code; recipient facility; date of referral; and physician certification that the representations contained in the verifications are true and correct.

The Applicants provided a heat map[1] showing the increasing number of Rush patients in the area surrounding the proposed facility. In FY2025, the Applicants state that about 18 percent of Rush Medical Group patients came from the Elmhurst service area. Roughly 40 percent of patients in Rush Medical Group departments at the Rush Oak Brook location originated from the same Elmhurst radius. According to the Applicants, these utilization patterns indicate an established local patient population and support the need for expanded outpatient services closer to patients' homes.

[1] The primary purpose of a heatmap is to visualize data intensity by representing numerical values with color gradients, making it easier to instantly identify patterns, anomalies, or "hot spots" (high activity) and "cold spots" (low activity) within large datasets. They convert complex numerical data into intuitive visual formats, replacing rows of figures with colors that the human brain processes faster.

IX. Financial Viability and Economic Feasibility

A) Criterion 1120.110 – Availability of Funds
B) Criterion 1120.120 – Financial Viability
C) Criterion 1120.140 (a) – Reasonableness of Financing Arrangements
D) Criterion 1120.140 (b) – Conditions of Debt Service
E) Criterion 1120.140 (c) – Reasonableness of Project Costs
F) Criterion 1120.140 (d) – Projected Operating Costs
G) Criterion 1120.140 (e) – Effect of the Project on Capital Costs

A) Availability of Funds

Applicants shall document that financial resources will be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources.

The total estimated project cost for the proposed Rush Elmhurst MOB is $27,201,077. The Applicants will finance the project with a mix of cash, existing securities, and lease-related funding. Specifically, $16,561,312 of the total cost, representing construction and related expenses to be paid by the Applicants, will be funded through cash and existing securities of Rush University System for Health and Rush University Medical Center. The remaining $10,639,765 reflects the fair market value of lease costs associated with the facility over the lease term, including the tenant improvement allowance provided by the building owner under the lease. The Applicants have met the requirements of this criterion.

TABLE FOUR
Rush University System for Health
June 30th
(in thousands)

	2024	2023
Cash	$422,806	$439,952
Current Assets	$1,112,429	$1,118,277
Total Assets	$5,715,820	$5,494,236
Current Liabilities	$850,709	$905,550
Total Liabilities	$1,342,376	$1,409,210
Net Assets	$3,522,735	$3,179,476
Patient Revenue	$3,170,555	$2,916,374
Total Revenue	$3,664,127	$3,360,481

TABLE FOUR Rush University System for Health June 30th (in thousands)		
	2024	2023
Total Expenses	$3,588,443	$3,335,322
Operating Income	$75,684	$25,159
Non-Operating Income	$144,024	$86,601
Revenues over Expenses	$219,708	$111,760

B) Financial Viability

The applicant is NOT required to submit financial viability ratios if:

1) all project capital expenditures, including capital expended through a lease, are completely funded through internal resources (cash, securities, or received pledges); or

HFSRB NOTE: Documentation of internal resources availability shall be available as of the date the application is deemed complete.

2) the applicant's current debt financing or projected debt financing is insured or anticipated to be insured by Municipal Bond Insurance Association Inc. (MBIA) or its equivalent; or

HFSRB NOTE: MBIA Inc is a holding company whose subsidiaries provide financial guarantee insurance for municipal bonds and structured financial projects. MBIA coverage is used to promote credit enhancement, as MBIA would pay the debt (both principal and interest) in case of the bond issuer's default.

3) The applicant provides a third-party surety bond or performance bond letter of credit from an A-rated guarantor (insurance company, bank, or investing firm) guaranteeing project completion within the approved financial and project criteria.

Rush System for Health, d/b/a Rush University System for Health, has an “A” or higher bond rating from all three major rating agencies. Analysts highlighted RUSH’s strong liquidity position, with over $2.2 billion in unrestricted cash and investments at the end of FY2025, providing approximately 213 days of cash on hand supporting the stability of its "AA-"/"A+" ratings. With the “A” or better bond rating, the Applicants have qualified for the financial waiver and reasonableness of debt financing.

