



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: 26-010	PROJECT COST: Original: \$20,728,332
FACILITY NAME: Advocate South Suburban Hospital	CITY: Hazel Crest	
TYPE OF PROJECT: Non-Substantive		HSA: VII

PROJECT DESCRIPTION: The Applicants (Advocate Health and Hospitals Corporation d/b/a South Suburban Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.) propose establishing a 30-bed observation unit within Advocate South Suburban Hospital in Hazel Crest, Illinois. The total cost of the project is approximately \$20,728,332 million, and the completion date is December 31, 2027.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Advocate Health and Hospitals Corporation d/b/a South Suburban Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.) propose establishing a 30-bed observation unit within Advocate South Suburban Hospital in Hazel Crest, Illinois. The total cost of the project is approximately \$20.7 million, and the completion date is December 31, 2027.
- The project involves establishing a 30-bed contiguous observation unit on the first floor, near emergency and diagnostic services to improve patient flow, reduce emergency department overcrowding, and prevent unnecessary admissions. The proposed project aims to enhance short-term monitoring, clinical decision-making, and patient experience, particularly in cardiac and digestive health cases.

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 Applicants state that the main goal of establishing this observation unit is to improve patient throughput.

PUBLIC HEARING/COMMENT:

- The State Board Staff conducted a public hearing on April 15, 2026. The International Union of Operating Engineers (IUOE) Local 399 opposed the project and requested a public hearing. Letters of support and opposition were submitted regarding this project.

SUMMARY:

- The State Board does not have standards for observation beds. The Applicants addressed a total of 14 criteria and have not met the following:

Criterion	Reasons for Non-Compliance
77 Ill. Adm. Code 1120-140(c) - Reasonableness of Project Costs	Modernization Costs total \$11,056,800, or \$596 per GSF. This exceeds the State Board Standard of \$458.19 per GSF by \$137.51 per GSF. An explanation of this overage is provided in Table Seven of this report.



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STATE BOARD STAFF REPORT

Project #26-010

Advocate South Suburban Hospital

APPLICATION/SUMMARY CHRONOLOGY	
Applicant(s)	Advocate Health and Hospitals Corporation d/b/a South Suburban Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.
Facility Name	Advocate Health and Hospitals Corporation d/b/a South Suburban Hospital
Location	17800 South Kedzie Avenue, Hazel Crest, Illinois
Permit Holder	Advocate Health and Hospitals Corporation d/b/a South Suburban Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.
Operating Entity/Licensee	Advocate Health and Hospitals Corporation d/b/a South Suburban Hospital
Owner of Site	Advocate Health and Hospitals Corporation d/b/a South Suburban Hospital
Application Received	February 24, 2026
Application Deemed Complete	March 2, 2026
Anticipated Completion Date	December 31, 2027
Review Period Ends	May 2, 2026
Review Period Extended by the State Board Staff?	No
Can the Applicant request a deferral?	Yes

I. Project Description

The Applicants (Advocate Health and Hospitals Corporation d/b/a South Suburban Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc.) propose establishing a 30-bed observation unit within Advocate South Suburban Hospital in Hazel Crest, Illinois. The total cost of the project is approximately \$20.7 million, and the completion date is December 31, 2027.

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 not in** conformance with all relevant provisions of Part 1120 (77 Ill. Adm. Code 1120).

III. General Information

The Applicants are Advocate Health and Hospitals Corporation d/b/a South Suburban Hospital, Advocate Aurora Health, Inc., and Advocate Health, Inc. Advocate Health is the third-largest nonprofit, integrated health system in the United States, formed in December 2022 by the merger of Advocate Aurora Health and Atrium Health. Table One shows the Advocate Hospitals in Illinois, their Medicare Star Ratings, Leapfrog Ratings, service categories, and the number of beds per service category.

TABLE ONE
Advocate Hospitals in Illinois: Bed Categories and Number of Beds

Hospital	City	Leap Frog ⁽¹⁾	Star Rating	AMI	ICU	M/S	NEO	OB	Ped	Rehab	Total
Advocate Christ Hospital & Medical Ctr.	Oak Lawn	B	3		170	437	61	44	45	37	794
Advocate Lutheran General Hospital	Park Ridge	A	4	55	85	370	54	51	48	45	708
Advocate Illinois Masonic Medical Ctr.	Chicago	C	3	34	37	187	22	24		22	326
Advocate Good Samaritan Hospital	Downers Grove	B	4	41	44	172	20	36			313
Advocate Condell Medical Center	Libertyville	A	4		32	217		26			275
Advocate Sherman Hospital	Elgin	A	5		30	197		28			255
Advocate South Suburban Hospital	Hazel Crest	A	3	27	20	197					244

