ORIGINAL

14-023

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MAY 30 2014
HEALTH FACILITIES & SERVICES REVIEW BOARD

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	The University of Chicago Medical Center			
Street Address:	5841 South Maryland Avenue			
City and Zip Code:	Chicago 60637-1470			
County: Cook		Health Service Area	HSA 6	Health Planning Area: A-3

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	The University of Chicago Medical Center
Address:	5841 South Maryland Avenue
Name of Registered Agent:	John Satalic
Name of Chief Executive Officer:	Sharon O'Keefe
CEO Address:	5841 South Maryland Avenue
Telephone Number:	(773) 702-6240

Type of Ownership of Applicant/Co-Applicant

- ☒ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive ALL correspondence or inquiries)

Name:	John R. Beberman
Title:	Director, Capital Budget and Control
Company Name:	The University of Chicago Medical Center
Address:	14216 South Meadowview Court, Orland Park, IL 60462-2350
Telephone Number:	(773) 702-1246
E-mail Address:	john.beberman@uchospitals.edu
Fax Number:	(773) 702-8148

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	Joe Ourth
Title:	Attorney
Company Name:	Arnstein & Lehr LLP
Address:	120 S. Riverside Plaza, Suite 1200, Chicago, IL 60606
Telephone Number:	(312) 876-7100
E-mail Address:	jourth@arnstein.com
Fax Number:	(312) 876-0288

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**

Name:	John R. Beberman
Title:	Director, Capital Budget and Control
Company Name:	The University of Chicago Medical Center
Address:	14216 South Meadowview Court, Orland Park, IL 60462-2350
Telephone Number:	(773) 702-1246
E-mail Address:	john.beberman@uchospitals.edu
Fax Number:	(773) 702-8148

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	The University of Chicago Medical Center
Address of Site Owner:	5841 South Maryland Avenue, Chicago, IL 60637

Street Address or Legal Description of Site:

Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.

APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: The University of Chicago Medical Center

Address: 5841 South Maryland Avenue, Chicago, IL 60637

☒	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☐	Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** or **www.illinoisfloodmaps.org**. **This map must be in a readable format**. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 **(http://www.hfsrb.illinois.gov)**.

APPEND DOCUMENTATION AS ATTACHMENT 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT 6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

☐ Substantive

☒ Non-substantive

This Project proposes the construction of a medical office building at a site removed from UCMC's main hospital campus. This Project does not appear to establish a "facility" as defined by the Planning Act, but this application has been prepared to satisfy the requirements of a substantive project.

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

The University of Chicago Medical Center ("UCMC") proposes to construct a four-story ambulatory care medical office building, along with a two-story parking garage, at the northwest corner of 143rd Street and LaGrange Road in the Orland Park, Illinois (the "Project"). The site is located in downtown Orland Park on land owned by the Village of Orland Park, which has long worked to develop this property and to bring advanced medical care to area residents.

UCMC will lease the land on which the Project will be constructed from the Village of Orland Park and will be the owner of the entire ambulatory care medical office building and parking garage. The total project cost is expected to be $66,873,052 and will be funded with cash and securities.

The ambulatory care medical office building will include 112,988 square feet of clinical space for physician offices, examination rooms, and diagnostic and treatment facilities. Specifically, the medical office building is intended to house the following clinical components: radiation oncology with one vault for a linear accelerator; an infusion therapy center with 26 infusion rooms; a full range of diagnostic imaging, including one (1) MRI, one (1) CT, three (3) radiographic devices, two (2) ultrasound machines, a mammography and a nuclear medicine scanner; and 80 exam rooms to support orthopedics and other specialties, such as women's health, pediatrics, gastroenterology, cardiology, and surgical consulting. The fourth floor (28,103 square feet) will be reserved as shell space, likely to be used at a later time for ambulatory clinic space when expansion is required.

The Project will also contain non-clinical areas, including a basement for storage, mechanical components, electric switchgear, and incoming electrical and water service. There will also be commercial leasable space within the medical office building (14,196 square feet), likely for an independent retail pharmacy, and a two-story parking structure with 580 parking spaces (140,376 square feet).

The Project has robust community support, and initial letters of support for this Project are included in the application as Appendix A-1.

The Project is expected to be complete by June 30, 2018.

Although this Project appears not to establish a new "facility" as defined by the Planning Act, this application has been prepared to meet the requirements of a substantive project.

THE UNIVERSITY OF
CHICAGO
MEDICINE

Sharon O'Keefe
President

MC 1000 S-115
5841 South Maryland Avenue
Chicago, Illinois 60637-1470
phone (773) 702-8908
fax (773) 702-1897
sharon.okeefe@uchospitals.edu

May 26, 2014

Ms. Kathy J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson, 2nd Floor
Springfield, Illinois 62761

Re: University of Chicago Medical Center ("UCMC", the "Medical Center")
Construction of an Ambulatory Care Medical Office Building
(the "Project")
Application for Permit

Dear Chairwoman Olson:

We are pleased to submit our permit application to the Review Board for approval to provide specialized ambulatory care in a medical office building in Orland Park.

Specifically, we propose to build a four-story ambulatory care medical office building in downtown Orland Park at the corner of 143rd Street and La Grange Road. This Project will include physician office space, examination rooms, and diagnostic and treatment facilities. In addition, the Project will include space for an independent retail pharmacy and both street-level and structured parking.

Joint Effort with Village of Orland Park

This Project would be the successful culmination of long-term planning between the Village of Orland Park and UCMC. The site is located in downtown Orland Park on land owned by the Village and leased to UCMC. The Village has long worked to develop this property for the Village and desires to bring advanced medical care to area residents. Part of the Project includes a 580-vehicle parking structure for the benefit of UCMC patients and downtown Orland Park generally.

UCMC's Existing Ambulatory Care Model

Unlike many other academic medical centers or health systems with multiple ambulatory locations dispersed throughout the region, UCMC has concentrated outpatient services primarily in a single location on the south side of Chicago. Our outpatient services have been delivered in one ambulatory care facility since 1996 – its Duchossois Center for Advance Medicine ("DCAM"). The DCAM adjoins our hospital in Hyde Park and provides a home to adult primary and specialty clinics, pediatric specialty clinics, and outpatient diagnostic and treatment facilities. We designed the DCAM facility with patients' interests foremost, with the goal of bringing together ambulatory services into

one facility to improve access for patients and to increase opportunities for multi-disciplinary approaches to outpatient care.

The DCAM multi-specialty model, with its emphasis on integration and teamwork, has worked well for UCMC and its patients for almost 20 years. During this time, the delivery of medical care has continued to shift to the ambulatory setting. In fact, at UCMC, outpatient care, as a percentage of total patient care provided, has more than doubled from 20% to 42% during this same period. Changes in the standards of care, reimbursement methodologies and expectations of health care consumers all account for this shift. As a result, robust outpatient centers no longer need be adjacent to acute, inpatient hospitals but can be located closer to patients that they serve. In fact, patients demand this accessibility.

UCMC's Service Area

UCMC is an academic medical center nationally and internationally renowned for its specialized care in cancer, digestive diseases, diabetes and endocrinology, gynecology, neonatology, cardiology, orthopedics, neurology, and urology. UCMC was ranked among the nation's top hospitals by *U.S. News & World Report* in its 2013-14 "Best Hospitals" survey. In addition, UCMC plays an integral role in the regional delivery of healthcare within Illinois and, as an example, is one of ten Perinatal Centers in the State. As such, UCMC is a referral center for women with high risk pregnancies and for critically ill infants. In this capacity, UCMC and its providers serve as a resource for hospitals as far south as Kankakee, and in communities including Harvey, Clifton and Hazel Crest Illinois.

While UCMC is an anchor for patients originating from within its own community, UCMC also serves a wide geographic area comprising as many as 588 zip codes in ten states. Of these areas, approximately 112,000 outpatient visits to University of Chicago providers were attributed to patients from Planning Area A-04 in FY2013.

UCMC is committed to serving not just its immediate community, but to serving as a resource to a larger geographic area. UCMC seeks to provide greater access to its patients who come from surrounding areas, including suburbs south of the Medical Center, by bringing these services closer to the patient.

Planning Area A-04's Need for Additional Services

The need for additional exam rooms and physicians in Planning Area A-04, both in primary and specialty, care, is considerable and well documented. In particular, by 2018, this planning area will need 413 additional exam rooms to keep pace with its population growth and the anticipated impact of the Affordable Care Act; it will have a

corresponding need for 370 additional physicians over the same period.[1] Of this incremental demand for health care services, internal medicine; specialty medicine, including, without limitation, cardiology, obstetrics/gynecology, hematology/oncology, urology, and gastroenterology; and pediatrics are the largest components. Further, the need for additional diagnostic and treatment facilities in Planning Area A-04 is a natural corollary to the robust demand for exam rooms and physicians over the same time period.

Description of Current Project

To better care for the critically ill patients in the broad geographic area served by UCMC, we propose to construct a four-story ambulatory care medical office building in downtown Orland Park, a suburb proximate to the South Side of Chicago. The Project will expand outpatient capacity and accessibility to specialty care in the immediately adjacent planning area, which has a demonstrated need for health care resources and from which we already have a strong, established patient base.

This Project will include 80 examination rooms, diagnostic and treatment facilities, and additional shell space for future needs. The clinical specialties included in the Project are areas in which UCMC excels and for which there is high demand. Specialties planned for the Orland Park facility include radiation oncology, infusion therapy, and orthopedics, and may also include women's health, pediatrics, gastroenterology, cardiology and surgical consulting. In addition, there will be diagnostic imaging capability onsite for MRIs, CT scans, a linear accelerator, radiographic machines, ultrasound, and mammography.

With this Project, UCMC would continue its tradition of interdisciplinary collaboration and teamwork, and it is designed for patient-centered care. Through this new facility, we seek to make UCMC specialists, along with most advanced and innovative diagnostics and therapies, available in a convenient location for both patients and other community providers. Physician offices and procedure rooms will be located near diagnostic and treatment services, enabling patients to receive comprehensive assessment and multidisciplinary care in a timely and coordinated manner.

The Project is Necessary and Well-Timed

With its focus on overall wellness instead of hospitalization for acute spells of illness and by increasing the number of individuals with health insurance, the Affordable Care Act promises to further change the face of outpatient care. UCMC is a valuable resource to its immediate community and beyond and has a responsibility to its patients to remain viable in this complex and dynamic era of healthcare reform. In relevant part, UCMC's request to building an outpatient center is a direct response to the changing

[1] Truven MarketDiscovery Planning tool

healthcare environment, in which more care will be delivered in the ambulatory setting, with an increased focus on care coordination.

This Project is also aligned with UCMC's strategic focus on ensuring the best possible care for our patients, which requires long-term financial sustainability. This Project would enable us to fuel our three-pronged mission (clinical, research, and academic) while continuing to reinvest in the communities in which we operate – be it Orland Park or in our own back yard, Chicago's South Side.

UCMC remains one of the largest Medicaid provider in the State of Illinois. Through the new ambulatory location, we will be expanding access to high-quality, specialty outpatient services in the south suburbs most proximate to the City, which is home to numerous FQHCs and community health centers. Additionally, UCMC has robust financial assistance and charity care policies, which would be available to patients on the same terms at the new ambulatory site.

We are pleased to submit our application for the construction of an ambulatory care facility to the Review Board and look forward to working with you to fulfill our mission.

Very truly yours,

Sharon O'Keefe
President

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs			
Site Survey and Soil Investigation	$71,681	$68,319	$140,000
Site Preparation	151,848	2,093,346	2,245,194
Off Site Work			
New Construction Contracts	18,941,850	18,053,477	36,995,327
Modernization Contracts			
Contingencies	1,799,476	1,715,080	3,514,556
Architectural/Engineering Fees	1,555,599	1,482,642	3,038,241
Consulting and Other Fees	591,323	286,677	878,000
Movable or Other Equipment (not in construction contracts)	19,016,663	349,071	19,365,733
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	443,075	252,925	696,000
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	$42,571,515	$24,301,537	$66,873,052
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$42,571,515	$24,301,537	$66,873,052
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$42,571,515**	**$24,301,537**	**$66,873,052**

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☒ Yes ☐ No
Purchase Price: $ 18,150,000 over 25 years
Fair Market Value: $ See Ground Lease Letter of Intent for details.

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No – **Does not appear to be a "facility" under the Planning Act.**

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ 23,329,804

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary
☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): June 30, 2018

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
X Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:

X Cancer Registry
X APORS
X All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
X All reports regarding outstanding permits

Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available. Include observation days in the patient day totals for each bed service.** Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME: U. of Chicago Medical Center		**CITY: Chicago**			
REPORTING PERIOD DATES		**From: May 1, 2013**		**to: April 30, 2014**	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	338	15,764	96,374	0	338
Obstetrics	46	1,954	6,245	0	46
Pediatrics	60	2,874	14,479	0	60
Intensive Care	114	4,665	28,498	0	114
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care	47	687	13,732	0	47
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	**605**	**25,944**	**159,328**	**0**	**605***

* **Permit application 14-013 would increase the number of licensed ICU beds by 12.**

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of The University of Chicago Medical Center * **in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.**

Sharon O'Keefe
SIGNATURE

Sharon O'Keefe
PRINTED NAME

President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 20th day of May, 2014

Cassandra Cole
Signature of Notary

Seal "OFFICIAL SEAL" CASSANDRA COLE NOTARY PUBLIC, STATE OF ILLINOIS MY COMMISSION EXPIRES 8/3/2017

Jennifer Hill
SIGNATURE

Jennifer Hill
PRINTED NAME

Secretary
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 20th day of May, 2014

Cassandra Cole
Signature of Notary

Seal "OFFICIAL SEAL" CASSANDRA COLE NOTARY PUBLIC, STATE OF ILLINOIS MY COMMISSION EXPIRES 8/3/2017

*Insert EXACT legal name of the applicant

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Report.

APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

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

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

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

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**

2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following::

   a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;

   c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
   a. Requirements of governmental or certification agencies; or
   b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
   a. Historical utilization for the area for the latest five-year period for which data are available; and
   b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

O. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:
2. Indicate changes by Service: Indicate # of key room changes by action(s):

❑ **Outpatient Clinics (exam rooms)**	**0**	**80**
❑ **Infusion Therapy (treatment rooms)**	**0**	**26**
❑ **Radiation Oncology (linear accelerator)**	**0**	**1**
Diagnostic Imaging (equipment rooms)	**0**	**9**

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria**:

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) -	Need Determination - Establishment
Service Modernization	(c)(1) -	Deteriorated Facilities
		and/or
	(c)(2) -	Necessary Expansion
		PLUS
	(c)(3)(A) -	Utilization - Major Medical Equipment
		Or
	(c)(3)(B) -	Utilization - Service or Facility

APPEND DOCUMENTATION AS ATTACHMENT-34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application): Applicant has an A or better rating.

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall 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 from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

$66,873,052	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$66,873,052	**TOTAL FUNDS AVAILABLE**	

APPEND DOCUMENTATION AS ATTACHMENT 36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver **The University of Chicago Medical Center bond rating is A or better.**

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

1. **"A" Bond rating or better**
2. **All of the projects capital expenditures are completely funded through internal sources**
3. **The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent**
4. **The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.**

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

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

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant 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.

C. **Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

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

E. 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.

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			

MEDICAID			
Medicaid (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			
Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT 40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	**Year**	**Year**
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

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11696331.4

Section I, Type of Ownership of Applicant/Co-Applicant

Attachment 1

The University of Chicago Medical Center ("UCMC") is an Illinois not-for-profit corporation, incorporated on October 1, 1986. A copy of UCMC's Good Standing Certificate dated May 23, 2014 is attached.

ATTACHMENT 1

File Number 5439-757-7

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

THE UNIVERSITY OF CHICAGO MEDICAL CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 01, 1986, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 23RD *day of* MAY *A.D.* 2014 .

Jesse White

SECRETARY OF STATE

Authentication #: 1414301384

Authenticate at: http://www.cyberdriveillinois.com

Section I, Site Ownership

Attachment 2

A copy of a Ground Lease Letter of Intent between The University of Chicago ("UCMC"), as lessor, and the Village of Orland Park ("Village"), as lessee, dated May 13, 2014, evidencing the parties' intent to enter into a lease wherein the Village will lease approximately 27 acres, located at the northwest corner of 143rd Street and LaGrange (the "Proposed Facility Site"), to UCMC is attached.

ATTACHMENT 2

THE UNIVERSITY OF CHICAGO MEDICINE

Sharon O'Keefe
President

MC 1000 S-115
5841 South Maryland Avenue
Chicago, Illinois 60637-1470
phone (773) 702-8908
fax (773) 702-1897
sharon.okeefe@uchospitals.edu

May 13, 2014

Ms. Karie Friling
Director of Development Services
Village of Orland Park
14700 Ravinia Avenue
Orland Park, IL 60462

Dear Karie:

Attached please find a summary of the business terms proposed by University of Chicago Medical Center for the development of an approximately 120,000 sf medical office building, pharmacy and 500+ vehicle parking structure at the NWC of 143rd Street and LaGrange Avenue.
UCMC is supportive of the mixed-use, urban environment that Orland Park will be creating with the development of The Triangle. To that end, UCMC is willing to provide, at its sole cost, approximately 100 parking spaces that the Village can use for the benefit of the retail tenant to be located at the SWC of 142nd & LaGrange. We value this parking contribution at approximately $3.4 million. Furthermore, UCMC will also make its entire parking structure available to visitors to the Triangle during non-business hours during the week and during the day and evening on weekends. We hope these contributions will contribute to the Village successfully achieving the high density and mixed-use, urban environment that is planned for The Triangle site.

We remain excited about the opportunity presented by being part of The Triangle and believe the development of a shared parking structure and medical office building on this site will have many benefits for both the Village of Orland Park and UCMC.

If you have any questions, please don't hesitate to call. We appreciate your efforts to date and look forward finalizing the terms and conditions of the LOI as quickly as possible.

Sincerely,

Sharon O'Keefe
President
University of Chicago Medical Center

Cc: Timothy Blum
Marco Capicchioni

Ground Lease Letter of Intent (LOI) between

Village of Orland Park and University of Chicago Medical Center (UCMC)

May 13, 2014

Main Street Triangle:
Approximately 27-acre area located (at the northwest corner of 143rd Street and LaGrange Road in the Village of Orland Park, Illinois that is owned or controlled by the Village of Orland Park for the purposes of promoting mixed-use retail, commercial and residential development.

Premises:
3.48 acres* located within the Main Street Triangle at the northwest corner of LaGrange Road and 143rd Street, per the included LOI Site Plan.
*Premises size subject to final determination of size of lower-level parking area

Development Overview:
Within the Premises, and at its sole expense, UCMC will develop a multi-story, multi-tenant Ambulatory Care Center up to 120,000 gsf and four (4) floors with associated drive-thru and a combination of grade and structured parking estimated at 530 spaces (the "Building"). The Village understands that UCMC intends to phase the build-out of the fourth floor beyond the initial opening. It is expected that the build-out of the 4th floor will commence in 2018 or later.

Ground Lessor:
The Village of Orland Park, Illinois

Ground Lessee:
University of Chicago Medical Center

Ground Lease Term:
The Ground Lease Term shall be 25 years from building opening.

Ground Lease Commencement:
Ground Lease commencement shall occur upon mutual execution of the Ground Lease by both parties.

Ground Lease Rent Commencement:
Provided Ground Lessee is diligently pursuing entitlements, preparing construction plans or constructing improvements on the Premises, Rent Commencement shall occur thirty (30) days following the latter of (i) receipt of a Permanent Certificate of Occupancy from the Village for the building and associated parking structure and (ii) any other approvals, regulatory or otherwise, necessary for the occupancy of the Building and the delivery of services to the public by the tenant(s). The Ground Lease shall contain reasonable hurdle dates to obtain these approvals.

Annual Rent:
The ground rental rate for the Premises shall begin with the Rent Commencement Date according to the following schedule:

Years 1-15: $770,000/yr.

Years 16-25: $750,000 in year 16 and reduced by $20,000 annually through year 25.

Rent shall be paid in equal monthly installments.

Change in Tax Exempt Status:
In the event real estate taxes are imposed on the leasehold estate or any portion of the Premises occupied by Ground Lessee or other tax exempt entities, Ground Lessee's annual rent payments shall be adjusted after the 3rd year. During the TIF years, the annual payments to the Village of Orland Park schedule provided in the Section above entitled "Annual Rent" would be as follows: The greater of (a) $250,000, or (b) $250,000 plus [(Annual Rent less $250,000) less (Village income from taxes paid by Ground Lessee multiplied by 75%) multiplied by 50%]. Post TIF years, the payments to the Village of Orland Park schedule would be as follows, $250,000 plus [(Annual Rent less $250,000 less Village income from taxes paid by Ground Lessee) multiplied by 50%]. Notwithstanding above, in no event shall annual lease payments be less than $250,000.

TIF Formula:

$250,000
\+ ((Annual Rent - $250,000) – (RET x .75)) x .50
= Adjusted Lease payment

Post-TIF formula:

$250,000
\+ (Annual Rent - $250,000 – VRET) x .50
= Adjusted Lease payment

Expiration of Ground Lease:
Following expiration of Ground Lease, title to the Premises shall transfer to Ground Lessee without any additional payments to Ground Lessor.

Premises Expenses:
Ground Lessee shall be responsible for maintaining and insuring all the improvements on the Premises of every kind, including (but not limited to) the parking structure, at its sole cost and expense. This obligation is exclusive of the Retail Pad area and the Retail Pad's surface parking spaces.

Delivery Date:
Ground Lessor shall deliver the Premises to Ground Lessee in a manner that complies with the Delivery Conditions outlined below. Within three weeks of final execution of this letter of intent, UCMC and

Village agree to map out a delivery schedule time-line and identify a date by which Ground Lessor shall deliver the Premises to Ground Lessee in the condition described herein (the Delivery Date).

Delivery Condition:

The Premises shall be delivered to the Ground Lessee in pad-ready condition, free and clear of all construction debris, with all utilities (water, storm sewer, sanitary sewer, natural gas, electric) stubbed within five (5') feet of the Premises at a location and size reasonably determined by Ground Lessee by the Delivery Date. The Premises shall be delivered to the Ground Lessee by the Village in compliance with all applicable environmental laws and regulations consistent with and permitting the development of the intended use of the property as a medical facility and retail establishment.

Any costs that the Ground Lessee incurs as a direct result of the environmental condition of the Premises shall be the responsibility of the Village, including but not necessarily limited to matters relating to the potential contamination from the underground storage tanks formerly located on the Premises. Within three weeks of execution of this letter of intent, UCMC and Village shall agree on procedure and process to handle any environmental remediation. The Ground Lessee shall be permitted to abate the Ground Lease payments until these costs resulting directly from the environmental condition of the Premises are recovered by the Ground Lessee. At Lessee's election, any soils removed during the abatement process will be replaced with clean fill. Upon a mutually agreeable date, but in no event later than Ground Lessee's intended occupancy date, the Village will install Jefferson Street from 142nd Street to 143rd which will allow access points to the Premises at mutually agreeable areas. As a condition to the Ground Lease and subject to IDOT approval, Village will also maintain the existing LaGrange Road curb cut into the Premises. The Village acknowledges that it will actively support Ground Lessee in its application for the RI/RO curb cut on LaGrange.

During the Ground Lease Term and all extensions thereof, all storm water management detention and retention for the Premises shall be provided and maintained off-site by the Ground Lessor, at its sole cost and expense provided Lessee adds no additional burden to the system other than the intended use as described above. At Ground Lessee's election, Ground Lessor shall be a co-applicant along with UCMC, for securing MWRD permits necessary for the development of the Building. Notwithstanding the above, Ground Lessee shall be responsible for the costs of connecting its storm water discharge to the existing storm-water management system that serves the Village's Main Street Triangle area. This assumes that connection will be made within Jefferson Street in a mutually agreed location no further than 5' from Premises property line.

Any current or future costs related to increasing the capacity of the existing storm water management system servicing the Premises and the Main Street Triangle area due to the development of the proposed Building and improvements shall be borne by the Ground Lessor at its sole cost and expense and shall not be transferred to Ground Lessee through tap-in fees, recapture fees or special assessments, provided Lessee adds no additional burden to the system other than the intended use as described above.

The Village agrees to provide the full $600,000 credit for haul-off of spoils. If the Ground Lessor does not desire that Ground Lessee deposit excavation spoils within the Triangle, then, in lieu of the ability to deposit excavation spoils, Ground Lessee will accept a rent abatement of nine (9) months to occur in year five (5) of the lease.

In the event that the Village fails to deliver a site consistent with the Delivery Conditions outlined herein by the Delivery Date, The Village of Orland Park will reimburse UCMC for all out of pocket costs spent in architecture, planning, zoning and consultants associated with the development of the ambulatory project. These costs will be more defined and capped during ground lease negotiations.

Exclusivity:
Subject to the rights of any pre-existing leases, so long as Ground Lessee is delivering healthcare related services at the Building, then Ground Lessor will restrict and prohibit the delivery of medical and pharmacy related services on any property within the Main Street Triangle area.

Notwithstanding the above, if UCMC is not offering a particular healthcare related service, then Village shall be permitted to provide notice to UCMC that unless UCMC commences providing that particular service at the Premises within twelve (12) months of notice, then Village shall be permitted to lease space within the Triangle to another entity for purposes of providing that healthcare service and no other service.

Site Access:
Following Ground Lease Commencement, and at its sole expense and liability, Ground Lessee shall be granted access to the Premises to begin site work and development-related activities.

Municipal Approvals:
While formal site plan and design approval will need to be secured by the Ground Lessee, the Village of Orland Park, by virtue of entering into a Ground Lease agreement for the Development, will acknowledge that it is conceptually supportive of the services to be located within the Building (including drive-thru services) and the size and scope of the Building planned for the Premises, the number of parking spaces being provided, and the generally proposed site plan including the movement of Jefferson Street approximately 16' to the west. Ground Lessee acknowledges that it is conceptually supportive of a mixed-use development concept that the Village desires for the Main Street Triangle and that reasonable shared parking (including provisions of off-site parking) is a critical feature.

Monument Signage:
If a monument sign is provided at either the 142nd Street or Ravinia Avenue entrances to the Triangle, the UCMC and CVS will be permitted panels on said sign(s).

Contingency:
Prior to Rent Commencement, the Ground Lease shall be contingent upon receipt by the Ground Lessee (or by the tenants of the Building) of all required approvals, municipal or otherwise (including, but not limited to, a Certificate of Need issued by the Illinois Healthcare Facilities Review Board), necessary, in

Ground Lessee's sole judgment, for the development, construction of, and occupancy of the Building and the delivery of the proposed medical services and retail uses at the Building by its tenants (collectively the "Approvals"). Ground Lessee shall have up to 365 days from the execution of the the letter of intent to obtain these Approvals. Furthermore, following the expiration of the initial 365 day Contingency Period, so long as the Ground Lessee is diligently pursuing the receipt of any and all approvals it deems necessary for the development and occupancy of the Project, then Ground Lessee shall be permitted to extend the Contingency Period for nine (9) periods of thirty (30) days each by paying to the Village $20,000 for each 30 day extension period. Any payments shall be non-refundable in the event Ground Lessee terminates the Ground Lease, but shall be applicable to future Rent Payments in the event that the Ground Lease remains in full effect following the expiration of the Contingency Period and any extensions thereof.

Ground Lessee shall be permitted to terminate the Ground Lease at any time prior to Rent Commencement, at its sole discretion, if it or its tenants are unable to receive any required Approval or if it anticipates, in its sole judgment, that it is likely that it or its tenants will be unable to receive in a timely manner any required Approval.

Adjacent Parcel Landscaping

During the Ground Lease Term and before any permanent development, the Ground Lessor shall maintain the parcels immediately to the west and north of the Premises with grass cover in a manner similar to Crescent Park, or other reasonably acceptable manner such as a parking lot.

On-Site Parking:

As part of its development, Ground Lessee shall construct on the Premises a parking structure that contains approximately 530 parking spaces consisting of a combination of surface and below-grade spaces (the On-Site Parking).

Ground Lessee shall provide the occupant of the retail pad located at the SWC of 142nd & LaGrange (the Retail Pad) access to up to 150 of the On-Site Parking spaces (the Retail Pad Spaces). The location and distribution of the Retail Pad Spaces shall be as follows:

- approximately 50 surface parking spaces located in the area immediately to the west of the Retail Pad;
- approximately 100 below-grade parking spaces located within the northern most section of the below-grad parking structure

There shall be no restrictions on the hours that the Retail Pad occupant may be permitted access to the Retail Pad Spaces. Notwithstanding the above, during weekdays between the hours of 8:00 a.m to 6:00 pm, the Ground Lessor may require the occupant of the Retail Pad to utilize a valet system to ensure adherence to the usage and location of the Retail Pad Spaces as described above. The cost for such valet system would be borne solely by the occupant of the Retail Pad.