Agency	Rating	Outlook	Last Updated
Fitch Ratings	**AA-**	**Stable**	Oct 27, 2025

Agency	Rating	Outlook	Last Updated
S&P Global	**A+**	**Stable**	Oct 28, 2025
Moody's	**A1**	**Stable**	Oct 22, 2025

C) Conditions of Debt Financing – Review Criterion

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 in 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 fair market value of leased space linked to the project totals $9,017,309, reflecting base lease costs over the initial 12-year lease term, with a starting rental rate of $30.60 per rentable square foot and a 3% annual escalation. Lease payments increase steadily and predictably throughout the lease, consistent with standard medical office leasing practices, as follows:

- Year 1: $635,378
- Year 2: $654,440
- Year 3: $674,073
- Year 4: $694,295
- Year 5: $715,124
- Year 6: $736,578
- Year 7: $758,675
- Year 8: $781,435
- Year 9: $804,878

- Year 10: $829,025
- Year 11: $853,895
- Year 12: $879,512

The lease terms appear to be reasonable.

Note: Building a specialized medical facility requires substantial capital. By leasing, the health system avoids large upfront expenses, enabling it to reinvest in medical equipment, technology, and patient care. Leasing also reduces long-term debt on the balance sheet, which can improve financial ratios and credit ratings for other healthcare projects. Developers would be responsible for construction delays, cost overruns, and market value risks. They can build a customized shell tailored to the health system's needs without requiring internal expertise in large-scale commercial construction. Professional developers often have established relationships with local zoning boards and contractors, helping to speed up the process in competitive areas.

D) Reasonableness of Project and Related Costs − Review Criterion

The applicant must demonstrate that the estimated project costs are reasonable and must also document compliance with the following:

New Construction Costs are $6,508,866, or $467.15 per GSF. This exceeds the State Board Standard of $423.31 per GSF by $43.84 per GSF.

Contingency Costs are $427,327, which is 6.57% of construction costs. This appears reasonable when compared to the State Board Standard of 10%.

Architectural/Engineering Fees are 6.98% of construction and contingency costs. This appears reasonable when compared to the State Board Standard of 5.57-8.37%.

Architectural and engineering fees total $721,500, with $484,139 attributable to clinical components and $237,361 attributable to non-clinical components. When evaluated against the Capital Development Board's Centralized Fee Negotiation

Professional Services and Fees Handbook, the clinical portion of the A&E and professional fees fall within acceptable percentage ranges for new construction projects of this scale and type and are consistent with industry standards for outpatient clinical facilities. The fees are equal to 7% of the combined clinical costs for the construction and contingency budget lines.

The State Board does not have a standard for the costs listed below.

Consulting and Other Fees	$1,068,938
Movable or Other Equipment (not in construction contracts)	$1,823,000
Fair Market Value of Leased Space or Equipment	$6,050,769
Other Costs to Be Capitalized	$1,671,249

Consulting and Other Fees Consulting and other professional fees total $1,593,012, of which $1,068,938 supports clinical functions.

Movable and Other Equipment Costs that are not included in construction contracts total $3,041,800, of which $1,823,000 is attributable to clinical equipment and $1,218,800 to non-clinical equipment. Clinical equipment costs include diagnostic, treatment, and patient-care-related equipment necessary to support outpatient clinical services. These costs are directly related to the proposed clinical programs and do not include nonessential or unrelated equipment. The Applicant submits that the investment in clinical equipment is reasonable and necessary to ensure the safe and effective delivery of care. Of the $1,823,000 allocated to clinical equipment:

- Approximately $1.1–$1.3 million is attributable to major diagnostic imaging and testing equipment, including the Stress Echocardiography machine, X-ray machine, and ultrasound machine; and
- The remaining portion supports ancillary clinical equipment, accessories, software, and integration components necessary for safe, compliant, and efficient operation of these diagnostic systems.

The non-clinical equipment component ($1,218,800) includes furniture, furnishings, information technology, signage, and other support equipment

necessary to operate the facility but not directly involved in patient diagnosis or treatment. While non-clinical, these items support the overall functionality and efficiency of outpatient clinical operations.