TABLE ONE
Advocate Hospitals in Illinois: Bed Categories and Number of Beds

Hospital	City	Leap Frog ⁽¹⁾	Star Rating	AMI	ICU	M/S	NEO	OB	Ped	Rehab	Total
Advocate Good Shepherd Hospital	Barrington	A	4		32	120		24			176
Advocate Trinity Hospital	Chicago	B	2		4	36					40

1. The Leapfrog Hospital Safety Grade is a public rating system that assigns letter grades—A, B, C, D, or F—to nearly 3,000 general acute-care hospitals across the United States. Updated twice annually in the fall and spring, it is the only national rating program focused exclusively on hospital safety, specifically how well a facility protects patients from preventable errors, accidents, injuries, and infections. The grade is determined using up to 32 evidence-based national measures of patient safety. These measures are divided into two main categories, each accounting for 50% of the total score:
- Process and Structural Measures: These evaluate the systems a hospital has in place to prevent harm, such as:
- Computerized Physician Order Entry (CPOE): Systems to catch prescribing errors.
 - Bar Code Medication Administration (BCMA): Ensuring the right patient gets the right medication.
 - Staffing & Practices: Hand hygiene, ICU physician staffing, and nurse communication.
- Outcome Measures: These look at the actual results of care, including:
- Healthcare-Associated Infections (HAIs): Such as MRSA, C. diff, and bloodstream infections.
 - Surgical Complications: Including foreign objects left in patients or accidental punctures.
 - Safety Incidents: Rates of patient falls or bedsores. (Source: Leapfrog Website)

IV. Health Service Area

Advocate South Suburban Hospital is in the A-04 Hospital Planning Area. The hospital's service area includes a mix of City of Chicago community areas and Cook County townships: Chicago Community Areas include West Pullman, Riverdale, Hegewisch, Ashburn, Auburn Gresham, Beverly, Washington Heights, Mount Greenwood, and Morgan Park. Cook County Townships include Bremen, Thornton, Bloom, Rich, Orland, Palos, Worth, Stickney, Calumet, Lyons, and Lemont. Key Surrounding Municipalities include Hazel Crest, South Holland, Tinley Park, Oak Forest, Harvey, and Homewood. There are seven hospitals in the A-04 Hospital Planning Area (see Table Two)

The population in the A-04 Hospital Planning Area is approximately 1.3 million in 2025 and is estimated to decline by approximately 2% by 2030, or 1.1 million.

TABLE TWO Hospitals in the A-04 Hospital Planning Area		
Hospitals	City	Miles
Advocate South Suburban Hospital	Hazel Crest	0
Franciscan Health-Olympia Fields	Olympia Fields	3.9
Ingalls Memorial Hospital	Harvey	4.7
OSF Little Company of Mary Medical Center	Evergreen Park	11.5
Advocate Christ Hospital & Medical Center	Oak Lawn	13.6
Palos Community Hospital	Palos Heights	13.6
UChicago Medicine AdventHealth	LaGrange	23.2

V. Project Details

Hospital observation status is a specific insurance and billing designation in which a patient is considered an outpatient even if staying overnight in a hospital bed. This status is used when a doctor needs more time to determine if your condition requires a formal inpatient admission or if you can be safely discharged. Stays rarely exceed 48 hours; Medicare may cover up to 72 hours in exceptional, medically necessary cases. If you are under observation for more than 24 hours, the hospital must give you a written Medicare Outpatient Observation Notice. (Source CMS)

The Applicants state that the primary goal of establishing this observation unit is to improve patient throughput. Dedicated observation units aim to reduce Emergency Department (ED) overcrowding by providing a specialized space for patients who need rapid treatment and evaluation (usually 24–48 hours) but do not require full inpatient admission. Moving observation patients out of the ED and general medical floors helps the hospital reduce boarding times for critically ill patients awaiting inpatient beds. The unit will be located near key departments, including the Emergency Department, surgical procedural area, non-invasive cardiology, and imaging services, to promote efficient care and faster clinical decisions. The Applicants state that these specialized units can help cut costs by reducing unnecessary inpatient admissions and better managing bed capacity. The Applicants state that the proposed project uses vacant space from previous expansions,

such as the Center for Advanced Care, to align hospital services with modern healthcare standards.

VI. Project Uses and Sources of Funds

The Applicants are funding this project with \$5,120,365 in cash and \$15,607,967 from bond proceeds.

TABLE THREE				
Project Uses and Sources of Funds				
Use of Funds	Clinical	Non-Clinical	Total	% of Total
Modernization Contracts	\$11,056,800	\$960,000	\$12,016,800	58%
Contingencies	\$1,104,135	\$95,865	\$1,200,000	6%
A& E Fees	\$1,071,378	\$93,022	\$1,164,400	6%
Consulting and Other Fees	\$1,304,842	\$113,292	\$1,418,134	7%
Movable or Other Equipment	\$2,855,797	\$247,953	\$3,103,750	15%
Bond Issuance Expense	\$177,297	\$15,394	\$192,691	1%
Net Interest Expense During Construction	\$279,536	\$24,271	\$303,807	1%
Other Costs to be Capitalized	<u>\$1,222,599</u>	<u>\$106,151</u>	<u>\$1,328,750</u>	6%
	\$19,072,384	\$1,655,948	\$20,728,332	100%
Source of Funds				
Cash and Securities			\$5,120,365	25%
Bond Issues			<u>\$15,607,967</u>	75%
			\$20,728,332	100%

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").