Upon Rent Commencement, Ground Lessee shall be reimbursed for its direct costs associated with the installation of these surface spaces for the Retail Pad occupant's use. The estimated cost for these 50 spaces is $4750 per space.

Nothing contained herein shall permit the Retail Pad occupant to exclusively reserve or restrict parking spaces for its own use at the exclusion of other visitors to the Triangle.

Ground Lessee shall also make the On-Site Parking spaces at the Premises available for Main Street Triangle occupants between 6:00 pm and 4:00 am on weekdays, and all day on weekends. The availability of these parking spaces, including the total number of spaces shall be subject to a shared parking formula that will be mutually and reasonably agreed upon by both parties. In exchange for granting this parking access, Ground Lessor and the Village of Orland Park shall provide Ground Lessee with liability indemnification in a form and manner that is acceptable to the Ground Lessee. These terms shall be further outlined in a perpetual, reciprocal access, operating, and parking agreement between MCMC and the Village.

Additional Parking:
UCMC feels that the number of parking spaces currently proposed for the Premises will be sufficient to satisfy the parking requirements of all occupants (UCMC, CVS and Retail Pad). However, if the Village desires additional parking to be provided as part of the UCMC development, UCMC agrees to build up to 50 additional spaces and the Village agrees to contribute $17,000 per stall for additional below grade parking spaces to be located in the area below the Retail Pad's surface parking area. Upon Rent Commencement, Ground Lessee shall be reimbursed for the costs associated with the additional parking.

Furthermore, if a second elevator is required to service the below-grade parking, then the Village shall contribute an amount equal to the cost of that elevator installation.

Due Diligence:
Following Lease Commencement or earlier pursuant to an early entry agreement or the Letter of Intent, Ground Lessee shall have a period of 120 days to perform geo-technical and environmental testing, and any other testing and inspections necessary for Ground Lessee to evaluate the Premises in its sole discretion (the "Due Diligence Period"). During the Due Diligence Period, Ground Lessee shall be permitted to terminate the Ground Lease for any reason, at its sole discretion.

Notwithstanding the above, the Ground Lessee is willing to conduct portions of the Due Diligence related work in advance of the execution of the Ground Lease in order to accelerate the development schedule and in turn the Rent Commencement date. Within three weeks of execution of this Letter of Intent, Ground Lessor or Ground Lessee will enter into an Early Entry Agreement which will permit site investigation activities to be performed prior to Lease execution.

Hours of Use:

There will be no restrictions on the hours of use for UCMC or any ground floor retail tenant beyond already existing Village code limitations. Notwithstanding the above, Village will not contest any attempt by occupants of the Premises to request hours of use that are similar to other uses of this nature elsewhere in the Chicago metropolitan region. Furthermore, subsequent to the execution of the Ground Lease, if the Village alters the permitted hours of use for the types of services provided at the Premises, then the occupants of the Premises shall be grand fathered and they shall be permitted to remain the hours of use in place at time of Ground Lease execution.

Non-Binding:

This LOI does not include material and substantive business terms that still must be negotiated between both parties and therefore is not intended to be, nor should it be considered, a binding agreement. The terms and conditions set forth herein are subject to final Village of Orland Park and UCMC board approval and further mutual negotiation and agreement and are not binding upon any party unless, and until, they are embodied in a final and legally binding mutually acceptable agreement(s) signed by all parties. After 90 days from receipt, the LOI shall be void and of no force and effect unless extended by mutual agreement of the parties.

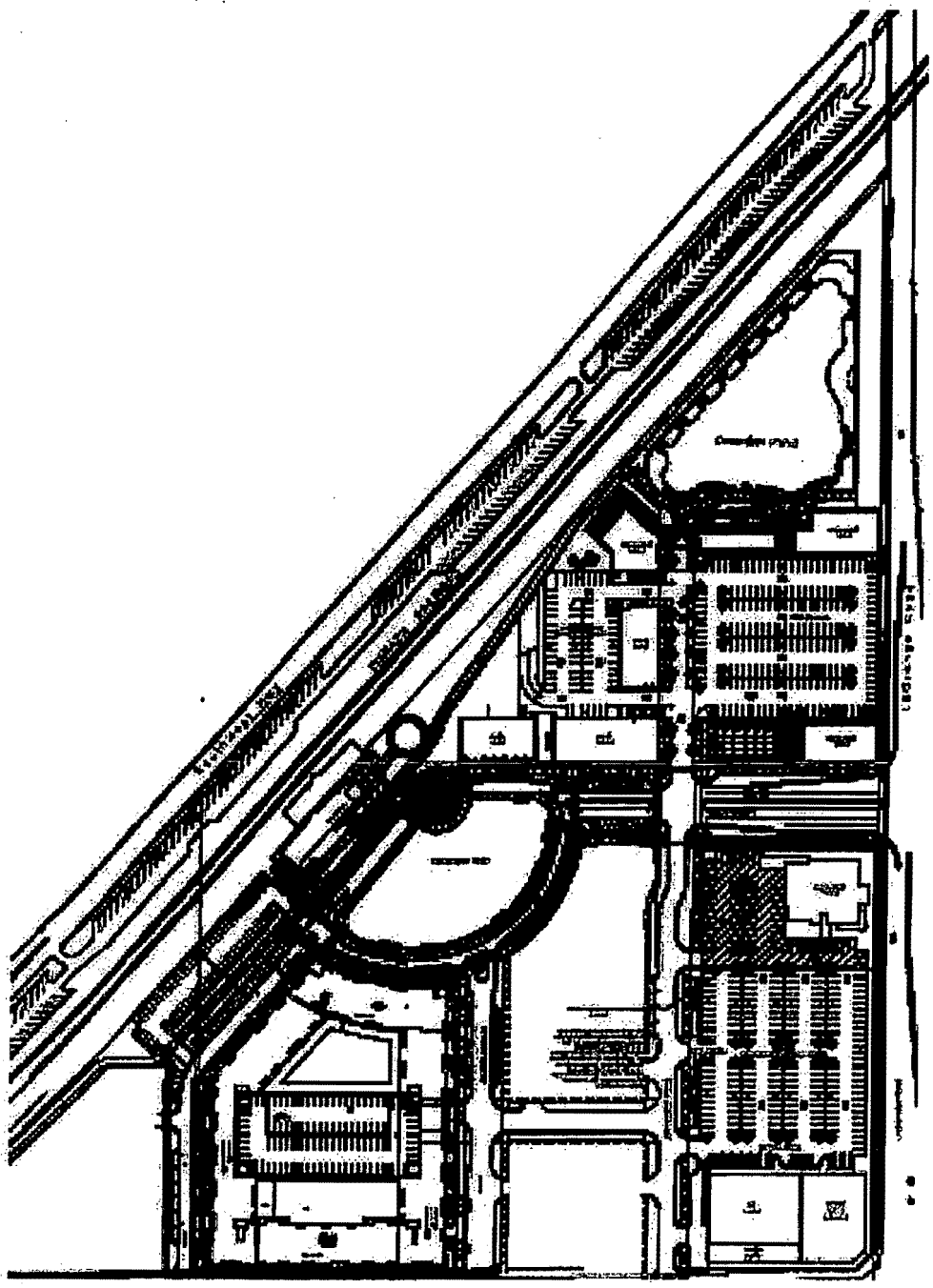
Sincerely,

Sharon O'Keefe
President
University of Chicago Medical Center
Date: 5/13/2014

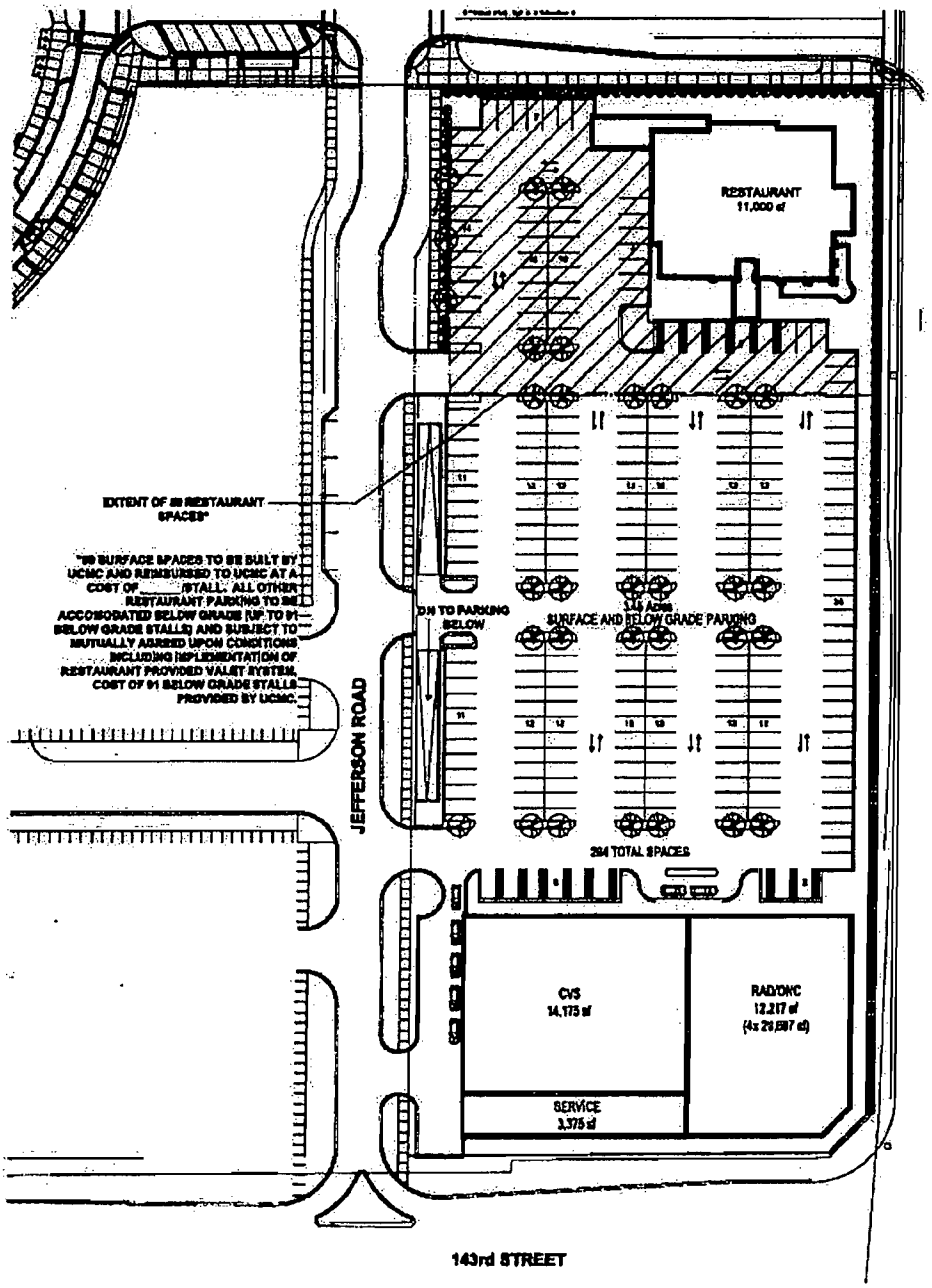
Daniel McLaughlin
Mayor
Village of Orland Park
Date: 5/13/2014

Cc: Marco F. Capicchioni

Conceptual LOI Site Plan (Macro)



Conceptual LOI Site Plan to and subject to future planning and engineering



Section I, Operating Identity/Licensee

Attachment 3

The University of Chicago Medical Center ("UCMC") is an Illinois not-for-profit corporation, incorporated on October 1, 1986. A copy of UCMC's Good Standing Certificate dated May 23, 2014 is attached.

File Number 5439-757-7

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

THE UNIVERSITY OF CHICAGO MEDICAL CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 01, 1986, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 23RD *day of* MAY *A.D.* 2014 .

Jesse White

SECRETARY OF STATE

Authentication #: 1414301384

Authenticate at: http://www.cyberdriveillinois.com

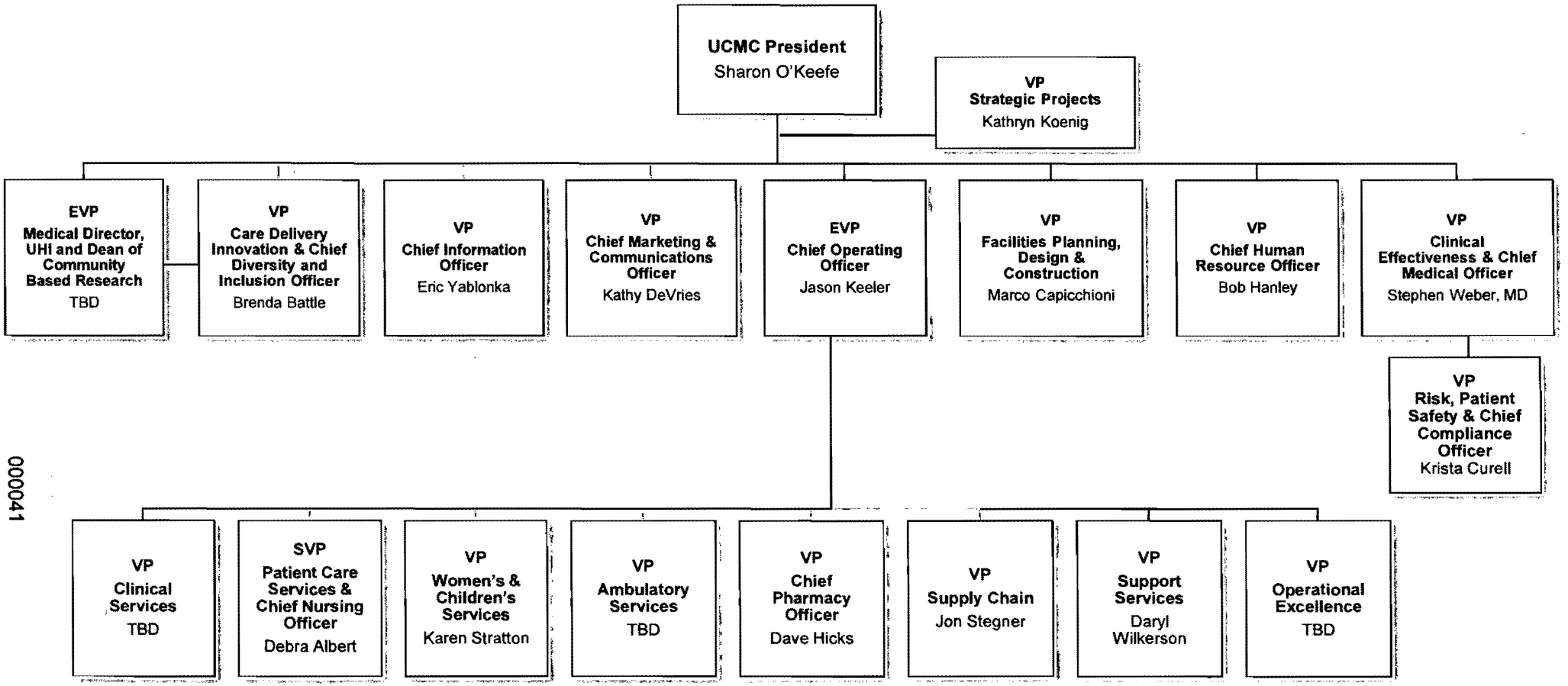
Section I, Organizational Relationships

Attachment 4

A copy of UCMC's Senior Management Team organizational chart is attached. There are no other subsidiary corporate entities.

ATTACHMENT 4

Operational Focus
2014 UCMC Senior Management Team



000041

THE UNIVERSITY OF CHICAGO MEDICINE
THE UNIVERSITY OF CHICAGO MEDICAL CENTER

Section I, Flood Plain Requirement

Attachment 5

A letter attesting that the site of the Project is not located in a flood plain and that the Project complies with the Flood Plain Rules under Illinois Executive Order #2005-5 is attached.

ATTACHMENT 5

THE UNIVERSITY OF CHICAGO MEDICINE

Sharon O'Keefe
President

MC 1000 S-115
5841 South Maryland Avenue
Chicago, Illinois 60637-1470
phone (773) 702-8908
fax (773) 702-1897
sharon.okeefe@uchospitals.edu

May 20, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

In Re: Flood Plain Requirements

Dear Ms. Avery:

We hereby attest that our proposed project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. The accompany map from www.illinoisfloodmaps.org indicates that the site of our project is judged "Area of Minimal Flood Hazard"

Sincerely,

The University of Chicago Medical Center

Sharon O'Keefe

President

Notarization:
Subscribed and sworn to before me
This 20th day of May, 2014

Signature of Notary Public

Seal

"OFFICIAL SEAL"
CASSANDRA COLE
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 8/3/2017

// Make spelling changes

Cook County Map Panels

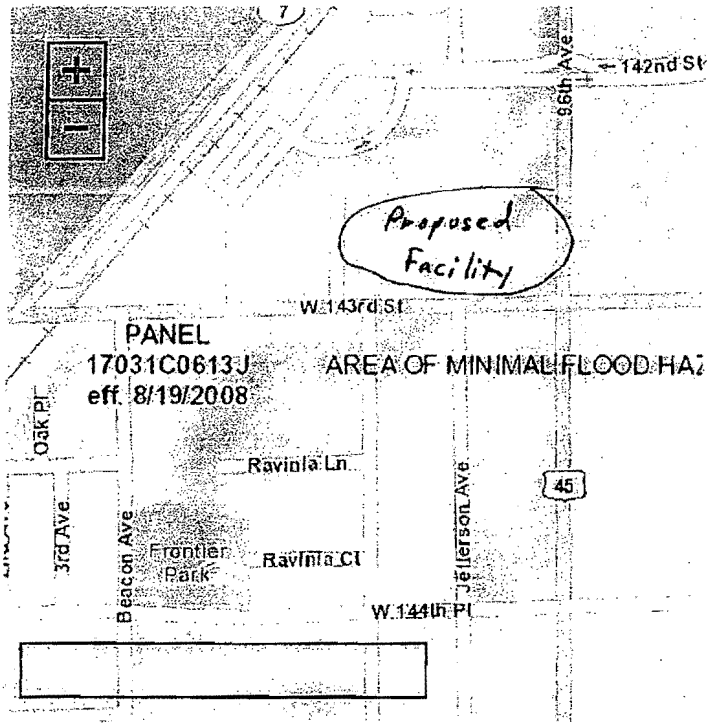
Effective Flood Insurance Rate Maps for Cook County may be viewed and/or downloaded at the FEMA Map Service Center

... even more!

Below are links to resources pertaining to Cook County

- Chicago River Watershed Discovery
- Des Plaines Watershed Discovery
- Lower Fox Watershed Discovery
- Upper Fox Watershed Discovery
- Unmapped Special Flood Hazard Areas (SFHA) (pdf)
- Destined for DFIRMs - stream studies becoming flood maps
- Effective DFIRMs Map Search on FEMA's Map Service Center
- FEMA's National Flood Hazard Layer (NFHL) download

NFHL Viewer (flood data displays when zoomed in)



What is a DFIRM?

The DFIRM Database is a digital version of the FEMA flood insurance rate map that is designed for use with digital mapping and analysis software.

A sample DFIRM showing areas of greater flood risk in blue
The DFIRM is designed to provide the user with the ability to determine the flood zone, base flood elevation and the floodway status for a particular location. It also has NFIP community information, map panel information, cross-section and hydraulic structure information, and base map information like road, stream, and public land survey data.

2006-05

CONSTRUCTION ACTIVITIES IN SPECIAL FLOOD HAZARD AREAS

WHEREAS, the State of Illinois has programs for the construction of buildings, facilities, roads, and other development projects and annually acquires and disposes of lands in floodplains; and

WHEREAS, federal financial assistance for the acquisition or construction of insurable structures in all Special Flood Hazard Areas requires State participation in the National Flood Insurance Program; and

WHEREAS, the Federal Emergency Management Agency has promulgated and adopted regulations governing eligibility of State governments to participate in the National Flood Insurance Program (44 C.F.R. 59-79), as presently enacted or hereafter amended, which requires that State development activities comply with specified minimum floodplain regulation criteria; and

WHEREAS, the Presidential Interagency Floodplain Management Review Committee has published recommendations to strengthen Executive Orders and State floodplain management activities;

NOW THEREFORE, by virtue of the authority vested in me as Governor of the State of Illinois, it is hereby ordered as follows:

2. All State Agencies engaged in any development within a Special Flood Hazard Area shall undertake such development in accordance with the following:

   A. All development shall comply with all requirements of the National Flood Insurance Program (44 C.F.R. 59-79) and with all requirements of 92 Illinois Administrative Code Part 700 or 92 Illinois Administrative Code Part 708, whichever is applicable.

   B. In addition to the requirements set forth in preceding Section A, the following additional requirements shall apply where applicable:

      1. All new Critical Facilities shall be located outside of the floodplain. Where this is not practicable, Critical Facilities shall be developed with the lowest floor elevation equal to or greater than the 500-year frequency flood elevation or structurally dry floodproofed to at least the 500-year frequency flood elevation.

      2. All new buildings shall be developed with the lowest floor elevation equal to or greater than the Flood Protection Elevation or structurally dry floodproofed to at least the Flood Protection Elevation.

      3. Modifications, additions, repairs or replacement of existing structures may be allowed so long as the new development does not increase the floor area of the existing structure by more than twenty (20) percent or increase the market value of the structure by fifty (50) percent, and does not obstruct flood flows. Floodproofing activities are permitted and encouraged, but must comply with the requirements noted above.

3. State Agencies which administer grants or loans for financing development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of this Order.

4. State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of this Order.

5. State Agencies engaged in planning programs or programs for the promotion of development shall inform participants in their programs of the existence and location of Special Flood Hazard Areas and of any State or local floodplain requirements in effect in such areas. Such State Agencies shall ensure that proposed development within Special Flood Hazard Areas would meet the requirements of this Order.

6. The Office of Water Resources shall provide available flood hazard information to assist State Agencies in carrying out the responsibilities established by this Order. State Agencies which obtain new flood elevation, floodway, or encroachment data developed in conjunction with development or other activities covered by this Order shall submit such data to the Office of Water Resources for their review. If such flood hazard information is used in determining design features or location of any State development, it must first be approved by the Office of Water Resources.

1. For purpose of this Order:

A. "Critical Facility" means any facility which is critical to the health and welfare of the population and, if flooded, would create an added dimension to the disaster. Damage to these critical facilities can impact the delivery of vital services, can cause greater damage to other sectors of the community, or can put special populations at risk. The determination of Critical Facility will be made by each agency.

Examples of critical facilities where flood protection should be required include:
Emergency Services Facilities (such as fire and police stations)
Schools
Hospitals
Retirement homes and senior care facilities
Major roads and bridges
Critical utility sites (telephone switching stations or electrical transformers)
Hazardous material storage facilities (chemicals, petrochemicals, hazardous or toxic substances)

Examples of critical facilities where flood protection is recommended include:
Sewage treatment plants
Water treatment plants
Pumping stations

B. "Development" or "Developed" means the placement or erection of structures (including manufactured homes) or earthworks; land filling, excavation or other alteration of the ground surface; installation of public utilities; channel modification; storage of materials or any other activity undertaken to modify the existing physical features of a floodplain.

C. "Flood Protection Elevation" means one foot above the applicable base flood or 100-year frequency flood elevation.

D. "Office of Water Resources" means the Illinois Department of Natural Resources, Office of Water Resources.

E. "Special Flood Hazard Area" or "Floodplain" means an area subject to inundation by the base or 100-year frequency flood and shown as such on the most current Flood Insurance Rate Map published by the Federal Emergency Management Agency.

F. "State Agencies" means any department, commission, board or agency under the jurisdiction of the Governor; any board, commission, agency or authority which has a majority of its members appointed by the Governor; and the Governor's Office.

7. State Agencies shall work with the Office of Water Resources to establish procedures of such Agencies for effectively carrying out this Order.

8. **Effective Date.** This Order supersedes and replaces Executive Order Number 4 (1979) and shall take effect on the first day of.

Rod R. Blagojevich, Governor

Issued by Governor: March 7, 2006
Filed with Secretary of State: March 7, 2006

Section I, Historic Resources Preservation Act Requirements

Attachment 6

Attached is a letter from the Illinois Historic Preservation Agency dated March 7, 2014 noting that the Project meets the Secretary of the Interior's "Standard for Rehabilitation and Guidelines for Rehabilitation of Historic Buildings" and will not result in any adverse effect.

Illinois Historic Preservation Agency

1 Old State Capitol Plaza, Springfield, IL 62701-1512

FAX (217) 524-7525
www.illinoishistory.gov

Cook County
Orland Park
Demolition and New Construction to Establish an Outpatient Clinical Facility
NW Corner 143rd St. and LaGrange Road (96th Ave./U.S. Route 45)
IHPA Log #009022114

March 7, 2014

John R. Beberman
The University of Chicago Hospitals
Capital Budget and Control
MC 0953
850 E. 58th St.
Chicago, IL 60637-1459

Dear Mr. Beberman:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker

Anne E. Haaker
Deputy State Historic
Preservation Officer

Section I, Project Costs and Source of Funds

Attachment 7

Project Costs and Source of Funds

		Total	Clinical	Non-Clinical
Site Survey and Soil Investigation				
Survey	35,000			
Testing	60,000			
Soils Analysis, Environmental	45,000			
		140,000	71,681	68,319
Site Preparation				
Earthwork	1,782,849			
Asphalt Paving	41,247			
Site Concrete	120,898			
Sewer and Water	32,200			
Landscaping	200,000			
Construction Layout	50,000			
Fences and Gates	18,000			
		2,245,194	151,848	2,093,346
New Construction				
Four Story Building	26,043,767			
Parking Deck	10,038,560			
Telecom/IT Built-In Equip.	400,000			
Security Devices	240,000			
Signage - Exterior	120,000			
Signage - Interior	133,000			
Lock Cylinders, Keys	20,000			
		$36,995,327	$18,941,850	18,053,477
Contingencies		3,514,556	1,799,476	1,715,080
Architectural/Engineering Fees		3,038,241	1,555,599	1,482,642
Consulting and Other Fees				
Materials Testing	300,000			
Legal	30,000			
Program Manager	100,000			
Equipment Planner	200,000			
CON Consultant	45,000			
CON Fee	100,000			
Developer Manager	12,000			
City Permit Fees	51,000			
IDPH Review Fees	40,000			
		878,000	591,323	286,677

ATTACHMENT 7

Movable and Other Equipment				
Outpatient Clinics	2,986,772			
Infusion Therapy	1,939,294			
Radiation Oncology	6,015,241			
Diagnostic Imaging	8,075,355			
Administrative	329,090			
Support, Mechanical, Other	19,981			
		19,365,733	19,016,663	349,071
Other Costs to be Capitalized				
Environmental Services	125,000			
Movers	138,000			
Window Treatments	70,000			
Cubicle Curtains	85,000			
Chart Racks	22,000			
Art Work	56,000			
Capitalized Staff Salaries	200,000			
		696,000	443,075	252,925
Total Costs		**$66,873,052**	**$42,571,515**	**$24,301,537**

ATTACHMENT 7

Equipment Detail

	Equipment	Furnishings	Total
Outpatient Clinics			
Nurse station	$253,357	$32,454	
Consult	21,970	46,222	
Clean Supply	86,413	0	
Soiled Utility	47,271	0	
Dressing	23,909	27,100	
Cart storage	78,676	0	
Waiting	35,404	115,261	
Equipment storage	17,484	0	
Wellness Center	378	16,391	
Exam Rooms	1,054,394	57,696	
Record Storage	16,391	0	
Treatment (8)	662,455	21,855	
Exam tables w/o power (70)	175,000		
Exam tables w/power (18)	196,691		
Total Clinics	$2,669,794	$316,978	$2,986,772
Infusion Therapy			
Patient pantry	$2,674	$0	
Blanket warmer, nourishment	34,634	0	
Work room	346	15,298	
Charting alcove	19,045	0	
Shared equipment room	17,484	0	
Phlebotomy work area	7,086	2,623	
Phlebotomy draw	1,787	4,043	
Chemo preparation	44,912	0	
Private chemo room (13)	1,036,004	40,486	
Chemo treatment area (12)	676,158	36,716	
Total Infusion Therapy	$1,840,129	$99,165	$1,939,294
Radiation Oncology			
Lounge	$21,039	$26,925	
Conference	94,133	59,007	
Linear Accelerator	3,721,577	0	
Treatment Planning	747,862	26,225	
Aria information system	416,329	0	
Mold block	12,679	0	
Physicist Lab	133,149	0	
CT Simulation	756,316	0	
Total Rad Onc	$5,903,084	$112,157	$6,015,241

ATTACHMENT 7

Diagnostic Imaging			
CT	$1,477,039	$4,714	
MRI	1,859,494	2,732	
Ultrasound (2)	790,479	10,927	
General Rad (2)	1,096,442	10,927	
X-Ray (Ortho)	548,221	5,464	
Mammography	548,221	5,464	
Nuclear Medicine	548,221	5,464	
PACS Infrastructure	928,818	0	
Reading Room	145,311	87,418	
Total Imaging	$7,942,246	$133,109	$8,075,355
Administration			
Offices, Conf. rms	$57,080	$157,353	
Hoteling	19,796	69,935	
Reception	15,093	9,835	
Total Admin	$91,968	$237,122	$329,090
Support			
Toilet	$19,981	$0	$19,981
Grand Total	**$18,467,201**	**$898,532**	**$19,365,733**

ATTACHMENT 7

Section I, Cost Space Requirements

Attachment 9

Department/Area	Cost	Gross Square Feet Existing	Gross Square Feet Proposed	Amount of Proposed Total GSF That Is: New Constr.	Modern	As Is	Vacated Space
Reviewable:							
Outpatient Clinics	$14,126,784	289,972	324,293	34,321		289,972	
Infusion Therapy	4,493,071	10,182	17,948	7,766		10,182	
Radiation Oncology	8,398,383	43,085	49,079	5,994		43,085	
Diagnostic Imaging	11,626,672	117,306	126,301	8,995		117,306	
Shelled	3,926,604	239,855	267,958	28,103		239,855	
Total Reviewable	$42,571,514	700,400	785,579	85,179	0	700,400	0
Nonreviewable:							
Mechanical, Other Bldg. Systems	$6,119,645	957,040	979,049	22,009		957,040	
Administrative	2,010,633	1,090,700	1,096,500	5,800		1,090,700	
Commercial To Be Leased	1,983,492	8,102	22,298	14,196		8,102	
Parking Deck	14,187,768	854,931	995,307	140,376		854,931	
Total Nonreviewable	$24,301,538	2,910,773	3,093,154	182,381	0	2,910,773	
Grand Total	$66,873,052	3,611,173	3,878,733	267,560	0	3,611,173	0

ATTACHMENT 9

Section III, Background of Applicant

Attachment 11

1. **A listing of all health care facilities owned by the applicant, including licensing, and certification if applicable.**

   UCMC's full general hospital license #2132869, effective July 1, 2013, issued by the Illinois Department of Public Health, is attached. UCMC's most recent accreditation letter from the Joint Commission, dated July 12, 2013, is attached.