Fair Market Value of Leased Space: The fair market value of the space leased for the project is $9,017,309. This calculation reflects the base lease costs over the initial 12-year lease period, starting with a rental rate of $30.60 per rentable square foot and including a 3% annual escalation. These lease costs are based on 20,764 rentable square feet of clinically configured medical office space.

Other Capitalized Costs The total for other capitalized costs is $2,490,621, with $1,671,249 allocated to clinical components and $819,372 to nonclinical components. These costs include project-related expenses that are capitalized. They consist of $80,400 for temporary and project-specific insurance, $300,000 for Rush capital labor and internal project support, including primary owner-side project management, $961,813 for utility consumption and temporary operating costs necessary for construction, testing, commissioning, and preparing clinical systems, and $344,740 for escalation applied to non-construction project costs based on the project's requirements. The remaining costs are miscellaneous capitalized, one-time, non-operating expenses incurred specifically as part of the project implementation**.**

E) Projected Operating Costs

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, and for no more than two years following project completion. Direct costs mean the fully allocated costs of salaries, benefits, and supplies for the service.

F) Total 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 State Board does not have a standard for these two criteria for medical office buildings.

Rush's Commitment to Health Equity

Rush remains deeply committed to Chicago and is a national leader in creating healthier communities by promoting health equity and removing barriers to health. RUMC identified structural racism and economic deprivation as key root causes of neighborhood-based racial health disparities and proposed an organizational mission alongside an equity strategy to begin tackling the social and structural factors behind these disparities. Like many health systems, Rush has shifted toward value-based care and population health to enhance the health of individuals and diverse communities through excellent patient care, education, research, and community partnerships. In 2016, Rush established five pillars to guide their health equity strategy:

Rush states that if structural racism, economic deprivation, and neighborhood conditions are the main causes of health inequities, they have an obligation as an academic health system to recognize these as the essential first step to address them.

Rush launched an "anchor mission" focused on hiring, purchasing, investing, and volunteering within the local community. This includes recruiting locally, developing local talent, using local labor for contracts and projects, sourcing locally, investing in the community, ensuring retirement readiness, and volunteering. As one of the biggest employers on Chicago's West Side with a large supply chain, this pillar emphasizes community health and wealth-building. The effects of the Anchor Mission initiatives have reached many sectors.

Internal listening sessions revealed that many employees faced serious financial stress and were not saving for retirement. Many of Rush's workers live in low-income neighborhoods that Rush aims to uplift. In response, Rush launched a pension reform program to significantly increase retirement savings, raised starting wages to $15 an hour, created healthcare career pathways for current staff, and offered financial wellness and credit training. Meanwhile, Rush's longstanding Diversity Leadership Council made achieving demographic parity in leadership a central part of its strategy. Supporting low-wage workers was not enough; leadership representation needed to better mirror community demographics.

Rush established the Health Equity Governance Committee to monitor progress on projects tackling racial, ethnic, gender, and age disparities. They started screening patients for social determinants of health, such as food access, transportation, and primary care. The health system

also launched a home visiting program for homebound patients with chronic conditions and postpartum mothers in communities with low life expectancy. With a donation from BMO Financial Group, they created the Rush BMO Institute for Health Equity, which centralizes and coordinates their various health equity initiatives under one organization.

Rush teamed up with other Chicago hospitals to expand their reach. This effort, called West Side United, includes Rush and five other hospitals,[2] allowing them to invest millions in the community and hire West Side residents. Their goal is to cut Chicago's 14-year life expectancy gap between high- and low-income neighborhoods by 50 percent.