Advocate South Suburban Hospital has a three-star overall quality rating from 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.

The Applicants state that a dedicated observation unit ensures patients receive appropriate care during and after their visit to the emergency department (ED). Managing patients in a dedicated observation unit who require short-term monitoring and decision support helps the hospital optimize bed utilization and reduce overcrowding in the emergency department. It also prevents unnecessary hospital admissions, lowers healthcare costs, and shortens patient waiting times. The observation unit will serve as a clinical decision unit, providing ongoing evaluation and treatment while clinicians assess patients' care needs to ensure continuity of care.

The Applicants believe that over the next 5 years (2025-2030), the total population in the primary service area is expected to decrease slightly; however, the 65+ population is projected to grow by over 9%, increasing to more than 9,500 older residents. The Applicants state they are preparing for the increased demand for healthcare services that will accompany this demographic change.

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 has been provided at the end of this report.

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 two alternatives to the proposed project.

Alternative #1: Maintain the Status Quo.

Alternative #2: Expand the emergency department with a clinical decision unit.

The **First Alternative** would be to maintain Observation Patients throughout Advocate South Suburban Hospital. This Alternative was rejected because it would not meet the need to quickly place Observation patients in an appropriate bed type and increase ED capacity. Placing observation patients in various inpatient units requires that a medical-surgical bed be available, and patients may need to wait in the emergency department until one becomes available. Patients often wait for test results in the emergency room, and a dedicated observation unit allows the ED physician to provide support and/or treatment as needed.

This **Second Alternative** would add an extension to the South Suburban Hospital building to include a dedicated Clinical Decision unit in the Emergency Room area. This alternative was rejected because, according to the Applicants, expanding the hospital building would include this essential service. Still, there would not be enough space to establish the required number of Observation beds. The Applicants state there is suitable space on the first floor of the main hospital building that is vacant and close to the Emergency Room and imaging services needed for Observation patients. Space in the ED would limit the number of Observation beds and would not accommodate the necessary quantity. The approximate capital cost is \$38 million.

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 Applicants propose 20,400 GSF, or 680 GSF per bed, for the observation unit. The State Board does not have a standard for observation beds. Advocate South Suburban

Hospital determined the size of its observation bed rooms through a combination of Illinois state regulatory standards, evidence-based design research, and standardized system-wide prototypes.

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 State Board does not have a utilization standard for observation beds. Generally, the State Board uses an 80% utilization target for most services.

TABLE FOUR Projected Utilization			
Year	2025	2028	2029
Number of Beds	30	30	30
Observation Patient Days	7,926	8,308	8,364
Observation Cases	3,200	3,405	3,456
Average Length of Stay	2.48	2.44	2.42
Average Daily Census	22	23	23
Utilization	73.3%	76.7%	76.7%

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 Dedicated Observation Unit at Advocate South Suburban Hospital will support patients receiving observation care.

The projected utilization is based on the current patients who received observation care. The Applicants state that the number of observation patient days is expected to increase by 2% each year. This increase in observation patient volume is anticipated to continue growing due to aging demographics, epidemiologic trends, and shifts in the site of care.

The Applicants state Sg2, a national consulting firm, forecasts a 7% increase in observation visits over the next 5 years and a 12% increase over the next decade. *“This rising demand is largely driven by growth in the 65+ population, which will lead to increased utilization of services across the care continuum. Additionally, rising epidemiological trends—particularly increased chronic diseases (e.g., End Stage Renal Disease, Type 2 Diabetes) and behavioral health issues (e.g., Substance Use Disorders, Mood Disorders)—will*

contribute to growth in observation utilization. Continued payer and regulatory pressures to move patients to lower-acuity care sites will also support growth in observation visits as care pathways and billing practices continue to evolve.” (Source Page 75 of the Application for Permit)

TABLE FIVE Historical and Projected Utilization						
Year	2022	2023	2024	2025	2028	2029
Beds	30	30	30	30	30	30
Days	9,261	10,532	7,588	7,926	8,308	8,364
ADC	25	29	21	22	23	23
Occ.	83%	97%	70%	73%	77%	77%

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 Applicants are funding this project with \$5,120,365 in cash and \$15,607,967 from bond proceeds. Advocate Health (including legacy Advocate Aurora Health and Atrium Health) maintains high investment-grade bond ratings (“A” or better bond rating) from the three agencies listed below. These ratings reflect the system's massive scale, strong market share in the Midwest and Southeast, and robust liquidity following its 2022 merger (Source Fitch Ratings).