2. **A certified listing of any adverse action taken against any facility owned and/or operated by applicant during the three years prior to the filing of the application.**

   There have been no adverse actions taken against UCMC within the prior three years. A letter attesting to this fact is attached.

3. **Authorization permitting HFSRB and DPH access to documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other States; when applicable; and the records of nationally recognized accreditation organizations.**

   A letter granting the Review Board and the Illinois Department of Public Health access to information to verify information in the application is attached.

State of Illinois 2132869
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Issued under the authority of
The State of Illinois
Department of Public Health

LA MAR HASBROUCK, MD, MPH
DIRECTOR

EXPIRATION DATE	CATEGORY	I.D. NUMBER
06/30/14	8680	0003897

FULL LICENSE

GENERAL HOSPITAL

EFFECTIVE: 07/01/13

BUSINESS ADDRESS

THE UNIVERSITY OF CHICAGO MEDICAL CENTE
5841 SOUTH MARYLAND
MC 1112 OFFICE COPY
CHICAGO IL 60637

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

↓

State of Illinois 2132869
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

THE UNIVERSITY OF CHICAGO MEDICAL CEN

EXPIRATION DATE	CATEGORY	I.D. NUMBER
06/30/14	8680	0003897

FULL LICENSE

GENERAL HOSPITAL

EFFECTIVE: 07/01/13

05/04/13

THE UNIVERSITY OF CHICAGO MEDICAL
5841 SOUTH MARYLAND
MC 1112
CHICAGO IL 60637

FEE RECEIPT NO.

000057

The Joint Commission

July 12, 2013

Sharon O'keefe
President
University of Chicago Medical Center
5841 South Maryland Avenue
Chicago, IL 60637

Joint Commission ID #: 7315
Program: Hospital Accreditation
Accreditation Activity: 60-day Evidence of Standards Compliance
Accreditation Activity Completed: 07/11/2013

Dear Ms. O'keefe:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning March 23, 2013. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark Pelletier

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

THE UNIVERSITY OF CHICAGO MEDICINE

Sharon O'Keefe
President

MC 1000 S-115
5841 South Maryland Avenue
Chicago, Illinois 60637-1470
phone (773) 702-8908
fax (773) 702-1897
sharon.okeefe@uchospitals.edu

May 20, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: University of Chicago Medical Center Permit Application – No Adverse Action

Dear Ms. Avery:

Please be advised that no disciplinary action relative to "Adverse Action" as defined under Section 1110.230(a)(1) of the Review Board Rules has been adjudicated against The University of Chicago Medical Center, or against any health care facility owned or operated by it, directly or indirectly, within three (3) years preceding the filing of the permit application.

Sincerely,

The University of Chicago Medical Center

Sharon O'Keefe
President

Notarization:
Subscribed and sworn to before me
This 20th day of May, 2014

Signature of Notary Public

Seal

"OFFICIAL SEAL"
CASSANDRA COLE
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 8/3/2017

THE UNIVERSITY OF CHICAGO MEDICINE

Sharon O'Keefe
President

MC 1000 S-115
5841 South Maryland Avenue
Chicago, Illinois 60637-1470
phone (773) 702-8908
fax (773) 702-1897
sharon.okeefe@uchospitals.edu

May 20, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: University of Chicago Medical Center Permit Application – Access to Information

Dear Ms. Avery:

I hereby authorize the State Board and State Agency access to information from any licensing/certification agency in order to verify any and all documentation or information submitted in relation to this permit application. I further authorize the Illinois Department of Public Health to obtain any additional documentation or information that said agency deems necessary for the review of the application as it pertains to Section 1110.230(a)(3)(C) of the Review Board Rules.

Sincerely,

The University of Chicago Medical Center

Sharon O'Keefe
President

Notarization:
Subscribed and sworn to before me
This 20th day of May, 2014

Signature of Notary Public

Seal

"OFFICIAL SEAL"
CASSANDRA COLE
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 8/3/2017

Section III, Purpose of Project

Attachment 12

Overview of Purpose

The University of Chicago Medical Center ("UCMC") proposes to construct a four-story ambulatory care medical office building, along with a two-story parking garage, at the northwest corner of 143rd Street and LaGrange Road in Orland Park, Illinois, a suburb proximate to the South Side of Chicago (the "Project"). The ambulatory care medical office building will include 112,988 square feet of clinical space for physician offices, examination rooms, and diagnostic and treatment facilities.

The purpose of the Project is to better care for the critically ill patients in the broad geographic area served by UCMC. The Project will expand outpatient capacity and accessibility to specialty care in the immediately adjacent Planning Area A-04, which has a demonstrated need for specialty health care resources and from which UCMC already has a strong, established patient base. Population growth in Planning Area A-04, along with the corresponding need for medical services, remains strong and is projected to significantly outpace its existing supply by 2018.

The Project would improve the delivery of complex, specialized health care to residents in Planning Area A-04 and the overall well-being of the communities therein.

1. **Document that the Project will provide health care services that improve the health care or well-being of the market area population to be served.**

   UCMC is a nationally recognized leader in patient care, research and medical education. Renowned for treating some of the most complex medical cases, UCMC brings the very latest medical treatments to patients in Chicago's South Side community and continues to invest in the capital resources necessary to maintain this effort. The Project would provide current and future patients in the immediately adjacent Planning Area A-04 with access to the same high-quality patient care and groundbreaking research and treatments currently available to patients at UCMC's Hyde Park Campus. Through the Project, UCMC seeks to facilitate access to integrated, multi-specialty ambulatory care, to mitigate the projected shortage of physicians and exam rooms in Planning Area A-04, and to minimize travel distances for existing patients who currently commute from south suburban locations.

2. **Define the planning area or market area, or other, per the applicant's definition.**

   UCMC is an academic medical center nationally and internationally renowned for its specialized care in cancer, digestive diseases, diabetes and endocrinology, gynecology, neonatology, cardiology, orthopedics, neurology, and urology. UCMC was ranked among the nation's top hospitals by *U.S. News & World Report* in its 2013-14 "Best Hospitals" survey. In addition, UCMC plays an integral role in the regional delivery of

healthcare within Illinois and, as an example, is one of ten Perinatal Centers in the State of Illinois. As such, UCMC is a referral center for women with high risk pregnancies and for critically ill infants. In this capacity, UCMC and its providers serve as a resource for hospitals as far south as Kankakee, and in communities including Harvey, Clifton and Hazel Crest Illinois.

UCMC's primary service area closely approximates Planning Area A-03, the Chicago South Planning Area. Planning Area A-03 is roughly bounded by Roosevelt Road (12th Street) to the north, Cicero Avenue to the west, 127th Street to the south, and Lake Michigan/Indiana state line to the east.

While UCMC is an anchor for patients originating from within its own community, it also serves a wide geographic area comprising as many as 588 zip codes in ten states. Of these areas, approximately 112,000 outpatient visits to UCMC providers were attributed to patients from Planning Area A-04 in FY2013.

UCMC is committed to serving not only its immediate community, but also as a resource to a larger geographic area. UCMC seeks to provide greater access to its patients who come from surrounding areas, including suburbs south of UCMC's main campus in Hyde Park, by bringing these services closer to the patient.

3. **Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the Project.**

A. Increased demand for ambulatory care.

Over the past twenty (20) years, the delivery of health care has shifted to an even greater emphasis on the ambulatory setting. In fact, at UCMC, outpatient care, as a percentage of total patient care, has more than doubled from 20% to 42% during this time period. Changes in technology, the standards of care, reimbursement methodologies and expectations of health care consumers all account for this shift. As a result, robust outpatient centers no longer need be adjacent to acute, inpatient hospitals, but can be located closer to the patients that they serve. In fact, patients demand this accessibility. With its focus on overall wellness instead of hospitalization for acute spells of illness and by increasing the number of individuals with health insurance, the Affordable Care Act promises to further change the face of outpatient care.

B. Incremental demand for exam rooms, physicians, and ancillary services in Planning Area A-04 will outpace supply within the next five (5) years.

The need for additional exam rooms and physicians in Planning Area A-04, both in primary and specialty care, is considerable and well documented. In particular, by 2018, this planning area will need 413 additional exam rooms to keep pace with its population growth and the anticipated impact of the Affordable Care Act. It will have a

corresponding need for 370 additional physicians over the same period.[1] Of this incremental demand for health care services, internal medicine; specialty medicine, including, without limitation, cardiology, obstetrics/gynecology, hematology/oncology, urology, and gastroenterology; and pediatrics are among the largest components. Specifically, in 2013, there was a calculated need for 86 more adult specialty physicians in the planning area, including hematology/oncology, and 89 more surgeons, including those specializing in orthopedic surgery. The current shortfall of physicians in Planning Area A-04 suggests a pattern of outmigration, *e.g.*, that patients currently must leave the planning area to be treated.

C. Current ambulatory care facility in Hyde Park not conveniently located for patients.

Unlike many other academic medical centers or health systems with multiple ambulatory locations dispersed throughout the region, UCMC has concentrated outpatient services in a single location on the South Side of Chicago. While UCMC draws patients seeking tertiary and quaternary medical care from all across the State of Illinois, its outpatient services have primarily been delivered in one ambulatory care facility on its Hyde Park campus since 1996. If high-level, coordinated and comprehensive multi-specialty care is needed, many patients must travel to UCMC's main campus for continued care. UCMC's remote location can be inconvenient, especially for patients with complex illnesses, and means that patients spend a significant amount of time commuting for follow-up appointments and further treatment.

4. Cite the sources of the information provided as documentation.

UCMC undertakes ongoing internal utilization studies and the source of this information includes those reports and other information reported to EMS, IDFPR and IDPH, as well as information available in Truven Health Analytics' MarketDiscovery Planning tools.

5. Detail how the Project will address or improve the previously referenced issues, as well as the population's health status and well-being.

The Project will address the previously referenced issues, as well as the population's health status and well-being as follows:

A. Project is a direct response to increase demand for ambulatory care.

With its focus on overall wellness instead of hospitalization for acute spells of illness and by increasing the number of individuals with health insurance, the Affordable Care Act promises to further change the face of outpatient care. UCMC is a valuable resource to its immediate community and beyond and has a responsibility to its patients to remain viable in this complex and dynamic era of healthcare reform. UCMC's request to build an ambulatory care medical office building is a direct response to the changing healthcare

[1] Truven Health Analytics' MarketDiscovery Planning tool.

environment in which more care will be delivered in the ambulatory setting, with an increased focus on care coordination.

The Project is also aligned with UCMC's strategic focus to ensure the best possible care for its patients, which requires its long-term financial sustainability and an ability to remain competitive with other local health systems, including those with existing footprints in multiple planning areas within the State. The Project would enable UCMC to fuel its three-pronged, patient care mission (clinical, research, and academic) while continuing to invest in the communities in which it operates – be it Orland Park or in UCMC's own back yard, Chicago's South Side.

B. <u>The Project will address incremental demand for exam rooms, physicians, and ancillary services in Planning Area A-04 within next five (5) years</u>.

This Project will accommodate the projected incremental demand for exam rooms, physicians, and ancillary services in the next five years.

This Project will include 80 examination rooms, diagnostic and treatment facilities, and additional shelled space for future needs. The clinical specialties included in the Project are areas in which UCMC excels and for which there is high demand. Specialties planned for the proposed facility include radiation oncology, infusion therapy, orthopedics, and may also include women's health, pediatrics, gastroenterology, cardiology and surgical consulting. Additionally, there will be diagnostic imaging capability onsite for MRIs, CT scans, radiographic machines, ultrasounds, accelerators, and mammography. Through the proposed ambulatory care medical office building, UCMC will be able to address, in significant part, the outmigration trend in Planning Area A-04, which exists because of a physician shortage that is only projected to worsen. More specifically, the Project will be able to accommodate 33% of the incremental growth in demand for specialty medical services that is projected in Planning Area A-04 by 2018; this means that more residents will be able to seek medically necessary care closer to home. Similar, the Project will accommodate 18% of the incremental volume growth in LINAC treatment volume and 28% of the growth in infusion therapy over the same time period.

Notably, UCMC will be able to accommodate incremental demand in Planning Area A-04 without affecting the current utilization base of existing Planning Area A-04 providers.

C. <u>New ambulatory care medical office building will be conveniently located for existing and new patients</u>.

The Project will be located on a primary commercial street in Orland Park at an intersection that is being actively developed by the Village of Orland Park. The Village has long worked to develop this property and to bring advanced medical care to area residents. Through this new facility, UCMC seeks to make specialists available in a

convenient location for referrals from community providers and provide increased patient access to specialty care in the suburbs. Having an array of specialists and subspecialists together in an integrated facility is convenient for patients with complex illness and better for patient care.

The number of annual outpatient visits in Planning Area A-04 is expected to grow by 700,000 to 5.7 million by 2018. Of these visits, almost half are attributable to specialty medicine, surgery and pediatrics. In 2013, there were 95,570 visits by residents of Planning Area A-04 to UCMC for specialty medical care. A UCMC ambulatory care medical office building in the area would be more convenient for current residents, and UCMC expects a number of these existing patients to seek care at the proposed facility in Orland Park. UCMC also expects to accommodate approximately 33% of the incremental growth projected for the area, in relevant part, because of the comprehensive multi-specialty care that will be offered, as well as its culture of interdisciplinary collaboration.

6. **Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.**

UCMC's prevailing objectives are two-fold: enhanced access to multi-specialty ambulatory medical care for more patients and sustainability as the nation's healthcare system continues to shift to an outpatient delivery model. Specifically, the goals of the Project are:

- To meet the increased demand for ambulatory care because of changes in both clinical practice and applicable law, as well as to streamline the delivery of medical care to patients in the ambulatory care setting.

- To mitigate the projected incremental shortage of physicians, exam rooms and ancillary services in Planning Area A-04 over the next five (5) years.

- To establish a satellite ambulatory care facility in closer proximity to the current and future patients, as well as other community hospitals, that UCMC serves.

These goals can be achieved within the timeframe for Project completion.

Section III, Alternatives

Attachment 13

1. **Alternatives Project of Greater or Lesser Scope and Cost.**

UCMC initially considered a smaller Project — a structure of 46,000 square feet with a total Project cost of $30 million. This conservative approach would have included only 38 exam rooms, fewer imaging devices, and no shelled space for expansion nor a parking structure. The planned services were much the same as the proposed alternative. Over the course of several years of in-depth study, it was determined that a Project of this size was not adequate for the expected growth in demand and the recognized shortage of physicians in the area. Additionally, when sites were being considered, the one eventually selected was located at the heart of an ambitious village development project. Due to the proposed facility being located in a prime location at a busy intersection on the village's main commercial street, a parking structure would be required to accommodate patients, customers of a retail pharmacy, and patrons of a restaurant to be situated adjacent to the medical facility. The confluence of these factors made the initial, small-scale plan inadequate.

A. **Joint Venture with Other Providers.**

UCMC has frequent and ongoing discussions with other providers both in Chicago and the surrounding suburban areas. Since Planning Area A-04 represents the second most heavily represented community that UCMC serves, over the years UCMC has explored many potential partnerships in this area. In fact, several years ago, one such discussion eventually resulted in UCMC entering into a joint venture with Silver Cross Hospital that resulted in the establishment of the University of Chicago Cancer Center at Silver Cross. In its first two years, this joint venture has been very successful in expanding patients' access to quality cancer treatment in this area and has strengthened UCMC's commitment to serving these patients.

Given the multi-specialty nature of the proposed Project, UCMC deemed it preferable to proceed as a UCMC hospital-based facility, using its own brand name and mode of practice. One benefit of this approach will be a highly integrated team of UCMC physicians will be available to serve patients at the facility and to consult with each other. UCMC felt that for a larger facility, such as the one proposed, a joint venture was not the best way to achieve these benefits, nor would it fully utilize the strengths of UCMC's physicians.

In terms of the cost of a possible joint venture, the cost would have been slightly

higher than the $67 million cost of the alternative selected. Large joint ventures require a significant amount of time from high level executives, analysts, legal staff and consultants. Thus, for a Project of this scale it was estimated that these costs would amount to a premium of $1.2 million for a total cost of $68.2 million.

B. Utilize Other Available Health Resources.

At one point during UCMC's normal course of interactions with area healthcare providers, it had preliminary discussions regarding using existing radiation oncology facilities in Planning Area A-04 as part of the proposed facility. Ultimately, this course was not pursued and no external radiation oncology facilities will be a part of this Project. Instead, UCMC decided to include radiation oncology functions within the proposed facility in order to enhance patient convenience and to facilitate integrated teamwork between physicians and other clinical staff. Additionally, UCMC's own radiation oncology group is highly regarded and, in UCMC's estimation, will provide excellent radiation therapy services for patients.

With respect to costs, using existing radiation oncology facilities and equipment would have likely cost less; perhaps $3 million less in Project costs. Yet, ongoing operating costs and revenues may have ultimately been more costly. Total Project costs utilizing an external radiation oncology facility would be $64 million.

C. Proposed Alternative.

The proposed Project is the alternative selected. UCMC has chosen to make a substantial commitment to serving the needs of patients in Planning Area A-04 by constructing a medical facility in this growing area. Since visits from patients residing in this area currently represents nearly 113,000 annual outpatient visits to UCMC's existing facilities, UCMC anticipates that the proposed facility will be well utilized. UCMC believes that having a tightly integrated multi-disciplinary team of clinical staff centrally located in the community is the best alternative and will provide the best facilities and patient care of the options considered.

2. Comparison of Alternatives

Alternatives to the Proposed Project Cost/Benefit Analysis

Alternative	Costs	Benefits/Limitations
Project of Lesser Scope	$30 Million	Pros: Less costly and faster deployment. Cons: Serves fewer patients and no room for growth.
Joint Venture	$68.2 Million	Pros: Shared risk and integration with area providers. Cons: More expensive, more difficult to plan and execute, and potentially less control over outcomes.
Utilize Existing Radiation Oncology Facilities	$64 Million	Pros: Less costly. Cons: Ineffective use of UCMC's experienced Radiation Oncology team, less convenient for patients and difficult to facilitate integrated teamwork.
Proposed Project	$67 Million	Pros: Utilize UCMC's existing experienced Radiation Oncology team, ensures integrated multi-disciplinary approach and increased likelihood of success. Cons: Increased financial risk.

Section IV, Size of Project

Attachment 14

SIZE OF PROJECT				
DEPARTMENT/SERVICE	**PROPOSED DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**
Outpatient Clinics	34,321	68,000	33,679	Yes
Infusion Therapy	7,766	NA	NA	NA
Radiation Oncology - Linac	2,136	2,400	264	Yes
Radiation Oncology - CT Simulation	708	1,800	1,092	Yes
Diagnostic Imaging	8,995	11,800	2,805	Yes
Shelled 4th Floor	28,103	NA	NA	NA

1. **Overview.**

The Project consists of two major components: (1) a 132,000 square foot two-level parking deck, and (2) a 127,184 square foot four-story building to house ambulatory care facilities and 14,196 square feet of commercial leasable space.

Clinical services at the proposed facility will include Radiation Oncology and Infusion Therapy to treat cancer patients, a full range of imaging services and devices, and exam rooms to support specialty services such as Orthopedics, Medical Oncology, Cardiology, Gastroenterology, Women's Health, and Surgical Consulting, which could include such disciplines as General, Vascular, Colorectal, Urology, ENT, and Plastics.

The 1st floor will house a Radiation Oncology department with one vault for a linear accelerator, a CT Simulator, and 3 exam rooms. There will also be commercial leasable space, likely occupied by a drug store, on the 1st floor. The 2nd floor will have an Infusion Therapy department with 26 infusion rooms, a medication preparation room, phlebotomy and testing. Also on this floor will be: (i) diagnostic imaging consisting of an MRI, a CT, 3 radiographic devices, 2 ultrasound machines, a mammography machine, and a nuclear medicine scanner, (ii) waiting areas, (iii) separate changing rooms for men and women, (iv) a reading room for radiologists to study images, and (v) a technologist work area. Finally, an Orthopedics Clinic will also be located on the 2nd floor and will have 21 exam rooms, 2 procedure rooms, an x-ray room, and 3 physician offices. The 3rd floor will have 56 exam rooms arrayed along the exterior wall, 10 physician offices, 6 procedure rooms, 5 nursing stations that will be supported by 4 waiting areas, supply and utility rooms, a staff break room, and bathrooms. The 4th floor will be shell space, likely to be built out and used in the future for ambulatory clinic space when expansion is required. The basement will contain storage, mechanical components, electrical switchgear, and incoming electrical and water service. The space program set forth at the end of this Attachment 14 shows the details of

room types and unit square footage, circulation, interior walls, and clinical and non-clinical areas.

As summarized in the table above, there are state space standards for Outpatient Clinics, Radiation Oncology, and Diagnostic Imaging. The Project is within each of these state standards. Given the cost of constructing and maintaining health care facilities, UCMC is attuned to designing tightly configured and efficient layouts. This is evidenced by the relatively small percentage of circulation space, only 23 percent, for the clinical areas on each of the 1st through 3rd floors.

The proposed facility would be located on LaGrange Road, the primary commercial street in Orland Park, and the land cost is commensurate with this status. While UCMC's demographic analysis of the south and southwest Chicago suburbs clearly shows a growing need for general and specialty outpatient medicine, UCMC proposes to initially develop only the 1st through 3rd floors of the proposed facility and to return to the Review Board later for approval to build out the 4th floor when the need for such space has been demonstrated by actual utilization. This conservative approach to construction has served UCMC well in its development of other projects, including its main medical center complex. Moreover, such an approach is consistent with the Health Facilities Planning Act's goal of the orderly and economic development of health care facilities.

2. Space Standards for Specific Clinical Areas.

A. Outpatient Clinic.

The Project would create 80 exam rooms. The state standard for exam rooms is 800 dgsf per exam room which, for the proposed 80 exam rooms, yields a total of 64,000 allowable square feet compared to the Project's proposed 34,321 dgsf. Thus, the Project meets this state standard.

B. Diagnostic Imaging.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	**PROPOSED DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**
Diagnostic Imaging:				
CT	2,093	1,800		
MRI	2,154	1,800		
Radiographic	2,914	3,900		
Nuclear Medicine	674	1,600		
Mammography	442	900		
Ultrasound	719	1,800		
Diagnostic Imaging Total	8,995	11,800	2,805	Yes

The table above delineates diagnostic imaging by imaging type. There are 3 radiographic rooms and 2 ultrasound rooms, and the other modalities are 1 each. While some modalities exceed the individual modality state standard, due to careful planning with the Project's architect, the Diagnostic Imaging department as a whole is below the combined state standard.

C. Radiation Oncology.

SIZE OF PROJECT				
DEPARTMENT/SERVICE Radiation Oncology:	**PROPOSED BGSF/DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**
- Linear Accelerator	2,136	2,400	264	Yes
- CT Simulation	708	1,800	1,092	Yes

There are two state standards for Radiation Oncology. One is for linear accelerators at 2,400 dgsf each. The Project proposes one linear accelerator, to occupy a heavily shielded vault measuring 1,874 dgsf, and a dedicated control room of 262 dgsf for a total of 2,136 dgsf which is below the state standard of 2,400 dgsf. The second state standard for Radiation Oncology is for CT Simulation, and is 1,800 dgsf. The proposed space is 599 dgsf for the CT simulation room and 109 dgsf for the dedicated control room for a total of 708 dgsf which is within the 1,800 dgsf standard.

SPACE PROGRAM

Department	Room Type	Quantity	Unit NSF	Extended NSF	DGSF	BGSF
Clinical Areas - Reviewable						
Outpatient Clinics						
	Exam	80	127	10,139		
	Procedure	8	248	1,986		
	Waiting, Other Support			11,939		
	Circulation			8,641		
	Interior walls			1,616		
					34,321	
Infusion Therapy						
	Infusion	26	87	2,249		
	Medication Preparation			479		
	Phlebotomy/Testing	2	130	259		
	Support			3,071		
	Circulation			1,375		
	Interior walls			333		
					7,766	
Radiation Oncology						
	Linear Accelerator	1		1,783		
	Linac Control Room			249		
	CT Simulation	1		570		
	CT Simulation Control Room			104		
	Exam (See Outpatient Clinics)					
	Treatment Planning	1	411	411		
	Physics Laboratory	1	215	215		
	Block Room	1	126	126		
	Support			1,304		
	Circulation			913		
	Interior walls			319		
					5,994	
Diagnostic Imaging						
	CT/CT Support	1	928	928		
	MRI/MRI Support	1	955	955		
	Radiographic	3	431	1,292		
	Nuclear Medicine	1	299	299		
	Mammography	1	196	196		
	Ultrasound	2	160	319		
	Support			3,183		
	Circulation			1,438		
	Interior walls			385		
					8,995	

ATTACHMENT 14

Shelled 4th Floor				
	Future Use Likely Clinics	25,700		
	Circulation	1,114		
	Interior walls	1,289		
			28,103	
		Total Clinical - Reviewable	85,179	
Non-Clinical Areas - Not Reviewable				
Mechanical, Other Support				
	Basement mechanical, storage	2,591		
	1st Floor dock, storage, risers	3,292		
	2nd Floor risers, stairs, elevtr	1,730		
	3rd Floor risers, stairs, elevtr	1,897		
	4th Floor risers, stairs, elevtr	1,862		
	Circulation	6,008		
	Interior walls	790		
	Exterior Walls	3,839		
			18,170	
Administrative				
	1st Floor offices, mtg. room	3,264		
	2nd Floor reception, office	1,153		
	3rd Floor reception, registration	1,131		
	Interior walls	252		
			5,800	
To Be Leased				
	Commercial space to be leased	14,196	14,196	
Parking Deck				
	Surface Parking		70,188	
	Below Grade Parking		70,188	
		Total Non-Clinical - Non-Reviewable	178,543	
		Grand Total		267,560

ATTACHMENT 14

Section IV, Project Services Utilization

Attachment 15

1. Project Services Utilization.

A. Clinic Exam Rooms.

Utilization					
		Historical Utilization	**Projected Utilization**	**State Standard**	**Met Standard?**
Exam Rooms (80)					
2015		0			
2016		0			
2017			96,000		
2018			160,000	160,000	Yes

UCMC used Truven Health Analytics ("Truven"), formerly Thomson Reuters, data to analyze projected need for outpatient services in Planning Area A-04. This area is directly to the south of Planning Area A-03, which is the southern portion of Chicago and where UCMC's main campus is located. Planning Area A-04 extends to Lemont on its western border, Frankfort to the southwest, Park Forest to the south, and the Indiana border on the east. The heaviest concentration of suburban patients treated at UCMC in Hyde Park reside in Planning Area A-04, as well as northwestern Indiana.