1. [2] Ann & Robert Lurie Children's Hospital of Chicago
2. Ascension St. Joseph Medical Center – Chicago
3. John H. Stroger, Jr. Hospital
4. Sinai Chicago
5. University of Illinois Hospital and Health Sciences

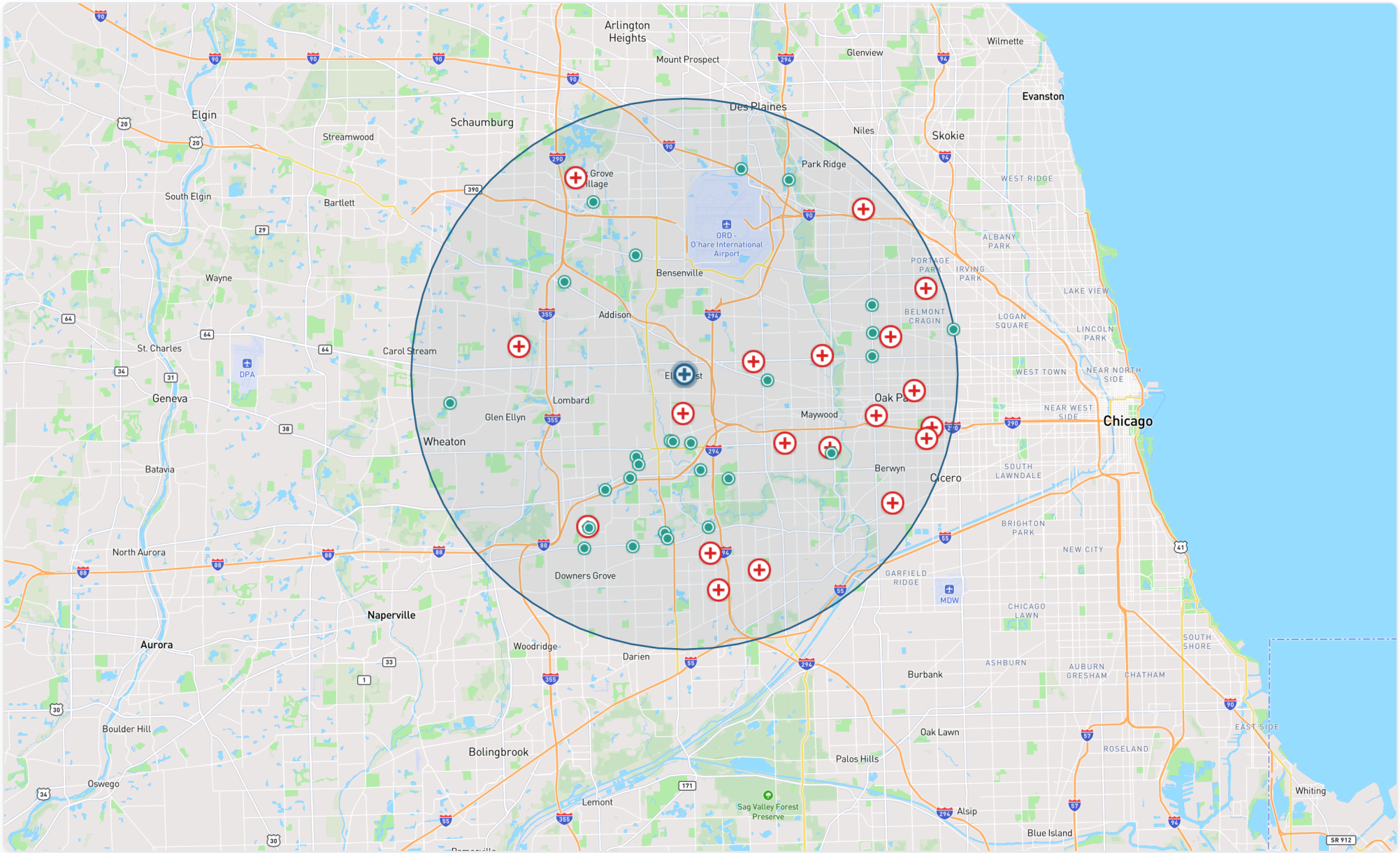
Medicare Revenue Information for Rush University Medical Center, Rush Copley-Aurora, Rush Oak Park Hospital					
Rush University Medical Center	**2020**	**2021**	**2022**	**2023**	**2024**
Total patient revenues	4,568,954,921		5,419,854,986	5,772,126,473	6,147,526,393
Less contractual allowances	2,835,206,591		3,309,047,949	3,467,974,041	3,700,274,873
Net patient revenues	1,733,748,330		2,110,807,037	2,304,152,432	2,447,251,520
Less total operating expenses	2,264,144,283		2,548,048,363	2,772,544,630	2,899,519,934
Net income from service to patients	-530,395,953	**NA**	-437,241,326	-468,392,198	-452,268,414
Other Income	483,481,677		531,424,899	505,796,275	494,787,980
Net Income	-46,914,276		94,183,573	37,404,077	42,519,566
Operating Margin	-30.59%		-20.71%	-20.33%	-18.48%
Rush Copley Aurora					
Total patient revenues	1,530,425,809	1,699,505,449	1,705,443,030	1,755,014,180	1,837,452,794
Less contractual allowances	1,243,439,638	1,357,067,762	1,364,230,549	1,407,043,667	1,456,872,446
Net patient revenues	286,986,171	342,437,687	341,212,481	347,971,513	380,580,348
Less total operating expenses	323,202,649	346,386,396	361,230,427	371,790,644	407,624,405
Net income from service to patients	-36,216,478	-3,948,709	-20,017,946	-23,819,131	-27,044,057
Other Income	45,688,277	127,876,298	-3,358,208	80,828,050	95,167,932
Other Expenses	3,020,000	0	0	0	795,397
Net Income	6,451,799	123,927,589	-23,376,154	57,008,919	67,328,478
Operating Margin	-12.62%	-1.15%	-5.87%	-6.85%	-7.11%
Rush Oak Park Hospital					
Total patient revenues	482,696,215	565,444,052	590,562,897	627,336,660	703,619,522
Less contractual allowances	346,339,881	404,891,092	425,327,811	453,890,026	508,436,191
Net patient revenues	136,356,334	160,552,960	165,235,086	173,446,634	195,183,331
Less total operating expenses	149,141,504	148,801,767	164,510,992	188,515,151	197,653,080
Net income from service to patients	-12,785,170	11,751,193	724,094	-15,068,517	-2,469,749
Other Income	9,732,660	25,319,044	6,597,676	21,920,740	22,337,780
Other Expenses	8,770,335	8,692,619	8,271,049	7,465,561	5,215,859