Current Bond Ratings			
Agency	Long-Term Rating	Outlook	Last Review / Action
Moody’s	Aa2	Stable	Upgraded from Aa3 in Oct 2025
S&P Global	AA	Stable	Affirmed in Sept 2025
Fitch Ratings	AA	Stable	Affirmed in Oct 2025

Because of the “A” or better bond rating, the Applicants have qualified for the financial waiver and the reasonableness of financing arrangements.

TABLE SIX Advocate Aurora Health December 31st Audited (in thousands)		
	2024	2023
Cash	\$716,506	\$857,599
Current Assets	\$3,990,693	\$4,037,317
Total Assets	\$32,466,530	\$22,997,820
Current Liabilities	\$3,772,055	\$3,648,294
Total Liabilities	\$16,918,153	\$8,738,766
Total Net Assets	\$15,548,377	\$14,259,054
Net Patient Revenue	\$14,127,471	\$12,987,089
Total Revenue	\$16,843,517	\$15,753,054
Operating Expenses	\$16,456,590	\$15,681,433
Operating Income	\$386,927	\$71,621
Nonoperating Income	\$889,794	\$761,229
Revenue in Excess of Expenses	\$1,276,721	\$832,850

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.

Based on its strong "AA" bond ratings (which are higher than "A"), affirmed by agencies such as Fitch and S&P in 2025, Advocate Health (formerly Advocate Aurora Health) secures competitive interest rates on its debt, often in the 3% to 5% range for long-term fixed bonds. Fitch affirmed Advocate Aurora Health's long-term rating at "AA" with a stable outlook in October 2025, highlighting their strong financial profile and leading market position. An “AA” rating allows Advocate to borrow at lower interest costs than lower-rated bond issuers (A or BBB).

- **Examples of Bond Interest Rates:**

- **3.829% Coupon:** Bonds maturing 08/15/2028.
- **3.008% Coupon:** Bonds maturing 06/15/2050.
- **3.387% Coupon:** Bonds maturing 10/15/2049.

- **Other Costs:** The high rating also helps them secure low-cost short-term debt (Commercial Paper) with an 'F1+' rating from Fitch

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:

Modernization Costs are \$11,056,800, or \$596 per GSF. This exceeds the State Board Standard of \$458.19 per GSF by \$137.51 per GSF.

Contingency Costs are \$1,104,135, which is 9.98% of construction costs. This appears reasonable when compared to the State Board Standard of 10%.

Architectural/Engineering Fees total \$1,071,378, representing 8.80% of modernization and contingency costs. This appears reasonable when compared to the State Board Standard of 6.00-9.09%.

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

Consulting and Other Fees	\$1,304,842
Movable or Other Equipment (not in construction contracts)	\$2,855,797
Bond Issuance Expense	\$177,297
Net Interest Expense During Construction	\$279,536
Other Costs to Be Capitalized	\$1,222,599

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 Applicants estimate the direct operating cost of \$6,177 per equivalent patient day and the capital cost of \$279 per equivalent patient day. The State Board does not have standards for these two criteria.

TABLE SEVEN

Description of Premiums for the South Suburban Hospital Observation Unit Project

Each patient station includes a sliding ICU-style door with integral blinds to promote privacy and allow clinical team visibility. These doors allow the unit to avoid using cubicle curtains, thereby increasing acoustic privacy and reducing infection-prevention concerns.

Each patient station has direct access to a toilet room. The proposed design includes a jack-and-jill style toilet with interlocked doors to promote optimal access and privacy.

Two dedicated isolation rooms accommodate patients who may require contact isolation or who benefit from a negative-airflow environment. Each room has its own private restroom. These two isolation rooms share a dedicated anteroom to provide space for proper donning and doffing for clinical staff.

One patient station is provided as a "SAFER" room with enhanced antiligature construction, finishes, and fixtures. One toilet room is accordingly outfitted with antiligature behavioral health-style fixtures to serve this type of patient population.

The existing space was previously used as a surgical department. Extension demolition must occur to remove those spaces and the associated infrastructure, as they are not suitable for reuse as Observation Units.

Plumbing for the entire suite will need to be refed from above so that the code-required service valves are accessible from the area of work. Currently, plumbing fixtures are fed from the floor below.

Medical gases serving the new occupancy are drastically different from those in previous surgery occupancy resulting in significant changes to the med gas infrastructure.

HVAC distribution system is 32 years old and, due to the change of occupancy, will require a complete removal and replacement.

Fire protection systems will need to be completely reworked, including mains and piping passing through the new area to accommodate new ductwork and infrastructure above ceiling.