Truven provides information, analytic tools, benchmarks, and consulting services to the healthcare industry and has 500 active clients covering over 1,500 facilities. Truven's market research involves studying more than 640 million outpatient billing claims annually, including both commercial and Medicare and Medicaid, covering more than 45 million patients. Truven also uses Nielsen Claritas socio-demographic and lifestyle data. In making demand assessments, Truven studies historical utilization trends, the impact of payment policy changes, physician practice pattern changes, the prevalence of chronic medical conditions, projected insurance coverage changes, and evolving population demographics. Truven's concentration on empirical data and scientifically tested methodologies yields clinical volume forecasts that are well focused on specific geographical areas.

Orland Park, which is located in Planning Area A-04, has experienced strong and steady population growth. The findings for Planning Area A-04 based on the Truven data are set forth in the tables below. Actual 2013 outpatient medical visits are reported by medical specialty in groupings of Adult Specialty Medicine, Surgery, Pediatrics, and Adult Primary Care and Internal Medicine. Outpatient visits in 2013 totaled 4.9 million and the Truven data forecasts outpatient visits to grow to 5.7 million by 2018. UCMC intends to concentrate its services on the first three groups, drawing on its expertise in specialty medicine and complex diseases. Employing its

Physician Demand and Physician Supply models, the Truven data identified both physician shortages and excesses by specialty in 2013. For the areas on which UCMC is concentrating, Adult Specialty Medicine, Surgery and Pediatrics, the physician shortage is 179 FTEs and outpatient visit growth is projected to reach 379,000 by 2018. Based on these factors it is clear that Planning Area A-04 will need greater medical care capacity, both in terms of clinicians and facilities, in the near future.

Sixty percent of the proposed clinical area will be devoted to clinic exam rooms. There will be three (3) exam rooms within the 1st floor Radiation Oncology area, 21 exam rooms in the 2nd floor Orthopedics Clinic, and 56 exam rooms on the 3rd floor. UCMC expects to reach full utilization of 2,000 visits per year in 2018, the second full year of operation. The 160,000 annual visits this figure represents is 42 percent of the expected increase in Planning Area A-04 for specialty and pediatric care.

As compared to other Chicago area academic medical centers, UCMC has been relatively slow to deploy into other outer geographic areas. However, patients are demanding more convenient access to specialty care and in order to meet these expectations and maintain its market position, UCMC, similar to Rush, Northwestern, and Loyola, must locate facilities and staff in areas outside of its Chicago Hyde Park campus.

UCMC believes its strong reputation for treating complex illness will attract patients to the proposed facility. Such expertise is not limited to rare cancers and other unusual diseases, but includes such commonplace ailments as diabetes and cardiovascular disease. UCMC physicians have long been highly regarded for innovative biomedical research and innovation and the quick application of discoveries to patient care. UCMC's faculty embodies a culture of inquiry, where common, accepted approaches are open to question in the quest for improved techniques and more effective treatment. There is also a practice of close collaboration between medical disciplines. UCMC physicians work as a team, among all specialties, drawing from a deep and broad level of expertise in the many medical areas. This powerful approach and an extensive set of resources will be utilized at the proposed facility in Orland Park. With electronic medical records, information is shared easily, whether at the proposed Orland Park facility, other area clinics, or at UCMC's main hospital. Presently, physicians at UCMC's outlying clinics participate in regular case review conferences or tumor boards, often by teleconference, reviewing cases in multi-disciplinary groups, questioning treatment approaches, and ensuring that all helpful knowledge is brought to the fore. There is a long standing practice in UCMC's care community of challenging assumptions and testing hypotheses in free-flowing discussions about patients receiving care. UCMC believes that the public and also referring physicians appreciate the value of this approach and will strongly support the new facility.

B. Radiation Oncology.

Utilization					
	Diagnostic Imaging	**Historical Utilization**	**Projected Utilization**	**State Standard**	**Met Standard?**
Radiation Oncology					
Linear Accelerator (1)					
2015		0			
2016		0			
2017			3,375		
2018			7,500	7,500	Yes

Forecasted utilization of the linear accelerator is 3,375 treatments in 2017 and 7,500 in 2018, the second full year of operation. The Truven data showed that 156,038 linear accelerator treatments occurred in Planning Area A-04 in 2013 and projects that there will be 30 percent growth, to 202,724 treatments by 2018, and to 227,009 by 2023, an increase of 45 percent in 10 years. UCMC expects the Radiation Therapy services at the proposed Orland Park facility will reach full utilization of 7,500 treatments in 2018. This represents 18 percent of the growth in treatment volume and, therefore, should not adversely affect the current utilization base of existing providers in Planning Area A-04.

UCMC Orland Park Share of New Linac Treatments	
2013 Truven radiation therapy CPT's/year	156,078
2018 Truven radiation therapy CPT's/year	202,724
Increase 2018 versus 2013	46,646
Average CPTs/Linac treatment (UCMC)	1.1
Increase in A-04 Linac treatments	42,405
UCMC projected Orland Park facility 2018	7,500
% of A-04 incremental Linac treatments	17.7%

ATTACHMENT 15

Radiation and Cellular Oncology has a storied history at UCMC. The world's first nuclear reactor became operational at the University of Chicago in 1942 during the secret Manhattan Project, under the direction of Arthur Compton and Enrico Fermi. The first self-sustaining, controlled nuclear chain reaction was achieved one block away from UCMC's current location. Radiology faculty from UCMC staffed the X-ray department of the research effort in Chicago as well as the Los Alamos Laboratory. This research effort focused attention on the need for basic research in radiobiology to study the effects of ionizing radiation on living systems. Research on new radionuclides and charged-particle accelerators, along with the establishment of the Argonne Cancer Research Hospital which was part of Billings Hospital at UCMC, became part of the Atomic Energy Commission's "Atoms for Peace" program to develop socially beneficial uses of ionizing radiation. The treatment of cancer was advanced by that program. Lester Skaggs, professor of medical physics pioneered the development of radiation therapy equipment. He designed a rotating uranium-shielded cobalt-60 radiation therapy unit, which provided a uniquely small beam penumbra. He also designed the first linear accelerator radiotherapy device in the United States which was eventually put into service at UCMC treating patients with cancer. Professor Skaggs played a significant role in developing the cyclotron for medical use.

Radiotracer chemistry at UCMC also dates back to the Manhattan Project, under the stewardship of Katherine Lathrop and Paul Harper. Mrs. Lathrop became chairperson of the Hospital's Medical Internal Radiation Dose Committee, formed in 1964. The first dose-estimate report was based on quantitative biodistribution data from one patient who Mrs. Lathrop followed for up to 3 years after a normal clinical dose of Se75-selenomethionine. She served on the U.S. Pharmacopoeia and American Standards Institute committees that established specifications for radiopharmaceuticals.

Robert Beck and Alexander Gottschalk also played key roles in advancing nuclear medicine at UCMC and throughout the world. Professor Beck designed rectilinear scanning devices for radionuclide imaging, performed theoretical analysis and optimization of focusing collimators, and conducted studies of the trade-off between spatial resolution and sensitivity. He also played a key role in creating a positron emission tomography program here, building one of the country's first scanners here in the early 1970's. Dr. Gottschalk pioneered use of the Anger scintillation ("Gamma") camera in clinical studies.

These and a long series of other remarkable innovations have positioned UCMC as a leading center for nuclear medicine and radiation oncology which continues today. In January 2014, UCMC was one of 6 institutions receiving grants of $90 million each for cancer research from the Ludwig Cancer Research Foundation, which has previously given, $60 million each, to other distinguished recipients, including Harvard, John Hopkins, Stanford, Memorial-Sloan Kettering, and MIT. At UCMC, this funding will support studies of radiation and hormone therapy as well as metastasis. UCMC's current research endeavors include:

The Ludwig Center for Metastasis Research

The center focuses on the role of immunology in radiotherapy, oligometastasis

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(metastasis in a limited number of body sites), and the Jak Stat 1 Axis, Interferon signaling and treatment resistance.

Wiersma Laboratory

Rodney D. Wiersma, a Ph.D. in physics leads this laboratory. Current efforts include the use of robotics for performing real-time patient head motion cancellation during frameless stereotactic radiosurgery, hybrid MV and kV treatment plan optimization for reduction kV imaging dose overhead during image guided radiation therapy (IGRT), and real-time internal organ motion tracking during radiation treatment based on combined MV and kV imaging.

Bishop Laboratory

Dr. Doug Bishop directs this group, with funding from the U.S. Army and National Science Foundation. The laboratory studies the role of homologous repair, emphasizing the recombination proteins Dmc1 and Rad51 that are related to the bacterial repair protein RecA. The investigation considers how Dmc1's function is specialized for meiosis, how the functions of Rad51 and Dmc1 differ, and how proteins interact.

Center for EPR Imaging in Vivo Physiology

In collaboration with researchers at the University of Denver and University of Maryland, the Center for Electron Paramagnetic Resonance (EPR) Imaging in Vivo Physiology aims to create new imaging technologies to better visualize living tissue in animals. The EPR imaging technology under development by the Center has powerful implications for the treatment of cancers, strokes, peripheral vascular diseases, and heart attacks. The research team has registered several patents for their innovations. Funding is from the National Institute of Biomedical Imaging and Bioengineering, a part of the National Institutes of Health (NIH).

Grina Laboratory

Under the leadership of Professor David Grina, an expert in the field of radiation biophysics, this laboratory concentrates in two areas of study. The Department of Energy funds a Project investigating adaptive responses induced by either very low doses of ionizing radiation or by thiol containing cytoprotective drugs. This research has implications for patient response intheray and to environmental risk assessment. Exploration in this area could lead to increased survival if healthy cells. Second, the NIH and National Cancer Institute have funded research into a novel concept of therapy coupled chemo prevention. In this study, agents with carcinogenic potential are paired with anti-mutagenic or anti-carcinogenic drugs in order to discover a way to reduce the risk of therapy inducing secondary cancers in otherwise healthy patients.

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UCMC's Department of Radiation and Cellular Oncology is recognized for its clinical and technical excellence. It operates at UCMC and also at Sherman Hospital, the University of Illinois at Chicago Medical Center, and the University of Chicago Comprehensive Cancer Center at Silver Cross ("UCCCCSC"). In UCCCCSC's first two years of operation, high levels of utilization were achieved, giving UCMC confidence that the same level of success will be achieved in Orland Park, drawing patients from Planning Area A-04.

C. Diagnostic Imaging.

Utilization					
	Diagnostic Imaging	**Historical Utilization**	**Projected Utilization**	**State Standard**	**Met Standard?**
Radiographic/Fluoroscopic (3)					
2015		0			
2016		0			
2017			11,007		
2018			18,344	> 16,000	Yes *
Nuclear Medicine (1)					
2015		0			
2016		0			
2017			925		
2018			1,541	2,000	Yes *
Mammography (1)					
2015		0			
2016		0			
2017			5,861		
2018			9,769	> 5,000	Yes

*If rounded up per normal certificate of need planning conventions.

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Utilization					
	Diagnostic Imaging	**Historical Utilization**	**Projected Utilization**	**State Standard**	**Met Standard?**
Ultrasound (2)					
2015		0			
2016		0			
2017			3,881		
2018			6,468	> 6,200	Yes
CT (1)					
2015		0			
2016		0			
2017			6,671		
2018			11,118	> 7,000	Yes
MRI (1)					
2015		0			
2016		0			
2017			2,987		
2018			4,978	> 2,500	Yes

The table above presents the utilization forecasts for imaging modalities to be located on the 2nd floor of the proposed facility, a radiographic room within the Orthopedics Clinic and the remainder in an imaging-only department. The forecast methodology used ratios of UCMC's 2013 outpatient visits to outpatient imaging exams by modality and applied these ratios to visits forecast for the proposed facility. For 2018, 18,344 exams are projected for the three radiographic/fluoroscopic rooms. The convention in certificate of need planning and review for multiple rooms is to round up when an uneven number of rooms are justified. At a state standard of 8,000 exams per room for this clinical service, three (3) rooms, rounded up from 2.2 rooms are justified and requested.

For Nuclear Medicine one (1) room is requested. 1,541 exams are projected for 2018, which is 77 percent of the 2,000 state standard. Nuclear medicine is a required technology, especially for heart disease, cancer, and brain disorders and thus is a vital diagnostic tool in a specialty clinic. Though the projected volume of nuclear medicine exams is slightly less than the state standard, UCMC respectfully requests that the Review Board consider rounding up the 0.77 projected rate to 1 Nuclear Medicine device in order to ensure that all of the services that will be housed in the proposed facility are supported by this necessary technology.

There are 9,769 mammography exams forecast for 2018 for one (1) Mammography machine. This surpasses the state standard of 5,000 per machine.

For the two (2) ultrasound rooms, there are 6,468 exams projected for 2018. This exceeds the state standard of 3,100 exams per room.

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One (1) CT scanner is also requested for the imaging area. Although there is a CT simulation room in Radiation Oncology, this machine would be dedicated to treatment planning and verification to support safe and optimal treatments on the linear accelerator and utilization for this machine is examined separately in the Radiation Oncology portion of this section. At 11,118 exams forecast for 2018, the state standard of 7,000 is met.

Finally, 4,978 exams are expected in 2018 for the one (1) MRI scanner. This surpasses the state standard of 2,500 exams per machine.

Section IV, Project Services Utilization

Attachment 15

1. Background.

Cancer treatment is one of the foremost areas of clinical service and research at UCMC. UCMC is proud to have been designated by the National Institute of Health's National Cancer Institute as one of 68 cancer centers in the country, and one of the only two in Illinois.

For more than 60 years, UCMC has conducted groundbreaking research in cancer care. One of UCMC's foundational principles is close coordination between research and clinical care. UCMC's research facilities are located adjacent to its clinical buildings and there is a lively, ongoing exchange of ideas between the 210 basic, clinical, and translational scientists studying cancer at UCMC. UCMC's clinicians are frequently deeply involved in research efforts. Currently, UCMC has 336 open clinical trials in cancer therapy. From this integrated approach, many advances made by UCMC's scientists have become accepted protocol for the treatment of cancer.

UCMC has had numerous accomplishments in cancer research and clinical care including:

In 1941, Charles Huggins, M.D., published the results of a series of experiments on the relationship of testosterone to prostate cancer. His research changed forever the way scientists regarded the behavior of all cancer cells and for the first time brought hope to the prospect of treating advanced cancers. The concept of hormonal treatment of cancer has since become the mainstay of care of several types of cancer, including breast and gynecological cancers. Dr. Huggins was awarded the Nobel Prize in 1966.

The early work of Leon Jacobsen, M.D. with the effects of radiation on the spleens of mice was a precursor to the practice of bone marrow transplantation. Dr. Jacobsen was the first to successfully treat Hodgkin's disease with nitrogen mustard, which marked the beginning of modern cancer chemotherapy.

Research by Dr. Jacobsen, Walter Fried, M.D., Louis Plzak, M.D., and Eugene Goldwasser led to the discovery of erythropoietin, a hormone that signals the spleen to make blood cells after the marrow has been destroyed. Efforts in this area have contributed to the production of hematopoietic growth factors, which have greatly advanced cancer treatment and are one of the cornerstones of the multi-billion-dollar biotechnology drug industry. The first bone marrow transplant was performed at UCMC in the late 1940s.

UCMC researchers led by Elwood Jensen, PhD, discovered in the late 1950s that hormones act through steroid receptors on their target cells. This discovery led directly to hormone therapies for breast cancer, a practice credited with savings the lives of thousands of women each year. Jensen won the Lasker Award for this work in 2004.

Janet Rowley, M.D., discovered the first consistent chromosome translocations associated with cancer, a finding that helped to demonstrate that cancer was a genetic disease. Before Rowley, few scientists suspected that chromosomal aberrations caused tumors. The established view was that abnormal chromosomes were manifestations of generalized chaos within leukemia and lymphoma cells. But Rowley wondered if something else might be going on with those damaged pieces of DNA, and continued to examine thousands of chromosomes from patients. In 1972, Dr. Rowley made a number or remarkable discoveries, including the landmark finding that an abnormally short chromosome associated with myelogenous leukemia (CML) was not a chromosome deletion, as many scientists had thought, but an exchange (known as a translocation) of segments between two chromosomes. Rowley's contributions to identifying chromosomal abnormalities in leukemias and lymphomas changed the way these diseases are diagnosed and treated. In 2009, she was awarded the Presidential Medal of Freedom.

2. Infusion Therapy Department.

A. Overview of Operation.

The proposed facility's Infusion Therapy department will have 26 rooms and one (1) isolation room. Of the 26 rooms, three (3) will be larger rooms with four (4) stations each and the other 14 rooms will be single occupancy for patients who desire more privacy. There will be a medical preparation room where intravenous solutions are prepared, as well as a small two-part room for blood draws and testing. When patients are arriving at the same time, in order to improve efficiency and offer more privacy and a less hectic visit, blood draws can also occur in treatment rooms. There will also be two nurses stations for the nursing staff.

The proposed layout is efficient, with only 18 percent of the area used for circulation. The Project's architect specializes in health care design and draws from extensive experience in designing cancer treatment departments. Additionally, many of the Project's design elements' benefits have been validated by their recent use in the design of UCMC's Comprehensive Cancer Center at Silver Cross ("UCCCCSC"), which includes a 14-station Infusion Therapy department.

The key room for Infusion Therapy is the infusion room or chair. All other areas of the facility and department support this room where the clinical service is provided. Once it has been determined that chemotherapy is the correct treatment for a patient's cancer, the patient comes to the Infusion Therapy department for administration of drug treatment. The design of the proposed Infusion Therapy department is very efficient and anticipates that once the patient is registered during each visit they receive all of their clinical services in the infusion room.

Upon arrival at the Infusion Therapy department initially, a patient is "triaged," that is a registered nurse specializing in infusion therapy assesses the patient's condition. On the first visit the patient's treatment plan is explained and discussed.

On follow-up visits, the nurse takes vital signs, interviews the patient about any side effects they may be experiencing, and counsels them on what they can do to address problems. Some patients have a port used for delivery of their drugs and, during each visit, this port must be flushed by the nurse to remove drugs that may have adhered to this central line and to ensure that

the line does not become blocked. Blood is drawn for a variety of lab tests such as white blood cell count, hemoglobin, hematocrit, and blood urea nitrogen. The results of these tests are compared to ranges established for the type of cancer and the drugs being employed. The physician reviews the results and determines if the treatment can proceed that day.

In some instances, the patient might need hydration to help the kidneys before the chemotherapy. This could take 1 to 2 hours. If the hemoglobin is low, the patient might need a blood or platelet transfusion. This is done in the chair and can require as long as 4 hours.

Once the physician gives the order to proceed, the pharmacy prepares the medication for the patient. For the most part, this is not done in advance since cancer drugs are very expensive and can be unstable once prepared for infusion. Thus, it is important to be certain that they will be administered before they are actually compounded. Some patients will require two or more drugs. More often than not, multiple drugs are administered sequentially.

UCMC is the leading medical center in Illinois in conducting early stage clinical trials, many of which involve chemotherapy. There are strict protocols in these cases, which can require more frequent blood draws, more frequent vital signs taken and recorded, and other tasks intrinsic to evaluating the efficacy of new treatments. The period of time for infusion therapy can, therefore, vary from less than an hour to over 8 hours.

Once the therapy portion is complete, the nurse informs the patient when their next appointment is, gives the patient written material, and makes one final assessment of the patient. The treatment room is then cleaned for the next patient.

In sum, there is a huge variability in what might be required for each patient, in terms of clinical interventions and time required in the treatment chair. There is no typical patient. All ages are represented, all types of cancers are treated, and many different therapies are employed.

B. <u>Utilization</u>.

In determining the utilization of the proposed 26 infusion therapy rooms, UCMC employed two key metrics based on its experience of the first two years of operation of the USCCCCSC, located nearby in Will County. Based on this experience, UCMC estimates that the number of treatment cycles for each patient is roughly 6 and the duration, which includes the many activities discussed above, is approximately 4 hours.

UCMC predicts that by the second full year of operation, 2018, 1,740 patients will be treated at the proposed facility for whom there would be 10,440 infusion sessions, requiring 41,760 hours of treatment time. Assuming 250 annual days of operation and 8 hours per day, the capacity for the proposed 26 treatment rooms is 52,000 hours. Thus, the anticipated 41,760 hours of treatment time represents a utilization rate of 80 percent. If the proposed Infusion Therapy department were small, such as only a dozen rooms, the great variability in time required from patient-to-patient would mean there would be a lower utilization rate due to this inherent variability. For a larger sized department such as this, 80 percent is a reasonable level of efficiency.

IV Therapy Utilization Rate	
Estimated infusion patients 2018	1,740
Treatment cycles per patient	6
Infusion sessions in 2018	10,440
Average treatment time (hrs)	4
Total treatment hours	41,760
Stations	26
Days per year	250
Hours of operation per day	8
Annual hours available for 26 st.	52,000
Utilization rate (41,760/52,000)	80%

For fiscal year 2013 (year ending June 30th), there were 606 patients residing in Planning Area A-04 who received infusion therapy at UCMC in Hyde Park. This is 35 percent of the 1,740 patients expected to be treated in 2018 at the proposed facility in Orland Park. Although some residents of Planning Area A-04 may prefer to continue to come to UCMC in Hyde Park for treatment, the expectation is that most will find the Orland Park location more appealing. In addition to these existing Planning Area A-04 patients seeking care in Orland Park, UCMC forecasts, based on Truven Health Analytics data, that patients requiring infusion therapy for cancer will grow from 537,380 CPTs to 605,664 CPTs. Additionally, these billing units cover more activities than just infusion of cancer drugs. In analyzing UCMC's CPTs for this department, UCMC found that there is a ratio of 1.84 CPTs for each infusion charge. Applying this ratio to the Truven data, there is an expected increase of 37,111 annual treatments by 2018, based on 2013 billing data for Planning Area A-04 residents. The 10,440 treatments projected for Orland Park is 28 percent of this increase. Since this number represents only the expected increase in the number of treatments, this forecast does not assume that the proposed facility will take any of the existing Planning Area A-04 providers' market share.

Planning Area A-04 Projected Chemo Infusions Treated by UCMC in Orland Park	
2013 Truven infusion CPTs	537,380
2018 Truven infusion CPTs	605,664
Incremental CPTs by 2018	68,284
Avg. CPTs/infusion UCMC	1.84
Incremental infusions by 2018	37,111
Incremental treated by UCMC	10,440
Share of incremental infusions	28%

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Section IV, Unfinished or Shell Space

Attachment 16

1. **Total Gross Square Footage of Proposed Shell Space**

   The Project proposes that the 4th floor, composing 28,103 dgsf, or 29,127 bgsf, of the Project's total 244,988 bgsf will be unfinished.

2. **Anticipated Use of the Shell Space**

   The anticipated use of this shell space is for outpatient clinic exam rooms. Specifically, in terms of direct clinical space, there could be 51 exam rooms and 6 procedure rooms, and the remainder would be waiting areas, offices, a staff conference room, clean and soiled utility rooms, toilets, janitors' closets and circulation space. UCMC anticipates that the 4th floor would be built-out in 2020.

3. **Reasons for the Construction of Space to be Shelled**

   UCMC has been an early proponent of building shell space in order to: (i) maximize the utility of limited and valuable urban building sites, (ii) avoid the added costs of new construction at a later time, (iii) capitalize on economies of scale, and (iv) capture architectural efficiency in effectuating one large Project rather than multiple smaller ones.

   For instance, in 1993, for the 536,000 bgsf Duchossois Center for Advanced Medicine, UCMC proposed to shell the 3rd floor, several OR's, a planned food service area, a cardiac catheterization lab, and a linear accelerator vault, totaling 91,745 bgsf. The initial Project was completed in 1996 and UCMC returned to the Review Board in 1997 for a permit to develop the majority of the remaining shelled space. Within several years, all areas were completed. The advantages were many – services and functions were located in ideal locations, space was not built out until it was needed, and UCMC made optimal use of a site in the heart of its medical campus.

   Similarly, in 2004, UCMC submitted an application to the Review Board to construct the 4-story Comer Center for Children and Specialty Care. In its application UCMC initially proposed to construct the ground level pediatric emergency department and to leave the upper floors as shell space to be developed later. The rationale for this approach was again to make full use of the site. The City of Chicago, however, was very reluctant to allow construction above an active emergency department and discouraged this approach. To allay reservations by members of the Review Board, UCMC gave assurances that it would return to the Review Board for approval to develop the remaining space,

regardless of the actual reviewability of future proposals. Thus, in 2007 UCMC returned to the Review Board for approval to build out the 4th floor for pediatric specialty clinics and returned again in 2008 to seek approval to build out the 2nd floor for Pediatric Special Procedures and Infusion Therapy. In July 2014 UCMC expects to submit a permit application to the Review Board to relocate the Labor and Delivery department to the 3rd floor, thus fulfilling UCMC's promise to return to the Review Board for approval and to build out all of the shell space in this building.

The most recent example of UCMC's judicious use of constructing shell space occurred in 2007 with its request to build the Center for Care and Discovery, a 1.1 million bgsf hospital housing the majority of UCMC's adult beds, general operating rooms, and invasive procedure facilities. The 3rd and 4th floors were proposed as shelled space, along with a small area in the basement adjacent to Radiation Oncology, for a total of 215,555 bgsf. Again, UCMC's strategy was to maximize the remaining undeveloped land on its medical center campus, building to the limits of the site. While at the time UCMC did not have definite plans for the two empty floors, a likely use was relocating adult beds from Mitchell Hospital to this space. In March 2014 UCMC submitted an application to the Review Board for this very purpose and the application will be considered by the Review Board in July 2014. Assuming the Review Board approves, UCMC will have completed the build out of nearly 100 percent of the shell space in this building.

The principal reason for the proposed 4th floor shell space in the current Project is the expectation that there will be robust demand in Planning Area A-04 for specialty medical services provided in an outpatient setting. UCMC used Truven Health Analytics ("Truven") data to forecast the need for outpatient services in this area. Based upon the Truven data, UCMC concluded outpatient demand for Adult Specialty Medicine, Surgery, and Pediatrics will grow by 379,000 visits between 2013 and 2018 and an additional 446,000 visits in the same time frame for Adult Primary Care and Internal Medicine.

By initially building out only the first three floors before considering development of the 4th floor, UCMC is taking a conservative approach to construction, consistent with the Health Facilities Planning Act's goal of the orderly and economic development of health care facilities. Actual results and demand and the Review Board will determine whether this additional space is needed. Further, the site of the proposed facility is a prime commercial location in Orland Park, and it is prudent to make the best and fullest use of this valuable site by planning ahead for anticipated needs.

While there is always a risk that the shell space will not be needed, UCMC's 11 year record, involving 3 separate buildings and 380,000 bgsf described above, demonstrates

that UCMC subsequently utilized these spaces in vital and productive manners within a reasonable length of time. More importantly, this careful approach to planning and development has significantly benefited patients since UCMC has been able to adjust facilities and services efficiently and economically to patients' changing needs.

4. **Historic and Projected Utilization.**

UCMC was unable to find historic outpatient visit data for Planning Area A-04 prior to 2013. The source of the projected data is Truven Health Analytics. Visits are outpatient clinic visits for residents of Planning Area A-04.

Year	Visits
Historic:	
2013	2,542,582
Projected:	
2014	2,614,410
2015	2,688,267
2016	2,764,211
2017	2,842,300
2018	2,922,000
2019	3,005,158
2020	3,090,053

ATTACHMENT 16

Section IV, Assurances

Attachment 17

A letter of assurance pursuant to Section 1110.234(c) stating that the Project will meet state utilization standards by the second year of operation after Project completion and that UCMC will submit a permit application prior to developing the proposed 4th floor shell space is attached.