Medicare Revenue Information for Rush University Medical Center, Rush Copley-Aurora, Rush Oak Park Hospital					
Rush University Medical Center	**2020**	**2021**	**2022**	**2023**	**2024**
Net Income	11,822,845	28,377,618	-949,279	-613,338	14,652,172
Operating Margin	-9.38%	7.32%	0.44%	-8.69%	-1.27%
Na – No information found					

Radius Analysis Report

Geographic inventory of licensed hospital facilities within statutory radius

CENTER POINT	COUNTY	CLASSIFICATION	STATUTORY RADIUS	HSA	HPA
41.9002°N, 87.9396°W	Dupage	Chicago Metropolitan (10-mile radius)	10 miles	7 - Suburban Cook/DuPage	A-05



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

Facilities Within 10-Mile Radius of Dupage County (19 Hospitals, 27 ASTCs)

#	Type	Facility Name	City	Dist	M-S	ICU	OB	PED	NICU	AMI	REH	Total
1	Hosp	Elmhurst Memorial Hospital A/K/A Elmhurst Hospital	Elmhurst	1.4	196	39	23	–	–	–	–	258
2	ASTC	OrthoTec Surgery Center, Inc.	Elmhurst	2.5	–	–	–	–	–	–	–	–
3	ASTC	Illinois Back & Neck Institute PLLC - DBA Illinois Bone and Spine Institute	Elmhurst	2.5	–	–	–	–	–	–	–	–
4	ASTC	Elmhurst Outpatient Surgery Center, LLC	Elmhurst	2.5	–	–	–	–	–	–	–	–
5	Hosp	Kindred Chicago Northlake, LLC - DBA Kindred Hospital - Chicago	Northlake	2.6	–	–	–	–	–	–	–	91
6	ASTC	River Forest Surgery Center LLC	River Forest	3.1	–	–	–	–	–	–	–	–
7	ASTC	Summit Center for Surgery, LLC	Oakbrook Terrace	3.5	–	–	–	–	–	–	–	–
8	ASTC	Rush Oak Brook Surgery Center, LLC	Oak Brook	3.5	–	–	–	–	–	–	–	–
9	ASTC	Loyola Ambulatory Surgery Center at Oakbrook, LP - DBA Loyola Surgery Center	Oakbrook Terrace	3.7	–	–	–	–	–	–	–	–
10	ASTC	Children's Outpatient Services at Westchester	Westchester	4.1	–	–	–	–	–	–	–	–
11	ASTC	Oak Brook Surgical Centre, Inc. The	Oak Brook	4.3	–	–	–	–	–	–	–	–
12	Hosp	Riveredge Hospital Inc.	Forest Park	4.5	–	–	–	–	–	210	–	210
13	ASTC	Innovia Surgery Center, LLC	Wood Dale	4.7	–	–	–	–	–	–	–	–
14	Hosp	Gottlieb Memorial Hospital - DBA Loyola Health System at Gottlieb	Melrose Park	5.1	157	24	–	–	–	–	20	233
15	ASTC	DMG Surgical Center, LLC	Lombard	5.1	–	–	–	–	–	–	–	–
16	ASTC	Aiden Center for Day Surgery, LLC	Addison	5.5	–	–	–	–	–	–	–	–
17	ASTC	Hinsdale Surgical Center	Hinsdale	5.6	–	–	–	–	–	–	–	–
18	ASTC	Chicago Prostate Cancer Surgery Center, LLC - DBA Duly Surgery Center Westmont	Westmont	5.8	–	–	–	–	–	–	–	–
19	Hosp	Foster G. McGaw Hospital - Loyola University Medical Center	Maywood	6.0	312	121	30	34	50	–	–	547
20	ASTC	Chicago Vascular ASC, LLC	Westmont	6.0	–	–	–	–	–	–	–	–