The majority of the Electrical normal and essential power distribution is 30+ years old, and all of The equipment is located in areas within the scope of work scheduled for demolition, triggering complete removal and replacement.

Bids were received from 3 different general contractors to validate the proposed project cost.

Tying the new space to the existing building adds significant complexity to avoid disrupting ongoing operations. The space is on the first floor above the hospital kitchen and main pharmacy. All construction must not impact the ability of these departments to maintain operations seven days/week.

Main hospital corridors adjacent to the proposed project will also be impacted and will need

to be done off hours to avoid impact on patient flow. Any shutdown of medical gas or power will need to occur off-hours. Any work that will create loud noise near the patient units or vibrations will also need to occur off-hours. Off-hours work results in additional phasing, overtime labor, and additional infection prevention measures/barriers.

The space is located in the oldest part of the hospital, constructed in 1971.

There is no direct exterior access to the construction space. Construction space is surrounded by operating hospital and patient care areas. Requiring coordinated moving of materials and debris during select hours, paths, and with proper protection.

Safety Net Services

Advocate South Suburban Hospital (ASSH) has a long history of serving all patients in the Hazel Crest community and the surrounding South Suburbs of Chicago. The hospital was established in 1946 and joined Advocate Health Care in 1995. In 2018, Advocate Health Care merged with Wisconsin-based Aurora Health Care and became Advocate Aurora Health. In 2022, Advocate Aurora Health merged with North Carolina-based Atrium Health to form Advocate Health, which is now the third-largest nonprofit, integrated health system in the United States.

Over the years, ASSH has evolved into a community-based hospital that offers a wide array of services, including (but not limited to) inpatient and outpatient medical and surgical care, emergency services, and cancer treatment. ASSH provides equitable care to all adults, serving over 9,000 inpatients each year. The hospital's patient population is diverse in culture and race. The surrounding neighborhoods and communities are among the most integrated in Chicago. ASSH leadership and staff at all levels take great pride in their relationships with the neighborhoods they serve and in providing high-quality, compassionate care across nearly fifty subspecialties. ASSH continually evaluates the unique needs of the communities within its service area and is committed to addressing these healthcare needs through specialized programs, including weight management, diabetes education, and behavioral health services. These health priorities were identified based on comprehensive community data and feedback from the 2022 Community Health Needs Assessment (CHNA) process.

This process occurs every three years to identify health needs within the hospital's service area and to support the development of effective community programs that meet these needs through measurable outcomes. Obesity rates continue to rise, especially among certain racial and ethnic groups. People with obesity face higher risks for chronic health issues such as diabetes and heart disease. In response to the high rates of diabetes, stroke, and cardiovascular disease in the ASSH service area, the hospital provides community outreach programs aimed at improving health outcomes and reducing hospitalizations.

The Diabetes Prevention Program (DPP) is a Centers for Disease Control and Prevention initiative, organized in partnership with public and private community organizations to improve access for area residents. Through this program, individuals at risk for type 2 diabetes receive evidence-based lifestyle change support to help lower their risk. The program also provides educational classes, nutritional counseling, meal planning, grocery shopping classes, glucose meter training, weight-loss counseling, smoking cessation, and education on diabetes medications. ASSH has partnered with several community organizations on this initiative. Below are key statistics from the 2022 ASSH CHNA Report, along with some observations on unit performance.

The short-term complications of diabetes mellitus include diabetic ketoacidosis, hyperosmolarity, and coma. The rate of emergency department visits for short-term complications is 6.8 per 100,000 residents in the ASSH service area, 5.4 per 100,000 residents in Cook County, and 9.9 per 100,000 residents in Illinois. The overall rate of emergency department visits for substance use is 1,334.2 per 100,000 residents in the ASSH service area. This rate is significantly higher than the county rate of 969.5 per 100,000 residents and the state rate of 738.8 per 100,00 residents.

Data indicate that asthma can be managed in an observation unit at a lower cost and with outcomes similar to those of inpatient admission. According to the 2022 ASSH CHNA, emergency department visit rates for asthma in the hospital service area have been rising, reaching 281.8 per 100,000 residents. This rate exceeds both the Cook County rate of 253.6 per 100,000 residents and the Illinois rate of 212.6 per 100,000 residents.

Recognizing the challenges some food-insecure patients face in managing diabetes and other metabolic diseases, ASSH offers a Food Farmacy that provides fresh produce and other healthy food supplies, as well as cooking and nutrition education to patients in need. The hospital partnered with Food Smart and the Partnership for a Healthier America as part of a pilot program to provide fresh fruits and vegetables to DPP participants.

To support patients' needs to receive their medications on time, a Meds to Beds program was created to ensure patients leave with their prescriptions upon discharge. Pharmacy vending machines are available in the Emergency Department so that patients can fill prescriptions before leaving for home. Lack of reliable transportation often hinders access to necessary healthcare. Therefore, ASSH provides transportation for low-income community members to and from doctor appointments, cardiac rehab, physical therapy, and other essential services at the hospital. This transportation assistance is also available to patients with mobility challenges or other special needs.