ATTACHMENT 17

THE UNIVERSITY OF CHICAGO MEDICINE

Sharon O'Keefe
President

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May 20, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: University of Chicago Medical Center Permit Application – Assurance of Occupancy

Dear Ms. Avery:

This letter attests to the fact that if this Project is approved by the Illinois Health Facilities and Services Review Board, University of Chicago Medical Center ("UCMC") understands that it is expected to achieve and maintain the utilization standards specified in §1110.234(e)(l) by the second year of operation after project completion. UCMC reasonably expects to meet this occupancy. Our ability to maintain this utilization level could be affected by various factors, however, such as natural disasters, regulatory changes in healthcare, interruption of necessary utilities, physical plant problems, or other unexpected issues outside of our control which could have a direct or indirect effect upon our utilization rates.

This letter further attests to the fact that if this Project is approved, UCMC will submit a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time as set forth or categories of service involved in §1110.234(e)(2)(A). We anticipate submitting the CON application in 2018 and if approved, estimate construction to be complete and the new area placed in operation in 2020.

Sharon O'Keefe
President

Notarization:
Subscribed and sworn to before me
This 20th day of May, 2014

Signature of Notary Public

"OFFICIAL SEAL" Seal
CASSANDRA COLE
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 8/3/2017

Section VII, Clinical Service Areas Other Than Categories of Service

Attachment 34

1. Need Determination – Establishment.

Service	# Existing Key Rooms	# Proposed Key Rooms
Outpatient Clinic	0	80
Infusion Therapy	0	26
Radiation Oncology	0	1
Diagnostic Imaging	0	9

A. Service to Planning Area Residents.

The proposed facility would be located in Orland Park, which is located in Planning Area A-04, the South Suburbs of Chicago. UCMC used Truven Health Analytics ("Truven") data to analyze demand in Planning Area A-04 for the proposed facility and services. Truven is a multi-national company that is well regarded for health planning, demand forecasting, operational performance benchmarking, and physician demand and supply modeling. Truven's MarketDiscovery Planning tool and its Physician Demand and Physician Supply models were used in this analysis. The strength of Truven's analysis and data is that it examines large samples of outpatient medical bills, over 640 million annually. Truven also updates its data annually, and accounts for demographic data and trends, as well as changes in legislation, insurance practices, and other factors that are significant. This approach means that Truven's data is recent and localized to the area in question, in this case Planning Area A-04. Thus, UCMC's projections and forecasts with respect to anticipated utilization and demand are targeted to the residents of Planning Area A-04. Though it is possible that some patients would come to this facility from beyond Planning Area A-04, notably those residing in northwest Indiana, the justification for the proposed facility is based on Planning Area A-04 patient demand and physician supply.

B. Service Demand.

i. **Outpatient Clinic.**

Using the Truven data the analysis revealed nearly 5 million outpatient visits by Planning Area A-04 residents in 2013. The Truven data forecasts that this will grow to 5.7 million visits by 2018. More specifically, visits for Specialty Medicine,

Surgery, and Pediatrics will increase from 2.5 million in 2013 to 2.9 million in 2018. This 15 percent, or 379,000 visit increase would be addressed, in part, by the 80 exam rooms planned for the proposed facility. UCMC expects that in its second year of operation, 2018, the proposed facility will experience 160,000 visits, thus meeting the state standard of 2,000 annual visits per exam room. A breakdown of actual and forecasted visits in Planning Area A-04 is set forth in the chart entitled "Visits Projected" at the end of this Attachment 34.

In addition to the 379,000 new visits forecast for Planning Area A-04, in 2013 there were 95,570 visits by residents of Planning Area A-04 who received care for specialty services at UCMC in Hyde Park. UCMC expects that many of these patients will seek care at the proposed facility. There were also 17,093 visits to UCMC's clinics in Flossmoor, Matteson, and Palos Heights in 2013. Some of these patients may also choose to receive medical care at the proposed Orland Park facility. Thus, of the total 492,000 visits, it is expected that 162,000, or 33 percent, will occur in the proposed facility.

Another indicator of future demand is the physician shortage in Planning Area A-04 identified by the Truven data analysis. This shortage is also shown in detail, by specialty, in the chart entitled "Visits Projected" at the end of this Attachment 34. Certain communities within Planning Area A-04, notably in Orland Park and nearby communities, have shown strong population growth in the past 20 years and physician and facility supply have not kept pace. Among Adult Specialty Medicine categories, physician shortage totals 86, with especially large shortages for Hematology/Oncology (31.2), Neurology (24.8), and Otolaryngology (20.1). The Surgery physician shortage is 89, with 28.8 in Orthopedics, 31 in General, and 22.1 in Plastic. Based on of these shortages, UCMC plans to concentrate its resources mostly in cancer care and orthopedics at the proposed facility. These physician shortfalls suggest patients must leave Planning Area A-04 to be treated. Locating the proposed facility in Planning Area A-04 will address this out-migration by providing more convenient care for residents of the area.

ii. **Radiation Oncology.**

The Truven data indicated that 156,058 linear accelerator treatments occurred in Planning Area A-04 in 2013. It forecasts that this number will grow to 202,724 per year by 2018. Based on UCMC's experience, these billing units relate to actual patient treatments by a ratio of 1.1:1, hence the growth is expected to be 42,405. The expected utilization of the linear accelerator planned for the proposed facility will be 3,375 for 2017 and 7,500 for 2018, reaching the state standard for full utilization. The 7,500 represents 17.7 percent of the overall Planning Area A-04 growth of linear

accelerator treatments by 2018.

iii. **Diagnostic Imaging.**

The proposed facility would also provide Diagnostic Imaging services to serve the needs of the patients seen in and at the Infusion Therapy department. Devices would include radiographic/fluoroscopic, nuclear medicine, mammography, ultrasound (2), CT, and MRI. To determine workload and how many devices were needed, UCMC used the ratio of its outpatient imaging exams to outpatient visits, as reported to the Illinois Department of Public Health in the Annual Hospital Questionnaire for 2013. This ratio was applied to forecast outpatient visits at the proposed facility. Thus, the demand for imaging devices is based on the same demand which justified the number of clinic exam rooms.

iv. **Infusion Therapy.**

The Truven data analysis showed an increase between 2013 and 2018 of 68,284 billing codes for cancer infusion therapy (from 537,380 to 605,664) for residents of Planning Area A-04. UCMC's experience has shown that there is 1.84 CPT code for every 1 infusion treatment. Applying this conversion factor produces incremental infusions for Planning Area A-04 of 37,111. The expected number of patients requiring infusion therapy in 2018 is 1,740. Assuming six (6) treatment cycles per patient and four (4) hours average treatment time per session produces 41,760 hours of annual treatment time. With an 8 hour workday, 5 days a week, 250 days a year there are 52,000 available hours. The 41,760 hours of forecast treatment time therefore requires 26 treatment stations or rooms at 80 percent utilization. The 10,440 treatments represent 28 percent of the incremental treatments predicted by the Truven data.

C. Impact of the Proposed Project on Other Area Providers.

In determining the need for the proposed facility, UCMC carefully considered the impact such a facility would have on other Planning Area A-04 hospitals. A table, entitled "Utilization Rates of Planning Area A-04 Hospitals," is included in this Attachment 34. It shows the treatment modalities for the proposed facility for which there are state standards and for which utilization and numbers of each modality are reported and accessible by applicants. This includes Diagnostic Imaging and Radiation Oncology.

The analysis shows that for the nine Planning Area A-04 hospitals where data is reported on the Review Board's website for 2012, there are 56 total categories producing workload per machine for each modality. Only 15 of 56 categories meet the state

standards for utilization. It is unclear without a more thorough study why only 27 percent of the modalities meet the state standards. Possibilities include that the standards are too high, an inefficient deployment of devices in the hospitals, an area that has an excess of medical facilities or some combination of all three. UCMC's experience is that in order to provide patient convenience, to separate pediatric patients from adult patients, to minimize the time spent by patients being treated, and to have enough capacity to handle peak periods, more machines must be in more places. Although this will lower the machine's utilization rate, the improved patient care it provides is well worth the trade-off.

For each service planned for the proposed facility, the focus is twofold: (i) to provide a convenient location for patients residing in Planning Area A-04 who are currently seen by UCMC in Hyde Park, and (ii) to serve the incremental demand forecast for 2018, the second year of operation for the proposed facility. The intent is to better serve UCMC's current patients and also to minimize disruption to existing providers in Planning Area A-04. In Item 1(B), Service Demand, of this Attachment 34, there is further elaboration of the incremental demand that justifies the proposed facility, as well as an identification of existing UCMC patients who might use the proposed facility. Both of these factors are evidence that the proposed facility would not lower the present utilization rates of existing Planning Area A-04 hospitals.

The dynamic of placing satellite facilities away from main hospital campuses is one that has been occurring for numerous years in metropolitan Chicago and elsewhere in Illinois. UCMC is one of the last hospitals among the other area academic medical centers and large hospital systems to engage in this practice. It would be disadvantageous for UCMC not to respond to patients' demand for such facilities in their communities. A much valued feature of the American health care system is patients' freedom to select their health care providers, and providers must develop high quality facilities in locations that will appeal to their patients.

D. Utilization.

		Utilization		Units	
Department	Type	2018	Standard	Justified	Requested
Outpatient Clinics	visits	160,000	2,000	80.0	80.0
Radiation Oncology	treatments	7,500	7,500	1.0	1.0
Diagnostic Imaging					
Rad/Fluoro	exams	18,344	8,000	2.3	3.0
Nuclear Medicine	exams	1,541	2,000	0.8	1.0
Mammography	exams	9,769	5,000	2.0	1.0
Ultrasound	exams	6,468	3,100	2.1	2.0
CT	exams	11,118	7,000	1.6	1.0
MRI	exams	2,987	2,500	1.2	1.0

Infusion Therapy	hours	41,760	1,600	26.1	26.0

ATTACHMENT 34

i. **Outpatient Clinics.**

For 2018, the second full year of operation, there are 160,000 outpatient clinic visits forecast. The state standard is 2,000 visits per room. Thus, 80 rooms are justified which is the number requested.

ii. **Radiation Oncology.**

Forecasted linear accelerator treatments is 7,500. This meets the state standard for the 1 device requested.

iii. **Diagnostic Imaging.**

In four categories the state standard is exceeded. For radiographic/fluoroscopic the calculated number of devices requested is 2.3. The accepted convention in certificate of need planning and review is to round up to the next whole number, which is 3.0, the number requested. For this modality, one machine would be located within the Orthopedic Clinic, a heavy user of such equipment. The remaining two would be in the main imaging area to serve patients from the 3rd floor.

Nuclear Medicine is projected to have 1,541 exams in 2018. Although this is below the standard of 2,000 annual exams and only justifies 0.8 machines, when rounded up it is 1.0, the number requested.

iv. **Infusion Therapy.**

While there is no state standard for utilization for this category, for a larger sized department, such as what is proposed, 80 percent of available hours is a reasonable benchmark. A normal number of hours for a five day per week operation yields 2,000 available hours or 1,600 at 80 percent utilization. The 41,760 treatment hours forecast for this department produces a need for 26.1 chairs at the 80 percent utilization level. Thus, the number of chairs requested is 26.0.

ATTACHMENT 34

ANALYSIS OF NEED FOR AMBULATORY CARE SERVICES
PLANNING AREA A-04

	Outpatient Visits			Physician Shortfall
	Actual 2013	Forecast 2018	Increase	2013
Adult Specialty Medicine				
Cardiology	219,111	265,469	46,358	5.8
Obstetrics/Gynecology	257,231	302,920	45,690	6.5
Hematology/Oncology	174,908	206,581	31,674	31.2
Dermatology	195,015	223,440	28,425	16.5
Urology	100,336	117,657	17,321	2.8
Neurology	81,201	96,405	15,204	24.8
Otolaryngology	97,197	111,985	14,788	20.1
Gastroenterology	77,529	91,182	13,652	6.3
Other Specialty Medicine	318,751	370,619	51,868	-28.0
Adult Specialty Medicine Total	1,521,278	1,786,258	264,979	86.0
Surgery				
Orthopedic	205,007	241,928	36,920	28.8
General	75,922	90,052	14,129	31.0
Plastic	16,144	18,717	2,572	22.1
Neurosurgery	15,058	17,458	2,400	10.7
Cardio-Thoracic	6,100	7,270	1,170	-6.3
Colorectal	5,582	6,553	971	2.7
Surgery Total	323,814	381,977	58,163	89.0
Pediatrics				
Pediatrics	670,689	724,293	53,605	4.1
Pediatric Cardiology	3,699	4,100	401	-8.6
Pediatric Endocrinology	3,583	3,918	335	1.3
Pediatric Pulmonary	2,323	2,527	204	0.3
Other Pediatric Subspecialty	17,196	18,927	1,731	7.1
Pediatric Total	697,490	753,765	56,276	4.2
Adult Primary Care and Internal Medicine				
General/Family Practice	1,613,760	1,863,104	249,344	163.7
Internal Medicine	823,165	964,540	141,375	26.9
Adult Primary Care and Internal Med Total	2,436,925	2,827,644	446,994	190.6
Grand Total	4,979,507	5,749,643	826,412	370

ATTACHMENT 34

Source: Truven MarketDiscovery Planning tool; based on Truven Physician Demand and Physician Supply models which include demographic trends, trends in changes of clinical practice, and adjusts for expected impact of Affordable Care Act.

Other Specialty Medicine includes pulmonology, endocrinology, rheumatology, physical medicine/rehabilitation, allergy/immunology, nephrology, pain management, vascular, and infectious disease.

Analysis excludes Emergency/Critical Care (Adult and Pediatrics), Psychiatry, and Ophthalmology demand analysis.

ATTACHMENT 34

Section VIII, Availability of Funds

Attachment 36

Attached is a copy of the UCMC's financial statements dated June 30, 2013 and 2012.

ATTACHMENT 36

The University of Chicago Medical Center

Financial Statements
June 30, 2013 and 2012

The University of Chicago Medical Center
Index
June 30, 2013 and 2012

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Independent Auditor's Report

To the Board of Trustees of
The University of Chicago Medical Center:

We have audited the accompanying financial statements of The University of Chicago Medical Center, which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of operations, of changes in net assets, and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University of Chicago Medical Center at June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

October 10, 2013

PricewaterhouseCoopers LLP, One North Wacker, Chicago, IL 60606
T: (312) 298 2000, F: (312) 298 2001, www.pwc.com/us

The University of Chicago Medical Center
Balance Sheets
June 30, 2013 and 2012
(In thousands of dollars)

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	$ 164,504	$ 74,348
Patient accounts receivable, less allowance for doubtful accounts for 2013 - $29,612 and 2012 - $30,796	204,279	209,006
Current portion of investments limited to use	11	27,033
Current portion of malpractice self-insurance receivable	22,502	17,629
Current portion of pledges receivable	2,243	4,799
Other current assets	35,176	23,627
Total current assets	428,715	356,442
Investments limited to use, less current portion	797,305	897,405
Property, plant and equipment, net	1,189,623	1,066,494
Pledges receivable, less current portion	2,465	5,634
Malpractice self-insurance receivable, less current portion	98,821	100,524
Other assets, net	15,722	27,349
Total assets	$ 2,532,651	$ 2,453,848
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 131,206	$ 117,678
Current portion of long-term debt	10,385	11,290
Current portion of other long-term liabilities	2,033	688
Current portion of estimated third-party payor settlements	51,836	27,379
Current portion of malpractice self-insurance liability	22,502	17,629
Due to University of Chicago	14,799	15,593
Total current liabilities	232,761	190,257
Other liabilities		
Worker's compensation self-insurance liabilities, less current portion	9,528	8,216
Malpractice self-insurance liability, less current portion	98,821	100,524
Long-term debt, less current portion	820,341	833,255
Interest rate swap liability	88,769	135,872
Other long-term liabilities, less current portion	44,741	56,370
Total liabilities	1,294,961	1,324,494
Net assets		
Unrestricted	1,149,627	1,027,917
Temporarily restricted	81,971	95,345
Permanently restricted	6,092	6,092
Total net assets	1,237,690	1,129,354
Total liabilities and net assets	$ 2,532,651	$ 2,453,848

The accompanying notes are an integral part of these financial statements.

The University of Chicago Medical Center
Statements of Operations
Years Ended June 30, 2013 and 2012
(in thousands of dollars)

	2013	2012
Operating revenues		
Net patient service revenue	$ 1,303,787	$ 1,267,104
Provision for doubtful accounts	47,812	45,133
Net patient service revenue after provision for doubtful accounts	1,255,975	1,221,971
Other operating revenues and net assets released from restrictions	81,184	67,914
Total operating revenues	1,337,159	1,289,885
Operating expenses		
Salaries, wages and benefits	595,968	532,949
Supplies and other	335,358	324,844
Physician services from the University of Chicago	191,862	185,026
Insurance	18,382	20,902
Interest	19,883	12,789
Medicaid provider tax	26,691	26,691
Depreciation and amortization	70,466	67,522
Total operating expenses	1,258,610	1,170,723
Total operating income	78,549	119,162
Nonoperating gains		
Investment income and unrestricted gifts, net	59,788	24,857
Derivative ineffectiveness gain (loss)	2,993	(3,679)
Excess of revenues over expenses	141,330	140,340
Other changes in net assets		
Transfers to University of Chicago, net	(74,544)	(90,396)
Net assets released for capital purchases	14,277	225
Liability for pension benefits	3,878	(2,659)
Changes in valuation of derivatives	36,713	(85,079)
Other, net	56	562
Increase (decrease) in unrestricted net assets	$ 121,710	$ (37,007)

The accompanying notes are an integral part of these financial statements.

The University of Chicago Medical Center
Statements of Changes in Net Assets
Years Ended June 30, 2013 and 2012
(in thousands of dollars)

	2013	2012
Unrestricted net assets		
Excess of revenues over expenses	$ 141,330	$ 140,340
Transfers to University of Chicago	(74,544)	(90,396)
Net assets released for capital purchases	14,277	225
Liability for pension benefits	3,878	(2,659)
Changes in valuation of derivatives	36,713	(85,079)
Other, net	56	562
Increase (decrease) in unrestricted net assets	121,710	(37,007)
Temporarily restricted net assets		
Contributions	3,137	3,345
Net assets released from restrictions used for operating purposes	(4,621)	(4,539)
Investment Income	4,604	2,825
Net assets released for capital purchases	(14,277)	(225)
Other	(2,217)	-
Increase (decrease) in temporarily restricted net assets	(13,374)	1,406
Permanently restricted net assets		
Contributions and other	-	(20)
Increase (decrease) in net assets	108,336	(35,621)
Net assets at beginning of year	1,129,354	1,164,975
Net assets at end of year	$ 1,237,690	$ 1,129,354

The accompanying notes are an integral part of these financial statements.

The University of Chicago Medical Center
Statements of Cash Flows
Years Ended June 30, 2013 and 2012
(In thousands of dollars)

	2013	2012
Cash flows from operating activities		
Increase (decrease) in net assets	$ 108,336	$ (35,621)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net change in unrealized gains on investments	(1,108)	13,425
Transfers to University of Chicago	74,544	90,396
Restricted contributions and other changes	(921)	(3,344)
Realized gains on investments	(63,284)	(41,941)
Net change in valuation of derivatives	(47,103)	77,808
Pension and other changes in unrestricted net assets	(3,934)	2,566
Loss on disposal of assets	935	388
Loss on extinguishment of debt	-	2,891
Depreciation and amortization	70,329	67,522
Increase (decrease) in cash resulting from a change in		
Patient accounts receivable, net	4,727	(69,641)
Other assets	26,429	(7,369)
Accounts payable and accrued expenses	11,545	12,072
Due to the University of Chicago	(794)	2,658
Estimated settlements with third-party payors	24,504	(8,622)
Self-insurance liabilities	1,312	20
Other liabilities	11,061	(6,758)
Net cash provided from operating activities	216,578	96,450
Cash flows from investing activities		
Purchases of property, plant and equipment	(209,359)	(240,737)
Decrease in construction/capitalized interest funds	14,730	125,620
Acquisition of business purchased	-	(2,607)
Purchases of investments	(221,928)	(146,314)
Sales of investments	371,690	186,875
Net cash used in investing activities	(44,867)	(77,163)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	686	80,945
Payments on long-term obligations	(14,343)	(90,631)
Transfers paid to the University of Chicago, net	(74,544)	(90,396)
Restricted contributions	6,646	6,936
Net cash used in financing activities	(81,555)	(93,146)
Net increase (decrease) in cash and cash equivalents	90,156	(73,859)
Cash and cash equivalents		
Beginning of year	74,348	148,207
End of year	$ 164,504	$ 74,348

The accompanying notes are an integral part of these financial statements.

1. Organization and Basis of Presentation

The University of Chicago Medical Center ("UCMC" or the "Medical Center") is an Illinois not-for-profit corporation. UCMC operates the Center for Care and Discovery, the Bernard Mitchell Hospital, the Chicago Lying-In Hospital, the University of Chicago Comer Children's Hospital, the Duchossois Center for Advanced Medicine, and various other outpatient clinics and treatment areas.

The University of Chicago (the "University"), as the sole corporate member of UCMC, elects UCMC's Board of Trustees and approves its By-Laws. The UCMC President reports to the University's Executive Vice President for Medical Affairs. The relationship between UCMC and the University is defined in the Medical Center By-Laws, an Affiliation Agreement, an Operating Agreement, and several Leases. See Note 3 for agreements and transactions with the University.

UCMC Is a tax-exempt organization under Section 501(c)3 of the Internal Revenue Code. Accordingly, no provision for income taxes related to these entities has been made.

2. Summary of Significant Accounting Policies

New Accounting Pronouncements

During 2012, the Medical Center adopted the provisions of Accounting Standards Update 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision of Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* ("ASU 2011-07"). ASU 2011-07 requires health care entities to change the presentation of the statements of operations by reclassifying the provision for doubtful accounts from an operating expense to a deduction from patient service revenues.

During 2013, the Medical Center adopted the provisions of Accounting Standards Update 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS ("ASU 2011-04"), ASU 2011-04 requires entities to provide additional disclosures related to fair value measurements of assets and liabilities classified as level 3 within the fair value hierarchy. See Note 5 for related fair value disclosures.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates are made in the areas of patient accounts receivable, accruals for settlements with third-party payors, malpractice liability, fair value of investments, goodwill, intangibles, and accrued compensation and benefits.

Community Benefits

UCMC's policy is to treat patients in immediate need of medical services without regard to their ability to pay for such services, including patients transferred from other hospitals under the provisions of the Emergency Medical Treatment and Active Labor Act (EMTALA). UCMC also accepts patients through the Perinatal and Pediatric Trauma Networks without regard to their ability to pay for services.

UCMC developed a Financial Assistance Policy (the "Policy") under which patients are offered discounts of up to 100% of charges on a sliding scale. The policy is based both on income as a percentage of the Federal Poverty Level guidelines and the charges for services rendered. The policy also contains provisions that are responsive to those patients subject to catastrophic healthcare expenses. Since UCMC does not pursue collection of these amounts, they are not reported as net patient service revenue. The cost of providing care under this policy, along with the unreimbursed cost of government sponsored indigent healthcare programs, unreimbursed cost to support education, clinical research and other community programs for the years ended June 30, 2013 and 2012, are reported in Note 4.

Fair Value of Financial Instruments
Fair value is defined as the price that the Medical Center would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Medical Center uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Medical Center. Inputs refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 – quoted market prices in active markets for identical investments.

Level 2 – inputs other than quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, or inputs other than quoted prices that are observable including model-based valuation techniques.

Level 3 – valuation techniques that use significant inputs that are unobservable because they trade infrequently or not at all.

Cash and Cash Equivalents
Cash equivalents include U.S. Treasury notes, commercial paper, and corporate notes with original maturities of three months or less, except that such instruments purchased with endowment assets or funds on deposit with bond trustees are classified as investments. Cash equivalents are considered Level 1 in the fair value hierarchy.

Inventory
UCMC values inventories at the lower of cost or market, using the first-in first-out method.

Investments
Investments are recorded in the consolidated financial statements at estimated fair value. If an investment is held directly by the Medical Center and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in mutual funds are based on share prices reported by the funds as of the last business day

of the fiscal year. The Medical Center's interests in alternative investment funds such as private debt, private equity, real estate, natural resources, and absolute return are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2013 and 2012, the Medical Center had no plans to sell investments at amounts different from NAV.

A summary of the inputs used in valuing the Medical Center's investments as of June 30, 2013 and 2012 is included in Note 5.

A significant portion of UCMC's investments are part of the University's Total Return Investment Pool (TRIP). UCMC accounts for its investments in TRIP based on its share of the underlying securities and records the investment activity as if UCMC owned the investments directly. The University does not engage directly in unhedged speculative investments; however, the Board of the University of Chicago has authorized the use of derivative investments to adjust market exposure within asset class ranges.

A summary of the inputs used in valuing the Medical Center's investments as of June 30, 2013 and 2012 is included in Note 5.

Endowment Funds with Deficits
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. As of June 30, 2013 and 2012, there were no endowments in a deficit position.

Investments Limited as to Use
Investments limited as to use primarily include assets held by trustees under debt and other agreements and designated assets set aside by the Board of Trustees for future capital improvements and other specific purposes, over which the Board retains control and may at their discretion subsequently use for other purposes.

Derivative Instruments
In August 2006, UCMC entered into a forward starting swap transaction against contemplated variable rate borrowing for the Center for Care and Discovery. This is a cash flow hedge against interest on the variable rate debt. The fair value of these swap agreements is the estimated amount that the Medical Center would have to pay or receive to terminate the agreements as of the consolidated balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparty. The swap values are based on the London Interbank Rate ("LIBOR"). The inputs to the fair value estimate are considered Level 2 in the fair value hierarchy. The effective date of the swap was August 2011. In July 2011, UCMC novated the original swap agreement to divide the original notional amount in two equal parts between financial institutions. The fair value of the terminated portion of the hedge on the date of the novation was recorded in net assets in the amount of $35,123 and will be amortized into interest expense over the life of the related debt, commencing on the date the Center for Care and Discovery was placed into service. The new agreement is being accounted for as a hedge. The combined notional amount of the swap is $325,000 and the effective start date was August 2011. Management determined that the interest rate swaps are effective, and have qualified for hedge accounting.

Management has recognized a net recovery (loss) of ineffectiveness of approximately $3,000 and $(3,700) in 2013 and 2012. This movement reflects the spread between tax exempt interest rates and LIBOR during the period. The effective portion of these swaps are included in other changes in unrestricted net assets. The interest rate swaps terminate on February 1, 2044. Cash settlement payments related to the swaps for 2013 and 2012 were $7,900 and $10,900, respectively. These payments were accumulated in net assets while the Center for Care and Discovery was under construction, and will be amortized into depreciation expense over the life of the building, commencing on the date the Center for Care and Discovery was placed into service.

UCMC is required to provide collateral on one of the interest rate swap agreements when the liability of that swap exceeds $50,000. At June 30, 2013 and 2012 approximately $0 and $26,400, respectively, was held as collateral and classified as current portion of investments limited to use.

Property, Plant and Equipment
Property, plant and equipment are reported on the basis of cost less accumulated depreciation and amortization. Donated items are recorded at fair market value at the date of contribution. The carrying value of property, plant and equipment is reviewed if the facts and circumstances suggest that it may be impaired. Depreciation of property, plant and equipment is calculated by use of the straight-line method at rates intended to depreciate the cost of assets over their estimated useful lives, which generally range from three to eighty years. Interest costs incurred on borrowed funds during the period of construction of capital assets, net of any interest earned, are capitalized as a component of the cost of acquiring those assets. During 2013, UCMC evaluated the remaining useful lives of the buildings based on their condition by performing detailed assessments of the facilities and modifying estimated useful lives where appropriate to properly reflect the remaining useful life of the facility. Based on these changes, depreciation expense recorded was approximately $5,800 less in 2013 than if the estimated useful lives were not modified.

Asset Retirement Obligation
UCMC recognizes a liability for the fair value of a legal obligation to perform asset retirement activities that are conditional on a future event if the amount can be reasonably estimated. Upon recognition of a liability, the asset retirement cost is recorded as an increase in the carrying value of the related long-lived asset and then depreciated over the life of the asset. The UCMC asset retirement obligations arise primarily from regulations that specify how to dispose of asbestos if facilities are demolished or undergo major renovations or repairs. UCMC's obligation to remove asbestos was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy.