21	ASTC	Loyola University Medical Center - DBA Loyola University ASC- Loyola Outpatient	Maywood	6.1	–	–	–	–	–	–	–	–
22	Hosp	Adventist GlenOaks Hospital - DBA UChicago Medicine AdventHealth GlenOaks	Glendale Heights	6.1	59	10	–	–	–	56	–	125
23	ASTC	Westmont Surgery Center LLC - DBA Salt Creek Surgery Center	Westmont	6.6	–	–	–	–	–	–	–	–
24	Hosp	Good Samaritan Hospital - Advocate	Downers Grove	6.6	172	44	36	–	20	41	–	313
25	Hosp	Adventist Midwest Health - DBA UChicago Medicine AdventHealth Hinsdale	Hinsdale	6.6	118	44	35	18	14	17	–	246
26	ASTC	Midwest Center for Day Surgery, LLC	Downers Grove	6.6	–	–	–	–	–	–	–	–
27	ASTC	Elmwood Park Surgery Center Acquisiton & Development, LLC	Elmwood Park	6.9	–	–	–	–	–	–	–	–
28	ASTC	Advanced Ambulatory Surgical Center	Chicago	7.1	–	–	–	–	–	–	–	–
29	ASTC	Ophthalmology Surgery Center of Illinois	Itasca	7.1	–	–	–	–	–	–	–	–
30	Hosp	Rush Oak Park Hospital, Inc.	Oak Park	7.2	152	14	–	–	–	–	–	166
31	ASTC	Belmont/Harlem Surgery Center, LLC	Chicago	7.3	–	–	–	–	–	–	–	–
32	ASTC	Ambulatory Surgicenter of Downers Grove, Ltd.	Downers Grove	7.3	–	–	–	–	–	–	–	–
33	Hosp	Adventist Midwest Health - DBA UChicago Medicine AdventHealth La Grange	La Grange	7.7	141	27	–	–	–	–	18	186
34	Hosp	Shriners Hospital for Children - Chicago	Chicago	7.7	–	6	–	48	–	–	6	60
35	ASTC	Greater Chicago Center for Advanced Surgery LLC	Des Plaines	7.8	–	–	–	–	–	–	–	–
36	Hosp	RML Health Providers Limited Partnership - DBA RML Hinsdale	Hinsdale	8.0	–	–	–	–	–	–	–	115
37	ASTC	Uropartners Surgery Center, LLC	Des Plaines	8.1	–	–	–	–	–	–	–	–
38	Hosp	Alexian Brothers Medical Center	Elk Grove Village	8.2	260	36	28	–	–	141	72	537
39	Hosp	Resilience Healthcare - West Suburban Medical Center, LLC - DBA West Suburban Medical Center	Oak Park	8.4	135	24	20	5	–	–	–	184
40	ASTC	Dupage Eye Surgery Center, LLC	Wheaton	8.7	–	–	–	–	–	–	–	–
41	Hosp	Resurrection Medical Center-Chicago, LLC - DBA Resurrection Medical Center	Chicago	8.9	195	41	17	17	–	–	35	305
42	Hosp	Gottlieb Community Health Services Corporation - DBA MacNeal Hospital	Berwyn	9.0	217	26	25	10	–	68	16	362
43	Hosp	UHS Hartgrove Hospital	Chicago	9.2	–	–	–	–	–	160	–	160
44	Hosp	Loretto Hospital	Chicago	9.3	89	12	–	–	–	76	–	177
45	Hosp	Community First Healthcare of Illinois, Inc - DBA Community First Medical Center	Chicago	9.4	210	20	–	–	–	–	–	230
46	ASTC	Fullerton Surgery Center	Chicago	10.0	–	–	–	–	–	–	–	–
			TOTAL (19 Hosp, 27 ASTC)		2413	488	214	132	84	769	167	4,505