ASSH maintains strong relationships with educational partners to ensure a steady pipeline of students for the hospital's service area. Through these collaborations, the hospital offers training and job opportunities to meet high demand for roles such as nurses, pharmacists, respiratory therapists, and business administrators. ASSH's educational partners include Prairie State College, Lewis University, Moraine Valley Community College, Joliet Jr. College, College of DuPage, Chamberlain College of Nursing, Governors State University, and the University of Illinois College of Pharmacy. In 2022, ASSH formed a partnership with St. Xavier University to address the ongoing national nursing shortage. This collaboration allows licensed practical nurses at the hospital to pursue a bachelor's degree in nursing and advance to registered nurse in a shorter timeframe.

ASSH is located in an HRSA-designated Mental Health Professional Shortage Area and is committed to addressing mental health needs in the community. The behavioral health unit, built in 2023, has improved the healthcare safety net for vulnerable populations. The hospital also partners with various local businesses that specialize in mental health services.

Advocate Health is committed to promoting health equity and addressing social determinants of health (SDoH), recognizing them as essential to achieving health equity and succeeding in value-based care. To this end, Advocate Health aims to identify and eliminate causes of poor health while enhancing the quality of care and improving outcomes. Additionally, ASSH is working to partner with community-based organizations that systematically connect healthcare with social services for individuals at risk of adverse outcomes. Along with other Advocate hospitals in South Chicago, ASSH seeks such collaborations specifically to address SDoH.

ASSH's influence in the community is extensive and vital to supporting residents in the AAH South Chicagoland Service Area. The communities have come to depend on the outlined programs to meet the unique needs of their populations. ASSH's team members focus on changes in health

care and the community and have been developing new partnerships and services to support the health and well-being of residents living in this service area.

2024 Community Benefits Summary: This report does not include other expenses accrued by ASSH, reportable for community benefit, such as bad debt, cost of unreimbursed Medicaid, and Medicare, charity care, and other reportable expenses as documented by Advocate Health's Tax and Finance team. Below outlines other community services provided by ASSH in 2024 that are relevant to safety net services, including the following:

Advocate South Suburban - 2024 Community Benefits

Language Services \$107,774.00

In-Kind Donations \$403.00

Volunteer Services \$34,489.00

Health Professional Education \$1,008,667.00

Subsidized Health Services (events, screenings, programs, subsidized health services, and community health operations) \$270,159.00

TABLE SEVEN
Advocate South Suburban Hospital
Safety Net Information per PA 96-0031

Year	2022	2023	2024
Net Patient Revenue	\$263,111,050	\$288,167,374	\$319,188,311
Charity # of patients			
Inpatient	237	266	177
Outpatient	2,694	3,270	2,574
Total	2,931	3,536	2,751
Charity Costs			
Inpatient	\$1,076,361	\$696,702	\$1,066,371
Outpatient	\$2,008,219	\$2,132,014	\$2,034,553
Total	\$3,084,580	\$2,828,716	\$3,100,924
% of Net Revenue	\$0	0.98%	0.97%
Medicaid # of patients			
Inpatient	1935	1446	1581
Outpatient	34,042	32,973	30,426
Total	35,977	34,419	32,007
Medicaid Revenue			
Inpatient	\$30,464,727	\$25,596,974	\$27,346,485
Outpatient	\$9,859,888	\$22,983,817	\$24,211,348
Total	\$40,324,615	\$48,580,791	\$51,557,833
% of Net Revenue	15.33%	16.86%	16.15%