Pledges Receivable
Unconditional promises to give are recognized initially at fair value as private gift revenue in the period the promise is made by a donor. Fair value of the pledge is estimated based on anticipated future cash receipts (net of an allowance for uncollectible amounts), discounted using a risk-adjusted rate commensurate with the duration of the payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible amounts is reassessed and adjusted if necessary.

Other Assets and Liabilities
Other assets and liabilities, including deferred financing costs, which are amortized over the term of the related obligations, do not differ materially from their estimated fair value and are considered Level 1 in the fair value hierarchy

Net Assets
Permanently restricted net assets include the historical dollar amounts of gifts that are required by donors to be permanently retained. Temporarily restricted net assets include gifts, which can be expended but for which restrictions have not yet been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, or time restrictions imposed by donors or implied by the nature of the gift (such as pledges to be paid in the future) or by interpretations of law. Unrestricted net assets include all the remaining net assets of UCMC. See Note 15 for further information on the composition of restricted net assets.

Realized gains and losses are classified as changes in unrestricted net assets unless they are restricted by the donor or law.

Gifts and Grants
Unconditional promises to give assets other than cash to UCMC are reported at fair value at the date the promise is received. *Conditional promises to give* are recognized when the conditions are substantially met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met within the same year received are reported as unrestricted gifts in the accompanying financial statements.

Gifts of cash or other assets that must be used to acquire long-lived assets are reported as additions to temporarily restricted net assets until the assets are placed into service.

Statement of Operations
All activities of UCMC deemed by management to be ongoing, major and central to the provision of healthcare services are reported as operating revenues and expenses. Activities deemed to be nonoperating include certain investment income (including realized gains and losses).

UCMC recognizes changes in accounting estimates related to third-party payor settlements as more experience is acquired. Adjustments to prior year estimates for these items resulted in an increase in net patient service revenues of $3,700 in 2013 and $6,000 in 2012.

In 2013, UCMC recognized a gain of $2,400 related to the unwinding of the Weiss Liquidation Trust and received $16,000 in cash from the liquidation. In 2012, UCMC recognized a gain of $5,500 as a result of a favorable settlement with Medicare relating to the rural floor budget neutrality adjustment for fiscal years 1999 through 2011. UCMC recognized a gain of $21,000 in 2012 relating to the flow through of the 1996 IME and GME FTE caps for years 2006 through 2011.

The statement of operations includes excess (deficit) of revenues over expenses. Changes in unrestricted net assets that are excluded from excess (deficit) of revenues over expenses include transfers to the University, contributions of long-lived assets released from restrictions (including assets acquired using contributions which by donor restriction were to be used for acquisition of UCMC assets), the effective portion of changes in the valuation of the interest rate swap, and pension benefit liabilities.

Net Patient Service Revenue, Accounts Receivable and Allowance for Doubtful Accounts
UCMC maintains agreements with the Social Security Administration under the Medicare Program, Blue Cross and Blue Shield of Illinois, Inc. (Blue Cross), and the State of Illinois under the Medicaid Program and various managed care payors that govern payment to UCMC for services rendered to patients covered by these agreements. The agreements generally provide for per case or per diem rates or payments based on allowable costs, subject to certain limitations, for inpatient care and discounted charges or fee schedules for outpatient care.

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and UCMC estimates are adjusted in future periods as adjustments become known or as years are no longer subject to UCMC audits, reviews and investigations. Contracts, laws and regulations governing Medicare, Medicaid, and Blue Cross are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. A portion of the accrual for settlements with third-party payors has been classified as long-term because UCMC estimates they will not be paid within one year.

The process for estimating the ultimate collectability of receivables involves significant assumptions and judgment. UCMC has implemented a standardized approach to this estimation based on the payor classification and age of outstanding receivables. Account balances are written off against the allowance when management feels it is probable the receivable will not be recovered. The use of historical collection experience is an integral part of the estimation of the reserve for doubtful accounts. Revisions in the reserve for doubtful accounts are recorded as adjustments to the provision for doubtful accounts.

Hospital Assessment Program/Medicaid Provider Tax
In December 2008, the State of Illinois, after receiving approval by the federal government, implemented a hospital assessment program. The program assessed hospitals a provider tax based on occupied bed days and provided increases in hospitals' Medicaid payments. The program results in a net increase of $28,300 in income from operations, which represents $55,000 in additional Medicaid payments offset by $26,700 in Medicaid provider tax for 2013. For 2012, the assessment program resulted in a net increase of $30,300 in operating income, which represents $57,000 in additional Medicaid payments offset by $26,700 in Medicaid provider tax.

Subsequent Events
UCMC has performed an evaluation of subsequent events through October 10, 2013, which is that date the financial statements were issued.

3. Agreements and Transactions with the University

The Affiliation Agreement with the University provides, among other things, that all members of the medical staff will have academic appointments in the University. The Affiliation Agreement has an initial term of 40 years ending October 1, 2026 unless sooner terminated by mutual consent or as a result of a continuing breach of a material obligation therein or in the Operating Agreement. The Affiliation Agreement automatically renews for additional successive 10-year terms following expiration of the initial term, unless either party provides the other with at least two years' prior written notice of its election not to renew.

(in thousands of dollars)

The Operating Agreement, as amended, provides, among other things, that the University gives UCMC the right to use and operate certain facilities. The Operating Agreement is coterminous with the Affiliation Agreement.

The Lease Agreements provide, among other things, that UCMC will lease from the University certain of the health care facilities and land that UCMC operates and occupies. The Lease Agreements are coterminous with the Affiliation Agreement.

UCMC purchases various services from the University, including certain employee benefits, utilities, security, telecommunications and insurance. In addition, certain UCMC accounting records are maintained by the University. During the years ended June 30, 2013 and 2012, the University charged UCMC approximately $25,200 and $22,500, respectively, for utilities, security, telecommunications, insurance and overhead.

The University's Division of Biological Sciences ("BSD") provides physician services to UCMC. In 2013 and 2012, UCMC recorded approximately $192,000 and $185,000, respectively, in expense related to these services.

UCMC's Board of Trustees adopted a plan of support under which it would provide annual net asset transfers to the University for support of academic programs in biology and medicine. All commitments under this plan are subject to the approval of UCMC's Board of Trustees and do not represent legally binding commitments until that approval. Unpaid portions of commitments approved by the UCMC Board of Trustees are reflected as current liabilities. UCMC recorded net asset transfers of $71,750 in 2013 and $63,000 in 2012 for this support.

4. Community Benefits

The unreimbursed cost of providing care under the Financial Assistance Policy, along with the unreimbursed cost of government sponsored indigent healthcare programs, unreimbursed cost to support education, clinical research and other community programs for the years ended June 30, 2013 and 2012, are as follows:

	Years Ended June 30, 2013	2012
Uncompensated care:		
Medicaid sponsored indigent healthcare	$ 49,623	$ 40,223
Medicare sponsored indigent healthcare - Cost Report	45,685	38,520
Medicare sponsored indigent healthcare - Physician Services	16,580	11,431
Total uncompensated care	111,888	90,174
Provision for doubtful accounts	12,270	11,995
Charity care	25,676	20,310
	149,834	122,479
Unreimbursed education and research:		
Education	86,157	81,735
Research	48,000	48,000
Total unreimbursed education and research	134,157	129,735
Total community benefits	$ 283,991	$ 252,214

(in thousands of dollars)

The Medical Center determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries, wages, and benefits, supplies, and other operating expenses, based on data from its costing system to determine a cost-to-charge ratio. The cost to charge ratio is applied to the charity care charge to calculate the charity care amount reported above.

5. Investments Limited as to Use

The composition of investments limited as to use is as follows at June 30:

	2013				
	Endowments				
	Separately Invested	TRIP	Other	Total	2012
Investments carried at fair value:					
Cash Equivalents	$ 19,024	$ 13,250	$ 505	$ 32,779	$ 15,423
Global Public Equities	79,915	95,132	-	175,047	235,444
Private Debt	-	21,328	-	21,328	22,848
Private Equity					
U.S. Venture Capital	4,187	28,667	-	32,854	33,918
U.S. Corporate Finance	-	32,022	-	32,022	33,196
International	353	37,767	-	38,120	40,233
Real Assets					
Real Estate	-	56,978	-	56,978	57,296
Natural Resources	-	58,786	-	58,786	59,953
Absolute Return					
Equity Oriented	-	36,155	-	36,155	28,983
Global Macro/Relative Value	-	35,143	-	35,143	40,235
Multi-Strategy	-	50,457	-	50,457	50,350
Credit-Oriented	-	16,376	-	16,376	11,214
Volatility-Oriented	-	11,227	-	11,227	9,975
Fixed Income					
U.S. Treasuries, including TIPS	66,151	38,718	-	104,869	149,665
Other Fixed Income	4,162	76,209	-	80,371	81,482
Funds in Trust	-	-	14,804	14,804	54,223
Total Investments	$ 173,792	$ 608,215	$ 15,309	$ 797,316	$ 924,438

Investments classified as other consist of construction and debt proceeds to pay interest, donor restricted, worker's compensation, self-insurance, and trustee-held funds. Investments are presented in the financial statements as follows:

	2013	2012
Current portion of investments limited to use	$ 11	$ 27,033
Investments limited to use, less current portion	797,305	897,405
Total investments limited to use	$ 797,316	$ 924,438

(in thousands of dollars)

The composition of net investment income is as follows for the years ended June 30:

	2013	2012
Interest and dividend income; net	$ 13,311	$ 14,831
Realized gains on sales of securities	45,738	23,970
Unrealized gains (losses) on securities	739	(13,944)
	$ 59,788	$ 24,857

Outside of TRIP, UCMC also invests in private equity limited partnerships. As of June 30, 2013, UCMC has commitments of $1,711 remaining to fund private equity limited partnerships.

Fair Value of Financial Instruments

The overall investment objective of the Medical Center is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Medical Center diversifies its investments among various asset classes incorporating multiple strategies and external investment managers, including the University of Chicago Investment Office. Major investment decisions for investments held in TRIP and managed by the University are authorized by the University Board of Trustee's Investment Committee, which oversees the University's investment program in accordance with established guidelines.

Cash equivalent investments include cash equivalents and fixed-income investments, with maturities of less than one year, which are valued based on quoted market prices in active markets. The majority of these investments are held in U.S. money market accounts. Global public equity investments consist of separate accounts, commingled funds with liquidity ranging from daily to monthly, and limited partnerships. Securities held in separate accounts and daily-traded commingled funds are generally valued based on quoted market prices in active markets. Commingled funds with monthly liquidity are valued based on independently determined NAV. Limited partnership interests in equity-oriented funds are valued based upon NAV provided by external fund managers.

Investments in private debt, private equity, real estate, and natural resources are in the form of limited partnership interests, which typically invest in private securities for which there is no readily determinable market value. In these cases, market value is determined by external managers based on a combination of discounted cash flow analysis, industry comparables, and outside appraisals. Where private equity, real estate, and natural resources managers hold publicly traded securities, these securities are generally valued based on market prices. The value of the limited partnership interests are held at the manager's reported NAV, unless information becomes available indicating the reported NAV may require adjustment. The methods used by managers to assess the NAV of these external investments vary by asset class. The University's Investment Office on behalf of the Medical Center monitors the valuation methodologies and practices of managers.

The absolute return portfolio is comprised of investments of limited partnership interests in hedge funds and drawdown private equity style partnerships whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. The majority of the underlying holdings are marketable securities. The remainder of the underlying

holdings is held in marketable securities that trade infrequently or in private investments, which are valued by the manager on the basis of an appraised value, discounted cash flow, industry comparables, or some other method. Most hedge funds that hold illiquid investments designate them in special side pockets, which are subject to special restrictions on redemption.

Fixed-income investments consist of directly held actively traded treasuries, separately managed accounts, commingled funds, and bond mutual funds that hold securities, the majority of which have maturities greater than one year. These are valued based on quoted market prices in active markets.

Funds in trust investments consist primarily of project construction funds, worker's compensation trust funds, and externally managed endowments.

The Medical Center believes that the reported amount of its investments is a reasonable estimate of fair value as of June 30, 2013 and 2012. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed.

(in thousands of dollars)

	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2013 Total Fair Value
Assets				
Investments:				
Cash Equivalents	$ 32,779	$ -	$ -	$ 32,779
Global Public Equities	95,960	50,134	28,953	175,047
Private Debt	-	-	21,328	21,328
Private Equity				
U.S. Venture Capital	-	-	32,854	32,854
U.S. Corporate Finance	-	-	32,022	32,022
International	-	-	38,120	38,120
Real Assets				
Real Estate	-	-	56,978	56,978
Natural Resources	-	-	58,786	58,786
Absolute Return				
Equity Oriented	6,369	6,169	23,617	36,155
Global Macro/Relative Value	6,125	5,740	23,278	35,143
Multi-Strategy	-	2,666	47,791	50,457
Credit-Oriented	-	-	16,376	16,376
Volatility-Oriented	-	11,227	-	11,227
Fixed Income				
U.S. Treasuries, including TIPS	58,129	46,740	-	104,869
Other Fixed Income	9,892	70,479	-	80,371
Funds in Trust	14,804	-	-	14,804
Total investments	224,058	193,155	380,103	797,316
Other assets	3,045	-	-	3,045
Total assets at fair value	$ 227,103	$ 193,155	$ 380,103	$ 800,361
Liabilities				
Interest rate swap payable	$ -	$ 88,769	$ -	88,769
Total liabilities at fair value	$ -	$ 88,769	$ -	$ 88,769

(In thousands of dollars)

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2012 Total Fair Value
Assets				
Investments:				
Cash Equivalents	$ 15,422	$ -	$ -	$ 15,422
Global Public Equities	125,953	72,801	36,691	235,445
Private Debt	-	-	22,848	22,848
Private Equity				
U.S. Venture Capital	-	-	33,918	33,918
U.S. Corporate Finance	-	-	33,196	33,196
International	-	-	40,232	40,232
Real Assets				
Real Estate	-	-	57,296	57,296
Natural Resources	-	-	59,953	59,953
Absolute Return				
Equity Oriented	5,728	5,448	17,808	28,984
Global Macro/Relative Value	5,764	5,538	28,933	40,235
Multi-Strategy	-	-	50,350	50,350
Credit-Oriented	-	-	11,214	11,214
Volatility-Oriented	-	9,975	-	9,975
Fixed Income				
U.S. Treasuries, Including TIPS	74,878	74,787	-	149,665
Other Fixed Income	81,482	-	-	81,482
Funds in Trust	54,223	-	-	54,223
Total investments	363,450	168,549	392,439	924,438
Other assets	41,580	-	-	41,580
Total assets at fair value	$ 405,030	$ 168,549	$ 392,439	$ 966,018
Liabilities				
Interest rate swap payable	$ -	$ 135,872	$ -	135,872
Total liabilities at fair value	$ -	$ 135,872	$ -	$ 135,872

During 2013 there were no transfers between Investment Levels 1 and 2. During fiscal year 2013 and 2012, transfers occurred between investment levels 2 and 3 as a result of changes in observable market data. Changes to the reported amounts of investments measured at fair value using unobservable inputs (Level 3) as of June 30, 2013 and 2012 are as follows:

(in thousands of dollars)

	Separately Invested	Invested in TRIP	2013 Total
Fair value, July 1, 2012	$ 6,233	$ 386,206	$ 392,439
Realized gains	-	33,429	33,429
Unrealized gains (losses)	166	(23,415)	(23,249)
Purchases	-	29,498	29,498
Sales	(1,859)	(50,278)	(52,137)
Transfers	-	123	123
Fair value, June 30, 2013	$ 4,540	$ 375,563	$ 380,103

	Separately Invested	Invested in TRIP	2012 Total
Fair value, July 1, 2011	$ 7,510	$ 366,077	$ 373,587
Realized gains	18	23,569	23,587
Unrealized gains (losses)	297	(3,815)	(3,518)
Purchases	80	48,080	48,160
Sales	(1,672)	(50,008)	(51,680)
Transfers	-	2,303	2,303
Fair value, June 30, 2012	$ 6,233	$ 386,206	$ 392,439

The interest rate swap arrangement has inputs which can generally be corroborated by market data and is therefore classified within level 2.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while UCMC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The significant unobservable inputs used in the fair value measurement of UCMC's long-lived partnership investments include a combination of cost, discounted cash flow analysis, industry comparables and outside appraisals. Significant increases (decreases) in any inputs used by investment managers in determining net asset values in isolation would result in a significantly lower (higher) fair value measurement.

(in thousands of dollars)

UCMC has made investments in various long-lived partnerships and, in other cases, has entered into contractual agreements that may limit its ability to initiate redemptions due to notice periods, lockups and gates. Details on typical redemption terms by asset class and type of investment are provided below:

	Remaining Life	Redemption Terms	Redemption Restrictions and terms	Redemption Restrictions in Place at June 30, 2013
Cash	N/A	Daily	None	None
Global Public Equity:				
Separate accounts	N/A	Daily	None	None
Commingled funds	N/A	Daily to monthly with notice periods of 1 to 14 days	None	None
Partnerships	N/A	Quarterly to annually with notice periods of 30 to 180 days	Lock-up provisions ranging from 0 to 5 years, some investments have a portion of capital in side pockets with no redemptions permitted	None
Private debt	1 to 10 years	Redemptions not permitted	N/A	N/A
Private equity	1 to 19 years	Redemptions not permitted	N/A	N/A
Real assets	1 to 18 years	Redemptions not permitted	N/A	N/A
Absolute return:				
Partnerships	N/A	Monthly to annually with varying notice periods	Lock-up provisions ranging from 0 to 5 investments have a portion of capital in side pockets with no redemptions permitted	Approximately $48.5 million of investments are in gated or liquidating funds
Drawdown partnerships	1 to 4 years	Redemptions not permitted	N/A	N/A
Fixed Income:				
Separate accounts	N/A	Daily	None	None
Commingled funds	N/A	Daily	None	None
Partnerships	N/A	Quarterly with notice periods of 90 days	Only one-third capital available in any 12-month period	None
Funds held in trust	N/A	Daily	None	None

6. Endowments

UCMC's endowment consists of individual donor restricted endowment funds and board-designated endowment funds for a variety of purposes plus the following where the assets have been designated for endowment: pledges receivable, split interest agreements, and other net assets. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. The net assets associated with endowment funds including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Illinois is governed by the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA). The Board of Trustees of UCMC has interpreted UPMIFA as sustaining the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UCMC classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by UCMC in a manner consistent with the standard of prudence prescribed by UPMIFA.

UCMC has the following donor-restricted endowment activities during the years ended June 30, 2013 and 2012 delineated by net asset class:

(in thousands of dollars)

	Unrestricted Funds Functioning	Temporarily Restricted	Permanently Restricted	2013 Total
Endowment net assets, beginning of year	$ 796,105	$ 67,279	$ 6,072	$ 869,456
Investment return:				
Investment income	38,437	3,518	-	41,955
Net appreciation (realized and unrealized)	21,351	1,086	-	22,437
Total investment return	59,788	4,604	-	64,392
Gifts and other additions	25,000	-	10	25,010
Appropriation of endowment assets for expenditure	(37,037)	(3,610)	-	(40,647)
Appropriation of endowment assets for capital	(134,707)			(134,707)
Other	(1,859)	361	-	(1,498)
Endowment net assets, end of year	$ 707,290	$ 68,634	$ 6,082	$ 782,006

	Unrestricted Funds Functioning	Temporarily Restricted	Permanently Restricted	2012 Total
Endowment net assets, beginning of year	$ 810,184	$ 67,857	$ 6,072	$ 884,113
Investment return:				
Investment income	36,192	3,140	-	39,332
Net appreciation (realized and unrealized)	(11,335)	(305)	-	(11,640)
Total investment return	24,857	2,835	-	27,692
Appropriation of endowment assets for expenditure	(37,343)	(3,792)	-	(41,135)
Other	(1,593)	379	-	(1,214)
Endowment net assets, end of year	$ 796,105	$ 67,279	$ 6,072	$ 869,456

(in thousands of dollars)

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (Endowments only) as of June 30, 2013 and 2012:

	Perpetual	Time-Restricted by Donor	Time-Restricted by Law	2013 Total
Restricted for pediatric health care	$ 1,855	$ -	$ 15,580	$ 17,435
Restricted for adult health care	1,925	-	50,715	52,640
Restricted for educational and scientific programs	2,312	-	2,339	4,651
	$ 6,092	$ -	$ 68,634	$ 74,726

	Perpetual	Time-Restricted by Donor	Time-Restricted by Law	2012 Total
Restricted for pediatric health care	$ 1,835	$ -	$ 15,273	$ 17,108
Restricted for adult health care	1,925	-	49,751	51,676
Restricted for educational and scientific programs	2,312	-	2,255	4,567
	$ 6,072	$ -	$ 67,279	$ 73,351

Investment and Spending Policies

UCMC has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. UCMC expects its endowment funds over time, to provide an average rate of return of approximately 6% annually. To achieve its long-term rate of return objectives, UCMC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Actual returns in any given year may vary from this amount.

For endowments invested in TRIP, the Board of Trustees of UCMC has adopted the University's method to be used to appropriate endowment funds for expenditure, including following the University's payout formula. The University utilizes the total return concept in allocating endowment income. In accordance with the University's total return objective, between 4.5% and 5.5% of a 12-quarter moving average of the fair value of endowment investments, lagged by one year, is available each year for expenditure in the form of endowment payout. The exact payout percentage, which is set each year by the Board of Trustees with the objective of a 5% average payout over time, was 5% for the fiscal years ended June 30, 2013 and 2012. If endowment income received is not sufficient to support the total return objective, the balance is provided from capital gains. If income received is in excess of the objective, the balance is reinvested in the endowment.

For endowments invested apart from TRIP, UCMC calculates a payout of 4% annually on a rolling 24-month average market value. In establishing this policy, the Board considered the expected long term rate of return on its endowment.

(In thousands of dollars)

7. Property, Plant and Equipment

The components of property, plant and equipment as of June 30 are as follows:

	2013	2012
Land and land rights	$ 36,008	$ 36,008
Buildings and improvements	1,255,542	649,565
Equipment	576,374	479,832
Construction in progress	74,688	610,211
	1,942,612	1,775,616
Less accumulated depreciation	(752,989)	(709,122)
Total property, plant and equipment, net	$ 1,189,623	$ 1,066,494

UCMC's net property, plant and equipment cost includes $10,600 representing assets under capital leases with the University, which are stated at the UCMC's historical cost. The cost of buildings that are jointly used by the University and UCMC is allocated based on the lease provisions. In addition, land and land rights includes $19,200, which represents the unamortized portion of initial lease payments made to the University. UCMC entered into a services agreement in 2013 for the exclusive right to operate certain food service operations at the Medical Center, which includes a capital commitment in the amount of $11,800 for equipment and renovations provided by the contractor. The amount outstanding as of June 30, 2013 was $11,300.

The Center for Care and Discovery was placed into service in 2013; approximately $134,800 was spent in 2013 related to the building. In 2013 and 2012, approximately $0 and $16,800 were capitalized related to software implementation of an electronic medical records system.

Capitalized interest costs in 2013 and 2012 were $14,600 and $10,000, respectively.

(in thousands of dollars)

8. Long-Term Debt

Long-term debt as of June 30 consists of the following:

	Final fiscal year maturity	Interest rate	2013	2012
Fixed rate:				
Illinois Health Facilities Authority:				
Series 2003	2015	5.0	$ 14,530	$ 21,235
Illinois Finance Authority:				
Series 2008A and B	2027	4.9	150,840	152,350
Series 2009C	2037	5.4	85,000	85,000
Series 2009D-1 and 2 (synthetically fixed rate)	2044	3.9	70,000	70,000
Series 2009E-1 and 2 (synthetically fixed rate)	2044	3.9	70,000	70,000
Series 2010 A and B (synthetically fixed rate)	2045	3.9	92,500	92,500
Series 2011 A and B (synthetically fixed rate)	2045	3.9	92,500	92,500
Series 2011C	2042	5.5	90,000	90,000
Series 2012A	2037	4.5	72,080	75,155
Unamortized premium			11,163	12,528
Total fixed rate			748,813	761,288
Variable rate:				
Series 2013A	2020	1.0	686	-
Illinois Educational Facilities Authority (IEFA)	2038	0.2	81,427	83,277
Total variable rate			82,113	83,277
Total notes and bonds payable			830,726	844,545
Less current portion of long-term debt			(10,385)	(11,290)
Long-term portion of debt			$ 820,341	$ 833,255

The fair value of long-term debt is based on the pricing of fixed-rate bonds of market participants, including assumptions about the present value of current market interest rates, and loans of comparable quality and maturity. The fair value of long-term debt would be a Level 2 hierarchy. The carrying value of long-term debt is below the estimated fair value of the debt by $10,729 and $34,439 as of June 30, 2013 and June 30, 2012, respectively, based on the quoted market prices for the same or similar issues.

Scheduled annual repayments for the next five years are as follows at June 30:

Year	Amount
2014	$ 10,385
2015	10,050
2016	12,778
2017	13,255
2018	13,868

Under its various indebtedness agreements, the Medical Center is subject to certain financial covenants, including maintaining a minimum debt service coverage ratio, maintaining minimum levels of days cash on hand, maintaining debt to capitalization at certain levels; limitations on selling, leasing, or otherwise disposing of Medical Center property; and certain other nonfinancial covenants. Each of the bond series is collateralized by unrestricted receivables under a Master Trust Indenture and subject to certain restrictions. The Medical Center was in compliance with its debt covenants as of June 30, 2013 and 2012.

Recent Financing Activity

In January 2013, the Medical Center entered into an issuance of a tax-exempt direct purchase loan with a financial institution, issued as $75,000 of Series 2013A bonds, allocated to the Medical Center for the purpose of constructing a new parking garage. This bond functions similar to a construction loan with principal being drawn down as construction proceeds. Interest at LIBOR plus 60 basis points is payable each month based on the outstanding principal balance. A mandatory purchase date of repayment is established for January 24, 2020.

Letters of Credit

Payment on each of the variable rate demand revenue bonds is also collateralized by a letter of credit. The letters of credit that support the Series 2009D and the Series 2009E bonds were due to expire in August 2012. The Medical Center replaced the letter of credit that supports the Series 2009D bonds with a new letter of credit in June 2012, which expires in June 2017. The letter of credit that supports the 2009E bonds was extended subsequent to June 30, 2012 and now expires in December 2014. The letters of credit that support the Series 2010A and Series 2010B bonds expire in November 2015 and the letters of credit that support the Series 2011A and Series 2011B bonds expire in May 2016. The letters of credit are subject to certain restrictions, which include financial ratio requirements and consent to future indebtedness. The most restrictive financial ratio is to maintain a debt service coverage ratio of 1.25:1. UCMC was in compliance with all applicable debt covenants at June 30, 2013.

Payment on each of the IEFA bonds is collateralized by a letter of credit maturing November 2014. The letter of credit is subject to certain restrictions, which include financial ratio requirements. The most restrictive financial ratio is to maintain a debt service coverage ratio of 1.75:1. UCMC was in compliance with all applicable debt covenants at June 30, 2013.

Included in UCMC's debt is $81,427 of commercial paper revenue notes and $325,000 of variable rate demand bonds. In the event that UCMC's remarketing agents are unable to remarket the bonds, the trustee of the bonds will tender them under the letters of credit. Scheduled repayments under the letters of credit are between 1 and 3 years, beginning after a grace period of at least one year, and bear interest rates different from those associated with the original bond issue. Any bonds tendered are still eligible to be remarketed. Bonds subsequently remarketed would be subject to the original bond repayment schedules.

UCMC paid interest, net of capitalized interest, of approximately $18,300 and $13,000 in 2013 and 2012, respectively.

UCMC has a $15,000 line of credit from a commercial bank. As of June 30, 2013 and 2012, no amount was outstanding under this line.

(In thousands of dollars)

9. Commitments

Leases

UCMC has capital and noncancelable operating leases for certain buildings and equipment. Future minimum payments required under noncancelable operating and capital leases as of June 30 are as follows:

	Operating	Capital
2014	$ 2,232	$ 303
2015	2,074	172
2016	2,102	-
2017	548	-
2018 and thereafter	6,808	-
Total minimum lease payments	$ 13,764	475
Less - Amount representing interest		11
Present value of net minimum capital lease payments		$ 464

The amount of total assets capitalized under these leases at June 30, 2013 and 2012, is $3,000 and $3,200 with related accumulated depreciation of $2,400 and $2,100, respectively. Rental expense was approximately $5,500 and $4,700 for the years ended June 30, 2013 and 2012, respectively, including a $500 annual rental of a parking garage from the University.