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

Health Planning Area (HPA) A-05

DuPage County

Bed Category	Authorized	Need	Gap	% of Need
Med-Surg/Pediatric	880	847	+33	103.9%
Obstetrics	145	103	+42	140.8%
Intensive Care Unit	194	265	(71)	73.2%
Acute Mental Illness	270	218	+52	123.9%
TOTAL	**1,489**	**1,433**	**+56**	**103.9%**

Health Service Area (HSA) 7

Suburban Cook/DuPage

Bed Category	Authorized	Need	Gap	% of Need
Rehabilitation	498	395	+103	126.1%
TOTAL	**498**	**395**	**+103**	**126.1%**

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.

171,655	15	23	92,750	78,905
TOTAL SURGICAL CASES	HOSPITALS	ASTCS	HOSPITAL CASES	ASTC CASES

Volume by Surgical Specialty

Within 10-mile radius of Dupage County

Surgical Specialty	Hospitals	ASTCs	Total Cases
OPHTHALMOLOGY	0	24,396	**24,396**
General	23,982	0	**23,982**
Orthopedic	22,216	0	**22,216**
ORTHOPEDIC	0	18,571	**18,571**
OB/GYN	8,221	3,751	**11,972**
Urology	9,842	0	**9,842**
UROLOGY	0	7,823	**7,823**
PAIN_MGMT	0	5,814	**5,814**

Top Facilities by Volume

Ranked by total surgical cases (2024)

#	Facility	Type	Cases
1	Elmhurst Memorial Hospital A/K/A Elmhurst Hospital	Hosp	**14,704**
2	Foster G. McGaw Hospital - Loyola University Medi...	Hosp	**12,763**
3	DMG Surgical Center, LLC	ASTC	**12,676**
4	Dupage Eye Surgery Center, LLC	ASTC	**9,870**
5	Good Samaritan Hospital - Advocate	Hosp	**9,595**
6	Adventist Midwest Health - DBA UChicago Medicin...	Hosp	**8,058**
7	Gottlieb Community Health Services Corporation - ...	Hosp	**6,786**
8	Alexian Brothers Medical Center	Hosp	**6,327**

Data Notes

Hospital Cases: Combined inpatient and outpatient surgical cases from 2024 Hospital Annual Survey.
ASTC Cases: Class C operating room cases (general/regional anesthesia) from 2024 ASTC Annual Survey.
Specialties: 14 standard surgical specialty categories tracked by HFSRB for both facility types.