**TABLE EIGHT
ADVOCATE SOUTH SUBURBAN HOSPITAL
UTILIZATION
2020-2024**

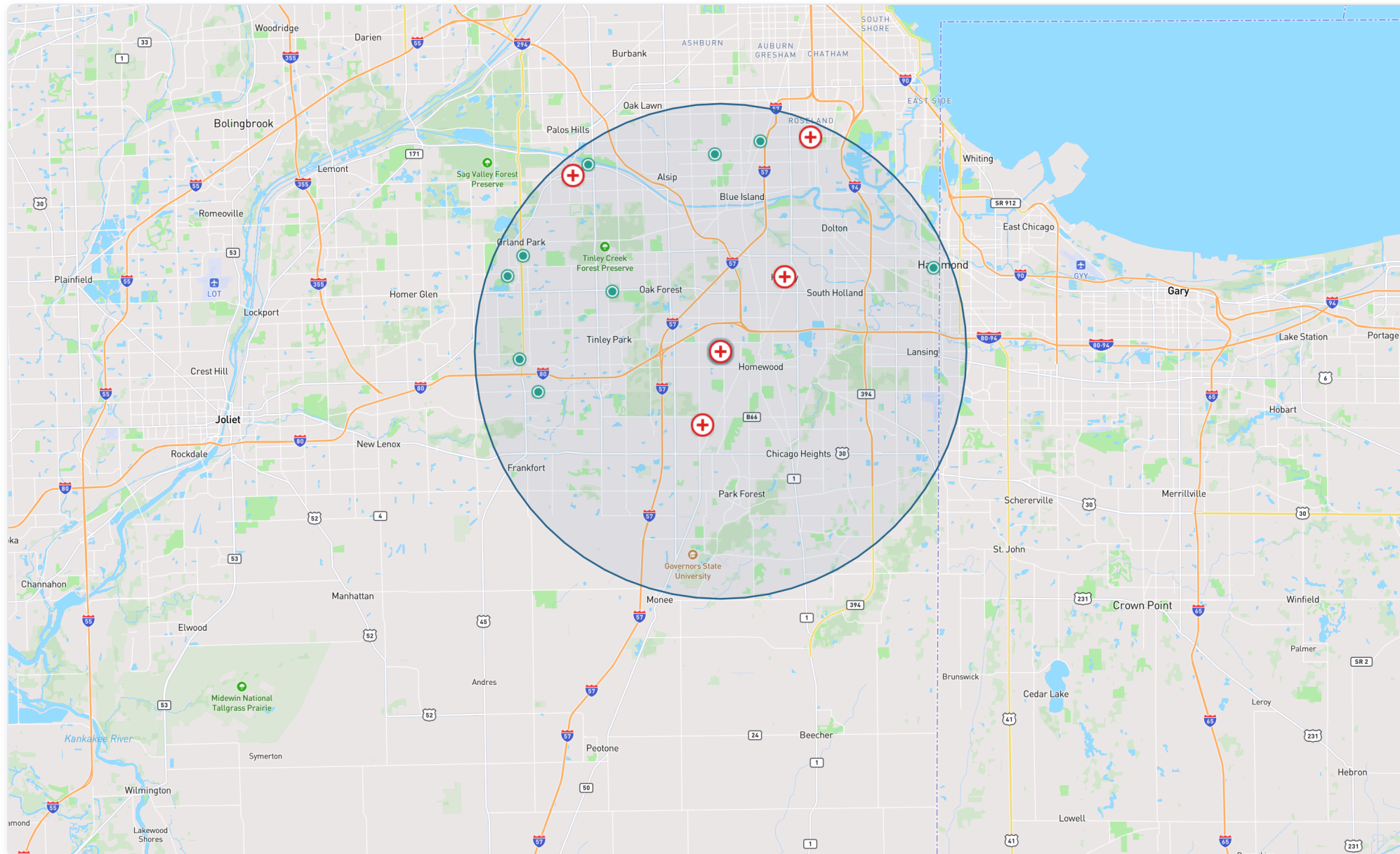
								Licensed Beds	Staff Beds
2020	Beds	Staffed	Adm	Days	OB Days	ALOS	ADC	Occ	Occ
Medical	197	196	6,535	37,397	6,188	6.7	119.1	60.40%	60.80%
Surgical									
Intensive Care	20	36	2,411	5,351	49	2.2	14.8	73.80%	41.00%
OB	16	16	1,228	2,516	41	2.1	7	43.70%	43.70%
Total	233	248	10,174	45,264	6,278				
2021	Beds	Staffed	Adm	Days	OB Days	ALOS	ADC	Occ	Occ
Medical	197	197	8,879	40,686	7,663	5	133	67.2%	67.2%
Surgical									
Intensive Care	30	30	1,491	4,994	16	3	14	45.8%	45.8%
OB	28	28	2,148	4,575	0	2	13	46.6%	46.6%
Total	255	255	12,518	50,255	7,679				
2022	Beds	Staffed	Adm	Days	OB Days	ALOS	ADC	Occ	Occ
Medical	197	169	6,332	39,497	9,185	7.7	133.4	67.7%	78.9%
Surgical									
Intensive Care	20	20	2,569	5,278	76	2.1	14.7	73.3%	73.3%
OB	0	16	488	1,099	0	2.3	3.1	0	19.5%
AMI	27	0	0	0	0	0	0	0	0
Total	244	205	9,389	45,874	9,261				
2023	Beds	Staffed	Adm	Days	OB Days	ALOS	ADC	Occ	Occ
Medical	197	169	6,316	34,626	10,479	7.1	123.6	62.70%	73.10%
Surgical									
Intensive Care	20	20	1,832	4,884	53	2.7	13.5	67.60%	67.60%
AMI	27	27	41	236	0	5.8	0.6	2.40%	0.00%
Total	244	216	8,189	39,746	10,532				
2024	Beds	Staffed	Adm	Days	OB Days	ALOS	ADC	Occ	Occ
Medical	197	166	6,828	34,384	7,552	6.14	114.89	58.32%	69.21%
Surgical									
Intensive Care	20	20	1,693	4,760	36	2.83	13.14	65.70%	65.70%
AMI	27	24	6,621	5,322	0	0.80	14.58	54.00%	60.75%
Total	244	210	15,142	44,466	7,588				