10. Insurance

UCMC is included under certain of the University's insurance programs. Since 1977, UCMC, in conjunction with the University, has maintained a self-insurance program for its medical malpractice liability. This program is supplemented with commercial excess insurance above the University's self-insurance retention, which for the years ended June 30, 2013 and 2012 was $7,500 per claim and unlimited in the aggregate. Claims in excess of $7,500 are subject to an additional self-insurance retention limited to $12,500 per claim and $12,500 in aggregate.

The estimated liability for medical malpractice self-insurance is actuarially determined based upon estimated claim reserves and various assumptions, and represents the estimated present value of self-insurance claims that will be settled in the future. It considers anticipated payout patterns as well as interest to be earned on available assets prior to payment. The discount rate used to value the self-insurance liability is a risk-adjusted rate commensurate with the duration of anticipated payments. These inputs to the fair value estimate of the liability are considered Level 2 in the fair value hierarchy.

A comparison of the estimated liability for incurred malpractice claims (filed and not filed) and net assets for the combined University and UCMC self-insurance program as of June 30, 2013 and 2012, is presented below:

	2013	2012
Actuarial present value of self-insurance liability for medical malpractice	$ 254,328	$ 246,700
Total assets available for claims	$ 352,414	$ 330,431

(in thousands of dollars)

If the present-value method were not used, the ultimate liability for medical malpractice self-insurance claims would be approximately $47,200 higher at June 30, 2013. The interest rate assumed in determining the present value was 4.5% for 2013 and 3.75% for 2012. The Medical Center has recorded its pro-rata share of the malpractice self-insurance liability as required under ASU 2010-24 in the amount of $121,300 at June 30, 2013 and $118,153 at June 30, 2012 with an offsetting receivable from the malpractice trust to cover any related claims.

The malpractice self-insurance trust assets consist primarily of funds held in TRIP.

UCMC recognizes as malpractice expense its negotiated pro-rata share of the actuarially determined normal contribution, with gains and losses amortized over six years, with no retroactive adjustments, as provided in the operating agreement. For fiscal year 2014, the Medical Center expense will be $15,300 related to malpractice.

UCMC designated $14,800 and $12,400 as of June 30, 2013 and 2012, respectively, as a workers' compensation self-insurance reserve trust fund. The self-insurance program investments consist of 65% bonds and 35% marketable equities. The specifically identified claim requirements and actuarially determined reserve requirements for unreported workers' compensation claims were $9,500 and $8,200 as of June 30, 2013 and 2012, respectively. The University also charges UCMC for its portion of other commercial insurance and self-insurance costs.

11. Pension Plans

Active Plans

A majority of UCMC's personnel participate in the University's defined benefit and contribution pension plan. Under the defined benefit portion of this plan, benefits are based on years of service and the employee's compensation for the five highest paid consecutive years within the last ten years of employment. UCMC and the University make annual contributions to this portion of the plan at a rate necessary to maintain plan funding on an actuarially recommended basis. UCMC recognizes its share of net periodic pension cost as expense and any difference in the contribution amount as a transfer of unrestricted net assets. The reduction to net assets for 2013 was $2,800. Contributions of $32,500 and $52,700 were made in the fiscal years ended June 30, 2013 and 2012, respectively. UCMC expects to make contributions of $32,500 for the fiscal year ended June 30, 2014 that will be entirely expensed as net periodic pension costs.

Under the defined contribution portion of the plan, UCMC and plan participants make contributions that accrue to the benefit of the participants at retirement. UCMC's contributions, which are based on a percentage of each covered employee's salary, totaled approximately $6,400 and $6,100 for the years ended June 30, 2013 and 2012, respectively.

Plan Name	EIN	Contributions of UCMC	
		2013	2012
University of Chicago Retirement Income Plan for Employees	36-2177139-002	$ 6,711	$ 35,000
University of Chicago Pension Plan for Staff Employees	36-2177139-003	25,789	17,700
		$ 32,500	$ 52,700

The benefit obligation, fair value of plan assets and funded status for the University's defined benefit plan included in the University's financial statements as of June 30, are shown below:

(in thousands of dollars)

	2013	2012
Projected benefit obligation	$ 795,133	$ 780,797
Fair value of plan assets	557,966	496,657
Deficit of plan assets over benefit obligation	$ (237,167)	$ (284,140)

The weighted-average assumptions used in the accounting for the plan are shown below:

	2013	2012
Discount rate	4.9%	4.5%
Expected return on plan assets	7.0%	7.1%
Rate of compensation increase	3.5%	3.5%

The weighted average asset allocation for the plan is as follows:

	2013	2012
Domestic equities	29 %	27 %
International equity	15 %	16 %
Fixed income	56 %	57 %
	100 %	100 %

The pension and other postretirement benefit obligation considers anticipated payout patterns as well as investment returns on available assets prior to payment. The discount rate used to value the pension and other postretirement benefit obligation is a risk-adjusted rate commensurate with the duration of anticipated payments. These inputs to the fair value estimate are considered Level 2 in the fair value hierarchy.

Total benefits and plan expenses paid by the plan were $36,200 and $32,200 for the fiscal years ended June 30, 2013 and 2012, respectively.

Expected future benefit payments excluding plan expenses are as follows:

Fiscal Year	
2014	42,109
2015	37,761
2016	40,072
2017	42,672
2018	45,160
2019-2023	265,818

Certain UCMC personnel participate in a contributory pension plan. Under this plan, UCMC and plan participants make annual contributions to purchase annuities equivalent to retirement benefits earned. UCMC's pension expense for this plan was $4,900 and $5,000 for the years ended June 30, 2013 and 2012, respectively.

(in thousands of dollars)

Curtailed and Frozen Plan
In June 2002, UCMC assumed sponsorship of the Louis A. Weiss Memorial Hospital Pension Plan (Employer Identification Number 36-3488183, Plan Number 003), which covers employees of a former affiliate. Participation and benefit accruals are frozen. All benefit accruals are fully vested.

Components of net periodic pension cost and other amounts recognized in unrestricted net assets include the following:

	Years Ended June 30, 2013	2012
Net periodic pension cost		
Interest cost	$ 2,340	$ 2,719
Expected return on plan assets	(2,860)	(2,921)
Amortization of unrecognized net actuarial loss	817	684
Net periodic pension cost	297	482
Other changes in plan assets and benefit obligations recognized in unrestricted net assets		
Liability for pension benefits	3,878	(2,659)
Total recognized in net periodic pension cost and unrestricted net assets	$ (3,581)	$ 3,141

The following tables set forth additional required pension disclosure information for this plan:

	Years Ended June 30, 2013	2012
Change in projected benefit obligation		
Benefit obligation at beginning of year	$ 58,098	$ 55,219
Interest cost	2,340	2,719
Net actuarial loss (gain)	(3,029)	3,425
Benefits paid	(3,319)	(3,264)
	54,090	58,099
Change in plan assets		
Fair value of plan assets at beginning of year	47,696	41,717
Actual return on plan assets	2,892	3,003
Employer contribution	1,091	6,240
Benefits paid	(3,319)	(3,264)
	48,360	47,696
Funded status at end of year	$ (5,730)	$ (10,403)

Amounts recognized in the balance sheet are included in noncurrent liabilities.

Accumulated plan benefits equal projected plan benefits. Assumptions used in the accounting for the net periodic pension cost were as follows:

(In thousands of dollars)

	2013	2012
Discount rate	4.8 %	4.2 %
Expected return on plan assets	6.0 %	6.0 %
Rate of compensation increase	N/A	N/A

Weighted average asset allocations for plan assets are as follows:

	2013	2012
Cash	2 %	8 %
Fixed income	51	53
Domestic equities	34	28
International equities	13	11
	100 %	100 %

All plan assets are valued using level 1 inputs. The target asset allocation is 40% equities and 60% fixed income. The expected return on plan assets is based on historical investment returns for similar investment portfolios.

UCMC expects to make contributions of $1,500 to the plan in the fiscal year ending June 30, 2014. Expected future benefit payments are:

Fiscal Year	
2014	$ 3,565
2015	3,547
2016	3,535
2017	3,535
2018	3,559
2019-2023	18,206

12. Acquisitions

On September 30, 2011, the Medical Center entered into an Asset Purchase Agreement, whereby the Medical Center acquired the operations of Midwest Center for Hematology/Oncology, S.C. a professional service corporation that specializes in oncology. The purchase price was $2,607 and there are no earn-out provisions with the agreements. The acquisition is accounted for under the purchase method of accounting and, accordingly, the cost has been allocated on the basis of estimated fair value of assets acquired and liabilities assumed. This resulted in $746 of the purchase price being allocated to goodwill and $905 being allocated to non-compete agreements. The non-compete agreements are amortized over a 5 year period.

13. Concentration of Credit Risk

As a hospital, UCMC is potentially subject to concentration of credit risk from patient accounts receivable and certain investments. Investments, which include government and agency securities, stocks, corporate bonds, real assets, absolute return, and private equities, are not concentrated in any corporation or industry or with any single counter-party. UCMC receives a

(in thousands of dollars)

significant portion of its payments for services rendered from a limited number of government and commercial third-party payors, including Medicare, Medicaid, and Blue Cross. For 2013 and 2012, Medicaid approximated 15% and 17% of the Medical Center's net revenue for the year. Medicaid represented 16% and 30% of UCMC's net accounts receivable at June 30, 2013 and 2012, respectively. Management does not anticipate any collection risk related to the Medicaid accounts receivable at June 30, 2013. UCMC has not historically incurred any significant credit losses outside the normal course of business.

14. Pledges

Pledges receivable at June 30 are shown below:

	2013	2012
Unconditional promises expected to be collected in:		
Less than one year	$ 2,272	$ 4,959
One year to five years	2,634	6,001
More than five years	-	-
	4,906	10,960
Less unamortized discount (discount rate 5.5%)	(197)	(527)
Total	$ 4,709	$ 10,433

15. Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30:

	2013	2012
Pediatric health care	$ 17,943	$ 17,751
Adult health care	51,756	50,743
Educational and scientific programs	4,691	4,187
Capital and other purposes	7,581	22,664
Total	$ 81,971	$ 95,345

Income from permanently restricted net assets is restricted for:

	2013	2012
Pediatric health care	$ 1,855	$ 1,845
Adult health care	1,925	1,935
Educational and scientific programs	2,312	2,312
Total	$ 6,092	$ 6,092

(in thousands of dollars)

16. Functional Expenses

Total operating expenses by function are as follows for the years ended June 30:

	2013	2012
Health care services	$ 1,177,672	$ 1,103,904
General and administrative	80,938	66,819
Total	$ 1,258,610	$ 1,170,723

17. Contingencies

UCMC is subject to complaints, claims and litigation which have risen in the normal course of business. In addition, UCMC is subject to reviews by various federal and state government agencies to assure compliance with applicable laws, some of which are subject to different interpretations. While the outcome of these suits cannot be determined at this time, management, based on advice from legal counsel, believes that any loss which may arise from these actions will not have a material adverse effect on the financial position or results of operations of UCMC.

Section IX, Financial Viability

Attachment 38

Evidence of UCMC's most recent bond ratings from Standard & Poor (AA-) and Moody's (Aa3) is attached.

ATTACHMENT 38

MOODY'S
INVESTORS SERVICE

7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

November 8, 2013

Mr. James Watson
Chief Financial Officer
The University of Chicago Medical Center
Room M-116, MC 1111
5841 S. Maryland
Chicago, IL 60637-0970

Dear Mr. Watson:

We wish to inform you that Moody's Investors Service has affirmed The University of Chicago Medical Center's **Aa3** rating on bonds issued through the Illinois Finance Authority and Illinois Health Facilities Authority. The outlook is revised to negative.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time.

The rating as well as any other revisions or withdrawals thereof will be publicly disseminated by Moody's through the normal print and electronic media and in response to verbal requests to Moody's rating desk.

In order for us to maintain the currency of our rating, we request that you provide ongoing disclosure, including annual and quarterly financial and statistical information.

Should you have any questions regarding the above, please do not hesitate to contact me.

Sincerely,

Mark Pascaris

Mark Pascaris
Vice President/Senior Analyst
Phone: 312-706-9963
Fax: 212-298-6377
Email: mark.pascaris@moodys.com

MP:rl

cc: Ms. Ann McColgan, Vice President & Chief Treasury Officer, The University of Chicago Medicine
Mr. Mark Melio, Melio & Company
Ms. Beth Chevalier, Melio & Company

STANDARD
&POOR'S
RATINGS SERVICES

RatingsDirect®

Illinois Finance Authority University of Chicago Medical Center; Hospital; Joint Criteria

Primary Credit Analyst:
Brian T Williamson, Chicago (1) 312-233-7009; brian.williamson@standardandpoors.com

Secondary Contact:
Suzie R Desai, Chicago (1) 312-233-7046; suzie.desai@standardandpoors.com

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Illinois Finance Authority
University of Chicago Medical Center; Hospital; Joint Criteria

Credit Profile		
Illinois Fin Auth, Illinois		
University of Chicago Med Ctr, Illinois		
Series 2003		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Series 2009D1-2		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Long-Term Rating	AAA/A-1	Affirmed
Series 2009E-1 & E-2		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Long-Term Rating	AAA/A-1	Affirmed
Series 2011C & 2012A		
Long-Term Rating	AA-/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services affirmed its 'AA-' long-term rating and underlying rating (SPUR) on the Illinois Finance Authority's (IFA) series 2003, 2009A, 2009B, 2009C, 2009D, 2009E, 2011C, and 2012A bonds issued on behalf of the University of Chicago Medical Center (UCMC). The outlook is stable.

In addition, Standard & Poor's affirmed its 'AAA/A-1' rating on IFA's series 2009E-1 and 2009E-2 variable-rate demand revenue refunding bonds also issued on behalf of UCMC. The rating on the series 2009E-1 and 2009E-2 is based on the joint support of irrevocable, direct-pay letters of credit (LOCs) provided by JPMorgan Chase Bank N.A. (A+/A-1) and the pledged support of UCMC.

The ratings reflect our view of UCMC's solid enterprise profile, as evident in admissions growth of more than 10% during the past two years coupled with solid operations for unaudited fiscal 2013. The ratings also reflect our view of UCMC leadership's ability to complete the construction and opening of the Center for Care and Discovery on time and on budget. As the leadership has made the transition into the new hospital, UCMC operations have been on par with what the team shared with us for fiscal 2013. However, UCMC's budget calls for a softer fiscal 2014 after accounting for the expenses associated with operating the Center for Care and Discovery for a full fiscal year. If UCMC performs at the budgeted level for 2014, the outlook and/or rating could come under pressure.

The ratings further reflect our opinion of UCMC's:

Section X, Economic Feasibility

Attachment 39

A. Reasonableness of Financing Arrangements.

A letter attesting to the financial viability of the Project is attached along with a list of the cost and gross square feet by department or service.

B. Conditions of Debt Financing.

This Project is being paid for through cash and securities and therefore, this criteria is not applicable.

C. Reasonableness of Project and Related Costs.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A Cost/Sq. Foot	B	C	D	E	F	G	H	Total Costs
		Gross Sq. Ft.		Gross Sq. Ft.			Const. $	Mod. $	
	New	Mod.	New	Circ.	Mod	Circ.	(A x C)	(B x E)	(G + H)
Reviewable:									
Outpatient Clinics	$264.79		34,321	27%			$9,087,936		$9,087,936
Infusion Therapy	264.79		7,766	18%			2,056,285		2,056,285
Radiation Oncology	305.00		5,994	18%			1,828,161		1,828,161
Diagnostic Imaging	305.00		8,995	17%			2,743,461		2,743,461
Shelled 4th Floor	114.79		28,103	4%			3,226,006		3,226,006
Reviewable Total	$222.38		85,179	17%			18,941,849		18,941,849
Non-reviewable:									
Mechanical, Other Bldg. Systems	227.67		22,009	35%			5,010,910		5,010,910
Administrative	236.96		5,800	5%			1,374,417		1,374,417
Space to be Leased	114.79		14,196	na			1,629,590		1,629,590
Parking Deck	76.05		132,000	na			10,038,560		10,038,560
Non-reviewable Total	$103.75		174,006	28%			18,053,477		18,053,477
Contingency	$13.56						3,514,556		3,514,556
TOTALS	$156.30		259,184	17%			$40,509,882		$40,509,882

State $/SF Standard - 4/14/14: From Board staff	
State $/sf 1/1/14	$410
Zip code adjustment – 60462	1.0300
Inflation to 11/29/15 midpoint	1.0582
Weighted Intensity	0.7971
Adjusted $/sf standard	**$356**
Reviewable $/sf Total	$222
Project Clinical+Conting. only	**$264**

Calculated by applicant

ATTACHMENT 39

D. Project Operating Costs.

	Diagnostic Imaging	Radiation Oncology	Outpatient Clinics	Infusion Therapy
Compensation	1,333,006	718,624	31,492,800	1,221,090
Supplies	531,327	69,377	7,041,600	10,936,910
Services and Other	724,980	1,364,976	2,523,200	1,066,859
Total Operating Costs	2,589,313	2,152,977	41,057,600	13,224,859
Workload Units	55,481	7,500	160,000	10,440
Annual Operating Cost Per Unit	$47	$287	$257	$1,267

2014 dollars

E. Total Effect of Project on Capital Costs.

	Year 2018
Annual Depreciation	$4,319,524
Equivalent Patient Days	541,077
Capital Cost Per Equivalent Day	$7.98

ATTACHMENT 39

THE UNIVERSITY OF CHICAGO MEDICINE

James M. Watson
Chief Financial Officer

May 20, 2014

Ms. Courtney Avery
Administrator
ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

Re: The University of Chicago Medical Center, Reasonableness of Financing Arrangements 1120.140(a)(1)

Dear Ms. Avery:

The total estimated project costs and related costs will be funded in total with cash and equivalents. Available for funding this project, as of June 30, 2013 audited financial statements is $164.5 million from Cash and Cash Equivalents and $797.3 million from Investments Limited to Use, Less Current Portion.

Sincerely,

THE UNIVERSITY OF CHICAGO MEDICAL CENTER

James Watson
Chief Financial Officer

Notarization:
Subscribed and sworn to before me
This 20th day of May, 2014

Signature of Notary Public Seal

"OFFICIAL SEAL"
CASSANDRA COLE
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 8/3/2017

5841 South Maryland Avenue · MC 1000 · Chicago, Illinois 60637
Telephone: 773-834-7243 · Fax: 773-702-9005 · E-mail: James.Watson@uchospitals.edu

Section IX, Safety Net Impact Statement

Attachment 40

1. **The Project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.**

The University of Chicago Medical Center ("UCMC") is a recognized provider of safety net services, and multi-specialty ambulatory care is an essential, safety-net resource for the communities that we serve. In furtherance of our charitable mission, UCMC advocates for access to health care for all persons, including those without an ability to pay. Additionally, UCMC has robust financial assistance and charity care policies, which will be available to patients at our new ambulatory site for all medically-necessary outpatient hospital and physician office-based services on the same terms as patients on our main campus.

At a time when nearly 1 in 3 office-based physicians are turning away new Medicaid patients,[1] and an even higher number of physicians refuse to see uninsured patients altogether, UCMC's intent to create additional outpatient capacity, including capacity for those with a limited ability to pay, is a demonstration of its enduring commitment to low-income and other vulnerable populations. UCMC recognizes that financial and other barriers to healthcare are endemic to its constituency, whether it be on the South Side of Chicago or in Chicago's South Suburbs, and seeks to mitigate potential obstacles to their timely receipt of quality health care in the community.

Planning Area A-04 is home to 16 community health centers and FQHCs, which have a persistent need for specialty medical services and know that the absence of specialty care can lead to greater morbidity and perhaps mortality among their patients. In fact, these FQHCs, including four (4) Access sites, depend on hospitals to provide a continuum of care to their patients. UCMC has been a long-standing hospital partner to many FQHCs, including Access Community Health Network ("Access"), and continually collaborates with such organizations to improve community health. Included in Appendix-1 is a letter from Access indicating its support for the Project and its desire to partner with UCMC to connect Medicaid recipients and low income residents to health care services.

Additionally, in developing the Project, UCMC has worked closely with the Mayor of the Village of Orland Park ("Village"), Daniel J. McLaughlin and members of the Village Board. The proposed facility will be located in downtown Orland Park on property owned by the Village. The Village has long sought to bring advanced medical care to the area residents and strongly supports the Project. A letter from Mayor McLaughlin supporting the Project is attached as Appendix A-1.

UCMC's proposed establishment of an ambulatory care medical office building in Planning Area A-04 signifies increased access to, and the availability of, high-quality specialty medical care for the area's neediest patients.

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[1] *Health Affairs,* August 2012, Vol. 31, No. 8, pgs. 1673 – 1679.

UCMC's record of providing services to a large, medically underserved, low income population is already well established because of its location on Chicago's South Side, a community that is one of the most economically challenged in the State of Illinois and that has a critical need for quality healthcare. The population of the South Side is approximately 87 percent African American, 6 percent White and 4 percent Hispanic. The South Side is relatively poor compared to the City of Chicago as a whole with 29 percent of community residents reporting family incomes below the poverty level compared with 20 percent for the city as a whole. In addition, just under half of the South Side community lives below 200 percent of the poverty level[2].

UCMC remains the largest Medicaid provider among private hospitals in the State of Illinois. UCMC also provides 68% more Medicaid services (as measured by net revenue) than the average of our Chicago-area academic medical center peers.

2. **The Project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.**

UCMC's proposed establishment of an ambulatory care medical office building in Planning Area A-04 should not impact the ability of other providers or health care systems to cross-subsidize safety net services. The purpose of the Project is to attempt to keep pace with projected incremental demand from the community. The patients that will use ambulatory location are either existing patients of UCMC that have been served on its main medical campus or a part of the incremental growth projected for the region in the next five years.

3. **How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.**

Not applicable.

4. **Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other services.**

UCMC provides a substantial amount of care for which it does not receive payment. As reported in UCMC's 990 tax filing for fiscal year 2013, UCMC provided $25,793,000 in charity care, incurred losses on government programs of $116,370,000 and losses on education of $78,916,000 provided research support of $48,309,000 and $1,353,000 for other programs, and incurred uncompensated charges—or bad debt—of $12,326,000.

However, the community benefit provided by UCMC goes well beyond the number of charity care and Medicaid patients treated at UCMC. For example, UCMC's mission is to provide superior health care in a compassionate manner, ever mindful of each patient's dignity and individuality. To accomplish its mission, UCMC calls upon the skills and expertise of all who work together to advance medical innovation (patient care), service the health needs of the community (community service) and to further the knowledge of those dedicated to caring (research and education).

[2] *Serving Chicago's Underserved: Regional Health System Profiles,* Chicago Department of Public Health, Chicago Health and Health Systems Project (Oct. 20, 2005).

ATTACHMENT 40

1. PATIENT CARE

UCMC is a nationally recognized leader in patient care, research and medical education. Renowned for treating some of the most complex medical cases, UCMC brings the very latest medical treatments to patients in Chicago's South Side community, and throughout the world. In this way, UCMC furthers its commitment to patient care, clinical practice and community health. UCMC partners with the University of Chicago physicians and the Pritzker School of Medicine to educate the next generation of physicians and other health care professionals. UCMC is a leading provider of complex care and routinely ranks among the top providers of Medicaid services (based on admissions and inpatient days) in the state of Illinois.

ADULT PATIENT CARE IN THE CENTER FOR CARE AND DISCOVERY ("CCD") AND BERNARD A. MITCHELL HOSPITAL

In February 2013, UCMC opened the Center for Care and Discovery, a new 10-story hospital that serves as the new core of the UCMC campus. The new hospital is 1.2 million square feet and contains 240 single-occupancy inpatient rooms, including 52 intensive care beds, 21 operating rooms with leading-edge technology, and 7 advanced imaging suites for interventional procedures. The CCD provides a home for complex specialty care with a focus on cancer, gastrointestinal disease, neuroscience, advanced surgery, and high-technology medical imaging. The facility is designed for family-centered care and improved communication among all members of the patients care team.

Bernard A. Mitchell Hospital ("Mitchell"), which was built in 1983, continues to operate 220 inpatient beds and includes the emergency department and Arthur Rubloff Intensive Care Tower. Mitchell also houses UCMC's Burn and Electrical Trauma Units and intensive care units for transplantation, neurology and neurosurgery, cardiothoracic care, general surgery, and general medicine patients. UCMC houses one of only two burn units in Chicago, at which UCMC provides care to critically-injured adult and pediatric patients, many of whom spend months in this intensive care facility.

UCMC offers world-class transplantation programs in several areas, including transplantation of the liver, kidney, pancreas, lung, heart, bone marrow and other tissues, multiple-organ transplantation, and research in transplant immunology. UCMC performed 120 organ transplants in FY 2013 and 167 bone marrow or stem cell transplant procedures for the treatment of various cancers for both adult and pediatric patients.

UCMC admitted more than 21,000 adult patients in fiscal year 2013 with more than 425,000 adult and pediatric visits to the outpatient ambulatory care facility. In addition, UCMC's Mitchell Hospital contains state-of-the-art obstetrical and gynecological facilities and has a leading program in reproductive endocrinology and infertility. The facilities include eight labor rooms, three delivery rooms, and two birthing rooms, as well as a 17-bed gynecology unit and four obstetric operating rooms. Over 1,660 babies were delivered at UCMC during FY 2013, many to women with high-risk pregnancies.

UCMC's Emergency Department is open 24 hours a day, 7 days a week and in FY 2013, UCMC provided almost 47,000 adult ED visits, making it the busiest emergency room on Chicago's

South Side. In addition, UCMC serves as a Resource Hospital for one of the emergency medical system ("EMS") regions in Illinois. UCMC is one of three (3) Resource Hospitals in Chicago and represents Chicago South. As a Resource Hospital, UCMC has authority and responsibility over the entire EMS regional system, including the clinical aspects, operations and educational programs. UCMC provides the entire budget for its participation as a Resource Hospital and spends over $300,000 per year on this service. As a Resource Hospital, UCMC also is responsible for replacing medical supplies and providing for equipment exchange in participating EMS vehicles. UCMC spends approximately $30,000 per year on replacement and restocking.

CHICAGO COMER CHILDREN'S HOSPITAL

As a major tertiary referral center, the University of Chicago Comer Children's Hospital sees children with medical problems that range from some of the most common to some of the most complex in its 155 bed, seven-story facility, which opened in February 2005. Families of these pediatric patients can stay at the 30,000 square-foot Ronald McDonald House on campus, which UCMC built and opened in December 2007, nearly doubling the size of the prior Ronald McDonald House. More than 5,000 children were admitted as patients to Comer Children's Hospital in fiscal year 2013 from the Chicago area, the Midwest, and around the world. In FY 2013, UCMC's outpatient clinics accommodated more than 43,800 general pediatric and specialty visits in its ambulatory care facility and almost 29,000 visits were made to the Comer pediatric emergency room.

Comer Children's Hospital is staffed by more than 100 physicians from the Department of Pediatrics at the University, as well as specialty nurses and caring support staff. The teams of healthcare professionals—including medical students, residents and fellows—work together to provide general and specialty medical care for newborns to young adults. At Comer Children's Hospital and through its outpatient clinics, children and teens receive advanced therapies in virtually all clinical areas.

Comer Children's Hospital is a pediatric Level-I trauma center that treats children with severe injuries for emergency trauma care. UCMC also cares for critically ill and injured children in its technologically advanced Pediatric Intensive Care Unit ("PICU"). The 30-bed PICU is fully equipped to treat children with multiple traumas, complex medical problems, and conditions requiring major surgery, including cardiac, transplant, and neurosurgery.

In addition, 47 designated tertiary care (Level III) beds in the Neonatal Intensive Care Unit and 24 convalescent (Level II) beds in the Transitional Care Unit provide premature and critically ill infants with the most advanced medical care and life support systems.

At the Comer Children's Hospital, infants who spend time in the NICU receive specialized follow-up care after they are discharged at its Center for Healthy Families ("Center"). The Center uses a multidisciplinary care approach that includes general pediatricians, neonatologists, nurse educators, pediatric social workers, registered dietitians, occupational therapists, physical therapists, speech therapists and home health nurses. The Center also draws on the expertise of other pediatric specialists as needed. The team addresses a host of concerns, including medical and physical needs, development, motor skills, speech, growth, nutrition, and the home

environment. Team members are available by pager 24 hours a day and also teach parents how to give medications, monitor symptoms, and take other steps to meet their child's special needs. Sometimes, team members even visit the child's home to help parents and caregivers adapt to the physical and emotional environment to support the child's needs.