Radius Analysis Report

Geographic inventory of licensed hospital facilities within statutory radius

CENTER POINT	COUNTY	CLASSIFICATION	STATUTORY RADIUS	HSA	HPA
41.5664°N, 87.6968°W	Cook	Chicago Metropolitan (10-mile radius)	10 miles	7 - Suburban Cook/DuPage	A-06





Facilities Within 10-Mile Radius of Cook County (5 Hospitals, 9 ASTCs)												
#	Type	Facility Name	City	Dist	M-S	ICU	OB	PED	NICU	AMI	REH	Total
1	Hosp	Advocate Southland Health Network - DBA Advocate South Suburban Hospital	Hazel Crest	0.0	197	20	—	—	—	27	—	244
2	Hosp	Franciscan Alliance, Inc. - DBA Franciscan Health-Olympia Fields	Olympia Fields	3.1	157	31	12	—	—	—	14	214
3	Hosp	Ingalls Memorial Hospital	Harvey	4.0	300	25	21	—	—	93	46	485
4	ASTC	Ingalls Same Day Surgery Center, LP	Tinley Park	5.0	—	—	—	—	—	—	—	—
5	ASTC	Southwest Surgery Center, LLC - DBA Center for Minimally Invasive Surgery	Mokena	7.6	—	—	—	—	—	—	—	—
6	ASTC	Premier Cardiac Surgery Center, PLLC	Merrionette Park	8.0	—	—	—	—	—	—	—	—
7	ASTC	Advocate Southwest Ambulatory Surgery Center, LLC - DBA Tinley Woods Surgery Center	Tinley Park	8.2	—	—	—	—	—	—	—	—
8	ASTC	Vascular Access Centers of Illinois at Morgan Park, LLC	Chicago	8.7	—	—	—	—	—	—	—	—
9	ASTC	Preferred SurgiCenter, LLC	Oriand Park	8.9	—	—	—	—	—	—	—	—
10	ASTC	Palos Health Surgery Center, LLC	Oriand Park	9.2	—	—	—	—	—	—	—	—
11	ASTC	Palos Surgicenter, LLC	Palos Heights	9.3	—	—	—	—	—	—	—	—
12	ASTC	Midwest Eye Center, SC	Calumet City	9.3	—	—	—	—	—	—	—	—
13	Hosp	Palos Community Hospital	Palos Heights	9.3	294	48	28	—	—	36	—	406
14	Hosp	Roseland Community Hospital	Chicago	9.4	77	10	17	—	—	30	—	134
TOTAL (5 Hosp, 9 ASTC)					1025	134	78	—	—	186	60	1,483



Health Planning Area (HPA) A-06

West Suburban Cook

Bed Category	Authorized	Need	Gap	% of Need
Med-Surg/Pediatric	1,022	613	+409	166.7%
Obstetrics	75	32	+43	234.4%
Intensive Care Unit	209	245	(36)	85.3%
Acute Mental Illness	278	206	+72	135.0%
TOTAL	1,584	1,096	+488	144.5%

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.



45,552

TOTAL SURGICAL CASES

5

HOSPITALS

7

ASTCS

23,017

HOSPITAL CASES

22,535

ASTC CASES

Volume by Surgical Specialty

Within 10-mile radius of Cook County

Surgical Specialty	Hospitals	ASTCs	Total Cases
OPHTHALMOLOGY	0	11,739	11,739
General	7,236	0	7,236
Orthopedic	5,104	0	5,104
PAIN_MGMT	0	3,919	3,919
Urology	2,873	0	2,873
ORTHOPEDIC	0	2,720	2,720
OB/GYN	2,074	234	2,308
GASTROENTEROLOGY	0	1,510	1,510

Top Facilities by Volume

Ranked by total surgical cases (2024)

#	Facility	Type	Cases
1	Palos Community Hospital	Hosp	9,077
2	Advocate Southland Health Network - DBA Advoca...	Hosp	6,640
3	Advocate Southwest Ambulatory Surgery Center, L...	ASTC	6,033
4	Southwest Surgery Center, LLC - DBA Center for Mi...	ASTC	4,427
5	Palos Surgicenter, LLC	ASTC	4,217
6	Ingalls Same Day Surgery Center, LP	ASTC	3,508
7	Franciscan Alliance, Inc. - DBA Franciscan Health-...	Hosp	3,479
8	Ingalls Memorial Hospital	Hosp	3,432

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.