Comer Children's Hospital serves as the Center of a Regional Perinatal Network that is responsible for the administration and implementation of the Illinois Department of Public Health's ("IDPH") regionalized perinatal health care program. In this role, UCMC provides nine area hospitals with consultation as well as transport services for approximately 16,000 babies born in network hospitals, more than one-third of them considered high-risk. The network is committed to reducing fetal and infant mortality throughout the surrounding urban, suburban, and rural communities. UCMC also provides leadership in the design and implementation of IDPH's Continuous Quality Improvement program and participates in continuing education for other health professionals.

More than 60% of all care provided at Comer Children's Hospital is provided to children covered by the Medicaid program. Comer Children's Hospital has a strong commitment to its community and sponsors a number of programs and services that extend beyond its walls. For example, Comer Children's Hospital takes primary care to children in its surrounding neighborhoods through the Pediatric Mobile Medical Unit (the "Mobile Unit"), which features two fully equipped exam rooms and a team comprised of a physician, a nurse practitioner and a community health advocate. The 40-foot-long Mobile Unit provides a full array of pediatric primary care services to children ages 3 to 19 who may not receive healthcare on a regular basis and brings medical resources to the children's school so parents or guardians don't have to work through obstacles, such as transportation.

At schools throughout the community, the Mobile Unit provides such services as immunizations; physicals for school and sports; screenings for vision, hearing, lead poisoning, and anemia; urine tests; and blood draws. At high schools, the Mobile Unit offers health education and treatment for minor injuries. When appropriate, children are referred for follow up care and specialty services to manage conditions such as asthma, diabetes, or mental health problems.

2. COMMUNITY SERVICE

UCMC's South Side community lacks needed health care services. Chicago's South Side has lost seven hospitals since 1985 – including most recently, the closure of Michael Reese Hospital in 2009 – and more than 2,000 beds in the past decade alone. This has resulted in a "shortage" of critical medical services and an increased demand for preventative care. Rooted in the firm belief that all patients should have access to the health care services they need, UCMC has partnered with other healthcare providers that serve this community to coordinate resources.

UCMC is committed to building strong and meaningful relationships with the surrounding community and recognizes that these relationships will help improve health outcomes on the South Side of Chicago.

One of UCMC's innovative approaches to addressing the health care shortage in its community is a program called the Urban Health Initiative ("UHI"). Under the UHI, UCMC pursues

meaningful partnerships with other providers in the community to improve the long-term health of patients and to conduct important community-based clinical research, including research on the diseases that have the greatest impact in the South Side community (*e.g.*, diabetes, renal failure, asthma, etc.). Some of the key UHI programs, initiatives and partnerships aimed at meeting the health needs of the community are described below.

Under the UHI, UCMC established, and continues to expand, a series of relationships with other health care providers throughout the South Side to help patients establish a permanent "medical home" and thus to facilitate improved access to care and ensure that more patients are guided to the most suitable providers for the care they need. Research has shown that when patients have a medical home in the community, they can manage their health issues on a more consistent basis and get more effective care for the prevention and treatment of non-urgent conditions, routine care and management of health issues, and referrals to specialists or hospitals for more complex care as needed.

One of the key components of the UHI is the South Side Healthcare Collaborative (SSHC), a network of over 30 community-based health centers, free clinics and local hospitals. The SSHC was established in 2005, with assistance from a two-year Healthy Communities Access Program grant from the United States Department of Health and Human Services, to help emergency room patients who report not having a primary care physician find appropriate care at a medical home where the patient can establish an ongoing relationship with a community clinic or physician. After the government grant ended, UCMC undertook the continued funding of the SSHCC operations.

To help patients connect with community health resources, UCMC staffs its Emergency Department with patient advocates whose goal is to meet with patients who do not have a primary care provider. Through the Medical Home and Specialty Care Connections Program, UCMC social workers conduct comprehensive social service assessments and referrals in the Emergency Department. Since 2005, UCMC has been providing information to patients about available SSHCC resources and patient advocates have scheduled almost 10,000 primary or specialty care appointments for patients with providers in the community. In FY 2013, patient advocates worked with over 10,000 patients and made over 4,500 appointments for patients to receive primary and specialty care from community providers.

The Extension for Community Healthcare Outcomes ("ECHO Chicago") model is an innovate effort by UHI to expand access to specialized care for vulnerable, underserved communities. ECHO Chicago uses advanced communications technology to bring together UCMC's expertise and primary care providers in the community, enabling underserved patients to receive state-of-the-art, evidence-based care for complex chronic conditions within the familiar surroundings of their medical home.

The ER Community Portal is a web-based site that gives SSHC physicians the ability to access the medical records of patients referred from UCMC's pediatric and adult emergency rooms. The Portal is aimed at helping to lower medical costs by reducing the need to re-order redundant tests; reducing medical errors by giving community physicians a more comprehensive view of patients' medical histories; and improving outcomes by providing better continuity of care. The

Portal is just one of the many steps geared towards creating a seamless network of interconnected health care and social service agencies on the South Side.

UCMC also provides community residents with primary and specialty care through a number of additional programs. For example, in an effort to expand the availability of high quality medical care in the community, under the UHI, UCMC has placed specialty care providers at federally qualified health centers ("FQHC") in the South Side. In this way, UCMC aims to increase the availability of specialty services to patients living in the community.

UCMC has partnered with the public health system on the IRIS for Kids program, which is designed to expand access to pediatric specialty care and diagnostic services. This automated, Internet-based scheduling system allows parents to book specialty care appointments for children at the public hospital. Often the wait for these appointments is lengthy on the South Side and this system provides much-needed additional capacity.

Similarly, UCMC participates in the Illinois Breast and Cervical Cancer Program ("IBCCP"), a state funded program offering mammograms, breast exams, pelvic exams and Pap tests to eligible women. Through UCMC's participation in the IBCCP, UCMC provides mammography and breast cancer screening services through a referral process in partnership with the Illinois Department of Health and Chicago Family Health Center, the lead agency for the IBCCP. In FY 2013, UCMC provided over 700 services to patients in the IBCCP, including screening and diagnostic mammograms, and ultrasounds.

UCMC provides grants to community health care providers under the UHI to help them expand their capabilities to serve more patients with more resources and also provides sponsorships to community organizations and initiatives. UCMC develops partnerships with community hospitals to help make the best use of resources in underutilized hospitals. In addition, UCMC physicians often provide care at these community providers and hospitals. In FY 2013, UCMC provided $588,000 in grants and sponsorships to community organizations, which were used for, among other initiatives, promoting physical exercise, nutrition and youth education.

As part of the UHI, UCMC has undertaken research initiatives that engage South Side residents in finding innovative, community-based solutions to ongoing health care needs. For example, UHI launched the Center for Community Health and Vitality ("CCHV"), which provides a community base for UHI to offer University data and research resources to the community and to facilitate research and demonstrations done by University investigators in collaboration with South Side residents.

One of the major CCHV initiatives is the South Side Health and Vitality Studies (the "Studies"). The Studies are guided by the fundamental premise that scientific inquiry in service to community priorities and in collaboration with community partners is needed to eliminate the most impenetrable barriers to health and vitality. The South Side Health and Vitality Studies focus on social, environmental and technological determinants of health.

More specifically, the Studies aim to track several thousand South Side households over a generation to discover ways to ensure long-term health and wellness. These discoveries will inform effective health policy and action. The first of these studies is a Community Asset

Mapping Project that engages community members in keeping current information about the availability and distribution of commercial, healthcare, social and civic resources in all thirty-four (34) South Side communities. The goal of the Community Asset Mapping Project is to give area residents reliable information to help them find quality services, to identify gaps in such services, and to inform new community investments. Residents may view and give feedback on the Community Asset Mapping Project at SouthSideHealth.org. This interactive website also provides professionals with detailed information about available resources for health and human services in Chicago's South Side.

UCMC provides financial incentives to encourage alumni to practice in surrounding, underserved communities through UCMC's funding of a program called Repayment for Education to Alumni in Community Health, or REACH. REACH encourages up to five graduates a year from the Medical School to practice medicine at a federally qualified health clinic or community hospital on the South Side of Chicago, once they have completed a residency. In exchange, students receive financial help, which can be used for education loan repayment, of $40,000 a year.

3. COMMUNITY OUTREACH AND EDUCATION

As a member of a diverse neighborhood, UCMC is involved in a variety of activities with community groups, faith-based organizations, community leaders and residents. To this end, UCMC has launched a series of initiatives to build partnerships with local communities and engage directly in providing information and solutions that enhance healthcare in the neighborhoods surrounding UCMC.

UCMC routinely holds community events on specific diseases and diagnoses and invites community residents to participate through outreach efforts via churches and other community-based organizations. At these community events, UCMC clinical and administrative personnel speak directly to members of the community about a variety of issues, including how to manage particular medical issues and the importance of having a medical home.

On a regular basis, UCMC holds a UHI Summit, which brings together UCMC physicians, administrators and staff; public healthcare officials; representatives of various community organizations; and the media to discuss ways to advance health in the community. UCMC physicians also lead a weekly radio broadcast on a local radio station focused on disease-specific health topics impacting the community.

In addition, UCMC and the University of Chicago's Comprehensive Cancer Center are focused on addressing the gap between advances in cancer care and patient accessibility. To achieve the desired cancer prevention and control outcomes, the Comprehensive Cancer Center's priority is to identify the parts of Chicago most affected by cancer and provide resources that maximize the impact of its services. This includes improving the quality of life for cancer patients and survivors, reducing risk factors, increasing access to care, reducing tobacco use and increasing participation in cancer research. To this end, UCMC and the University of Chicago initiated the Office of Community Engagement and Cancer Disparities ("OCECD"), with a goal of enhancing public awareness of cancer prevention, early cancer detection and control, and the role of

genetics in cancer. The program also strives to provide sustained engagement with the South Side community to increase local awareness of the latest advances in cancer research.

UCMC also provides Best of the Best Tours to children and teens in grades 6 through 12. The Best of the Best Tours provide a hands-on look at what goes on inside UCMC and a personal introduction to the many job opportunities available at UCMC, one of the South Side's largest employers. Students visit an array of critical areas where they look at human organs to learn about disease; they learn about the impact of exercise on the body; and they see how technology is used in all facets of medical care — both diagnostically and administratively. It's a day of fun and inspiration as students learn about careers as sterile technicians, pathologists, nurses, phlebotomists, information systems analysts, human resources specialists and other job roles. Since 2003, UCMC has provided between three and ten Best of the Best tours per year.

4. RESEARCH AND EDUCATION

UCMC dedicates resources to a variety of clinical, research and education initiatives that are designed to promote better health results for the communities it serves. UCMC works with the University to conduct a wide array of externally and internally funded biologic research with the aim of finding solutions to some of the country's most critical health problems. Hundreds of clinical research projects are being conducted at UCMC facilities at any one time and are available to nearly every type of patient UCMC treats. As a result, UCMC provides the only comprehensive set of clinical trials to patients in the South Side of Chicago.

For example, the Center for Interdisciplinary Health Disparities Research focuses on achieving a trans-disciplinary approach to understanding population health and health disparities and the elimination of group differences in health. Currently the Center for Interdisciplinary Health Disparities Research is focused on understanding why African American women develop breast cancer at a younger age and have a higher incidence of mortality from breast cancer than do white women.

UCMC also invests in research conducted under a Clinical and Translational Science Award (CTSA) – funded by federal grants to the University with additional investment by UCMC – to provide more effective community health care by helping to translate basic science research into programs that benefit the community. The CTSA initiative is led by the National Center for Research Resources at the National Institutes of Health and is aimed at improving the way biomedical research is conducted across the country, reducing the time it takes for laboratory discoveries to become treatments for patients, engaging communities in clinical research efforts, and training the next generation of clinical and translational researchers. In an effort to marshal available intellectual resources, this research includes the involvement of University social scientists and social workers to help researchers and practitioners better understand how to overcome social and/or cultural hurdles and improve community health.

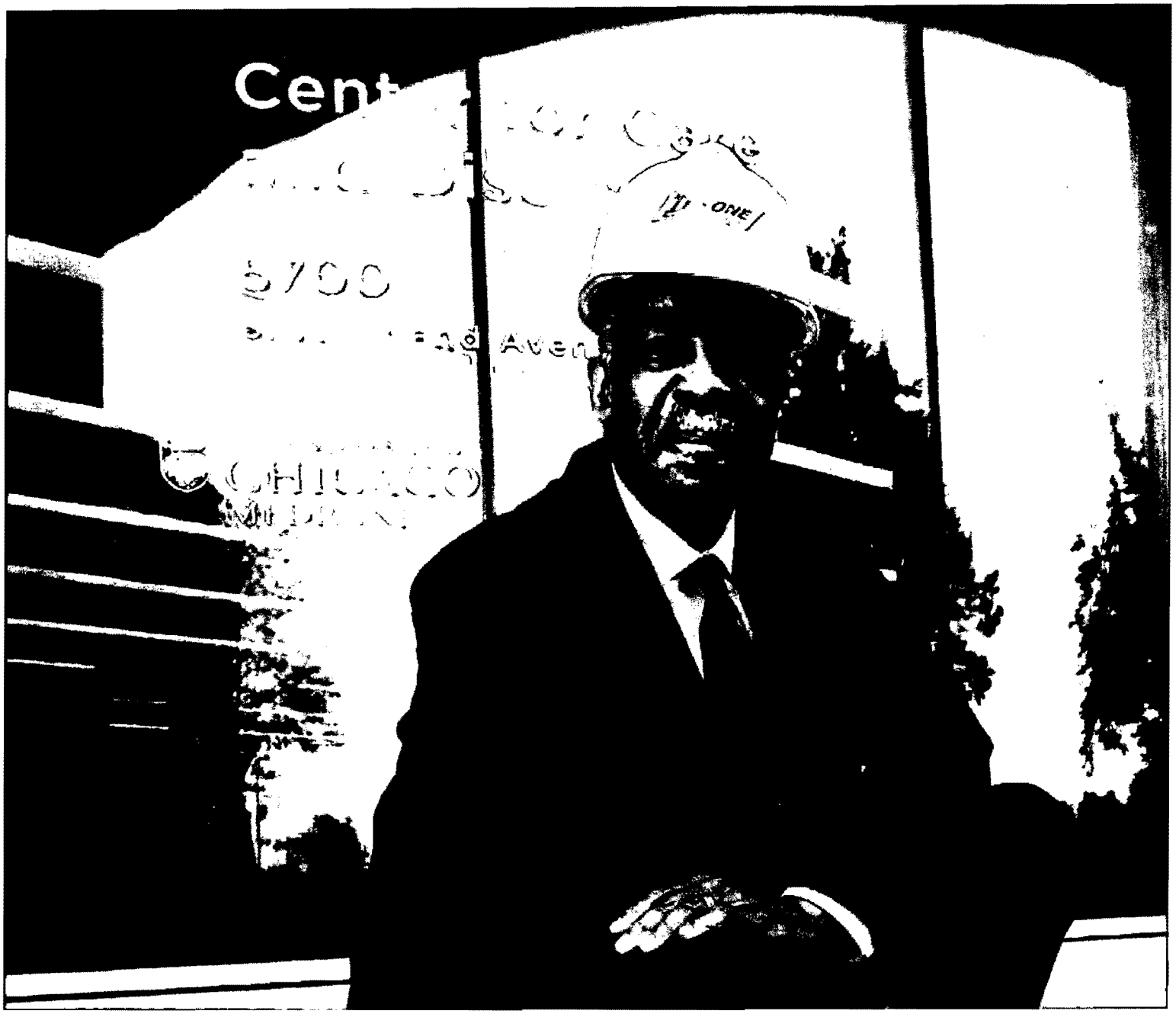
UCMC is deeply committed to providing health care solutions and services for patients, the community and the region. With a continued focus on its three critical missions – patient care, research and education – UCMC strives be a leader in complex care and to have a lasting impact on the health and vitality of Chicago's South Side.

ATTACHMENT 40

The community benefit services are described in detail in the FY 2012 Community Benefit Report included at the end of this Attachment 40.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	2011	2012	2013
Inpatient	597	655	759
Outpatient	15,021	20,446	22,720
Total	15,618	21,101	23,479
Charity (cost in dollars)			
Inpatient	$7,721,000	$7,524,000	$10,633,000
Outpatient	6,706,000	9,096,000	11,367,000
	$14,427,000	$16,620,000	$22,000,000
MEDICAID			
Medicaid (# of patients)	2011	2012	2013
Inpatient	6,969	7,414	7,215
Outpatient	88,942	88,211	88,065
Total	95,911	95,625	95,280
Medicaid (revenue)			
Inpatient	$162,810,000	$171,224,000	$165,714,000
Outpatient	43,554,000	44,182,000	44,274,000
Total	$206,364,000	$215,406,000	$209,988,000

ATTACHMENT 40

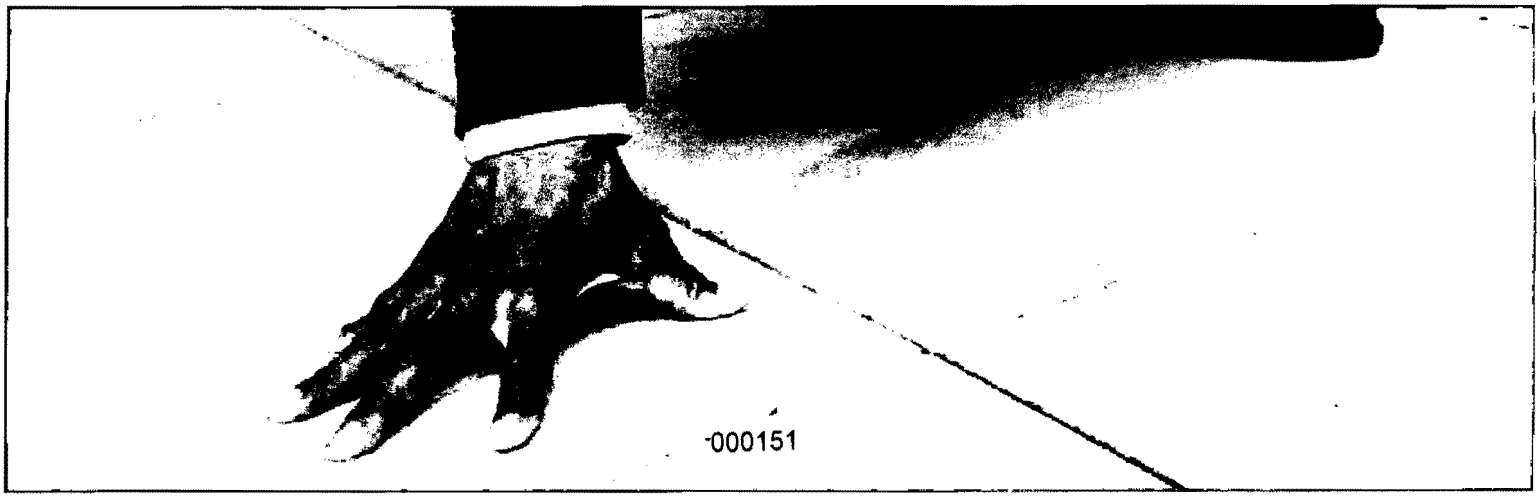


THE UNIVERSITY OF CHICAGO MEDICINE

AT THE FOREFRONT OF MEDICINE™

AT THE FOREFRONT OF OUR COMMUNITY

The University of Chicago Medicine's 2012 Report to the Community



Kicking Off a Big Year on the South Side

The past year has been an exciting one for the University of Chicago Medicine. As we moved ahead with monumental changes under health care reform, we also completed a new hospital that rivals any medical facility in the world.

About 200 guests were on hand for the dedication of the Center for Care and Discovery on Jan. 14, 2013. From left: the University of Chicago Medicine patient Tony Palumbo; Sharon O'Keefe, Medical Center president; Dr. Kenneth Polonsky, executive vice president for medical affairs; Illinois Gov. Pat Quinn; Robert Zimmer, president of the University of Chicago; Rep. Barbara Flynn Currie; Sen. Kwame Raoul; Ald. Leslie Hairston; Rep. Christian Mitchell; and Ndang Azang-Njaah, Pritzker School of Medicine student.

The Center for Care and Discovery represents our mission of delivering top-notch care in a collaborative setting where a critical mass of expertise and world-class research gives patients of today and tomorrow hope and a place to heal. The new hospital also exemplifies our contributions to the economic vitality of the region, bringing jobs to residents and pumping dollars into the local economy.

While we are proud of the new hospital, our commitment to the community goes beyond brick and mortar. It also involves supporting the next generation of physicians, charity care, losses tied to Medicaid, and donations to community groups. It extends even further to cover medical research, Medicare underpayments, unrecoverable patient debt, interpreters and volunteer work.

Altogether, the University of Chicago Medical Center and the Biological Sciences Division provided $254 million in benefits and services to the community in fiscal 2012.

This brochure highlights these community benefits and our plans to address health disparities. For details on how we work to improve the health of the South Side and beyond, visit us online at **uchospitals.edu/community** or call 773-702-0025 to get last year's Community Benefit Report.

Kenneth S. Polonsky, MD
Executive Vice President for Medical Affairs, University of Chicago
Dean, Biological Sciences Division and Pritzker School of Medicine

Sharon O'Keefe
President, University of Chicago Medical Center

ON THE COVER: ***Robert McGee Jr., president of II in One Contractors Inc. in the Archer Heights neighborhood, and his workers laid the foundation for the Center for Care and Discovery. (See his story inside.)***

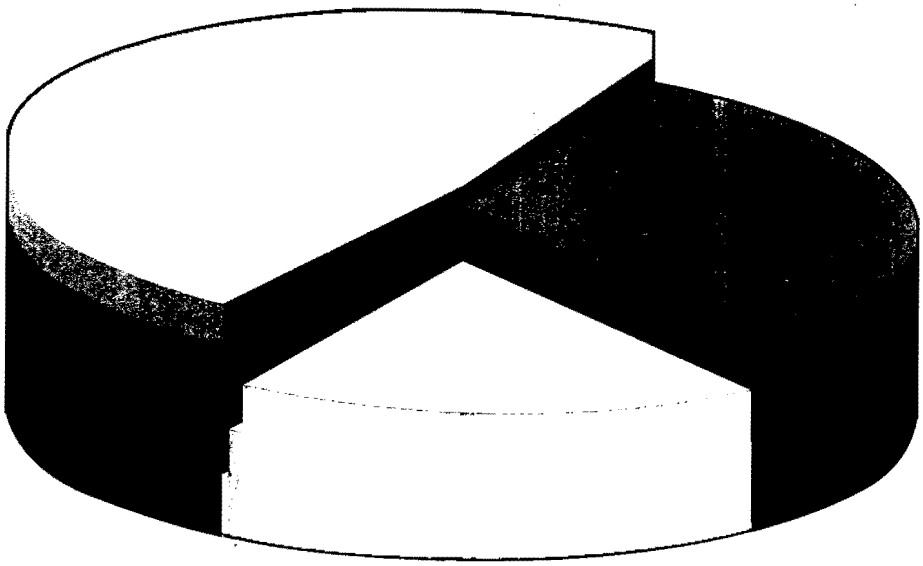
Photo by Bruce Powell

Providing Millions in Benefits and Services

$254.1 MILLION

Community Benefits, Services in Fiscal 2012

21.7% of $1.17 billion in total operating expenses



Total Uncompensated Care: $122.5 million

Medicare program losses: $50 million

Support to make up for Medicare and Medicaid reimbursement rates, which do not cover the cost of care. Medicare is a federal health insurance program for people 65 and older and those with certain disabilities. Medicaid is a federal-state program for those requiring financial assistance.

Medicaid program losses*: $40.2 million

Charity care*: $20.3 million

Cost of providing free or discounted services to qualified individuals

Unrecoverable patient debt: $12 million

Amount absorbed when a hospital cannot collect expected payment for services

Medical Education: $81.7 million

Cost to teach and train future health care professionals not covered by tuition, grants and scholarships

Medical Research: $48 million

Funding to investigate ways to better prevent, detect and treat disease and to advance patient care

Uncategorized Community Benefits: $1.2 million

Includes support for health improvement services, community activities, volunteers and language assistance

Cash and In-kind Contributions/Donations*: $676,285

Gifts to community groups for health-related activities

***An IRS-defined category of community benefit**
Components of community benefit for fiscal year 2012 (measured at cost). Data prepared based on the Illinois Attorney General's and IRS guidelines for fiscal year ended June 30, 2012.

Creating Opportunities for the South Side

In December 2012, well before sunrise, Angela McGowan arrived at Apostolic Church of God in the Woodlawn neighborhood to apply for one of the roughly 300 permanent positions created to staff the Center for Care and Discovery.

The South Side native had been trying for years to land a job on the University of Chicago campus. So when she saw a flyer for a job fair posted at a nearby Family Community Resource Center, she was thrilled at the opportunity to meet recruiters face-to-face.

By 10:30 a.m. the day of the fair, more than 1,000 people were waiting with resumes in hand for the opportunity to work at the University of Chicago Medicine's newest hospital.

"When I think about all the people who were there, I feel extremely fortunate," said McGowan, one of the approximately 300 permanent hires who now work in the Center for Care and Discovery. "This is my foot in the door. I want to do my best here, go back to college soon, then pursue other opportunities the Medical Center has to offer."

About a month later, Robert McGee Jr. was walking around the new hospital's Sky Lobby on the 7th floor with a sense of awe as he looked out over the surrounding Hyde Park community and downtown skyline.

His concrete and rebar firm, II in One Contractors Inc., was one of about 100 minority- and women-owned firms that helped build the

"This is my foot in the door. I want to do my best here, go back to college soon, then pursue other opportunities the Medical Center has to offer."

- **Angela McGowan,**
food service worker at the new Center for Care and Discovery

$700 million Center for Care and Discovery. He was there to represent them at the January 2013 dedication ceremony.

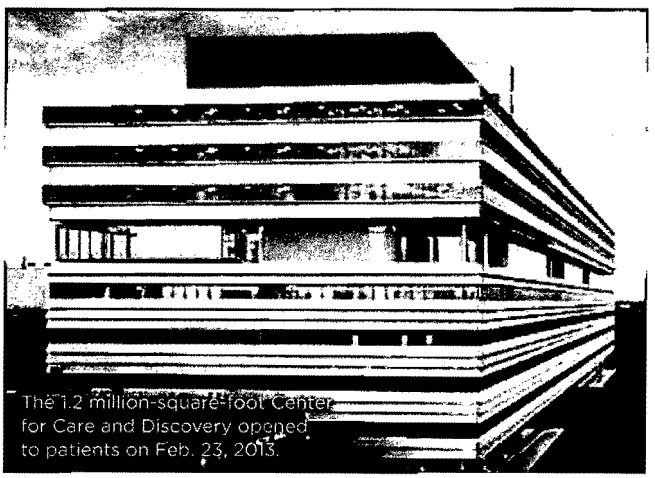
"I had a real sense of gratitude and thanksgiving that I was allowed to be a part of this project that is going to make such a profound difference in the lives of so many people," he said.

As South Side residents, both McGee and McGowan have common bonds to a community with a proud culture and rich heritage. Through the Center for Care and Discovery, they became part of a larger family sharing in the economic benefits and hope that the University of Chicago Medicine is bringing to its neighbors.

The ironworkers and laborers employed by McGee spent about 50,000 hours on the new hospital project, with more than two-thirds of the work going to minority and women workers. In fact, about 48 percent of the value of all construction contracts that were put out to bid for the 10-story facility went to certified women- and minority-owned businesses.

Construction of the 1.2 million-square-foot facility, which opened in February 2013, employed a total of 2,755 people over the four-year project. Roughly 42 percent were minority and women construction workers.

"In terms of dollars that trickled down to people in the community with the kind of participation in the workforce, it was huge," McGee said, adding he won other business from the contacts he made on the hospital job. "That's men and women feeding their families as a result of that project. It was not only good for my company; it was good for a lot of people in the African-American and other minority communities."



The 1.2 million-square-foot Center for Care and Discovery opened to patients on Feb. 23, 2013.

Center for Care and Discovery

Total Economic Impact of Hospital Project:

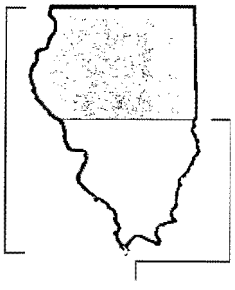
$571.5 million

$447.7 million
paid in contracts that were open for bid

Of that $447.7 million:

48%
went to **minority & women business enterprises** (MBE/WBE)

79%
went to **ILLINOIS** firms

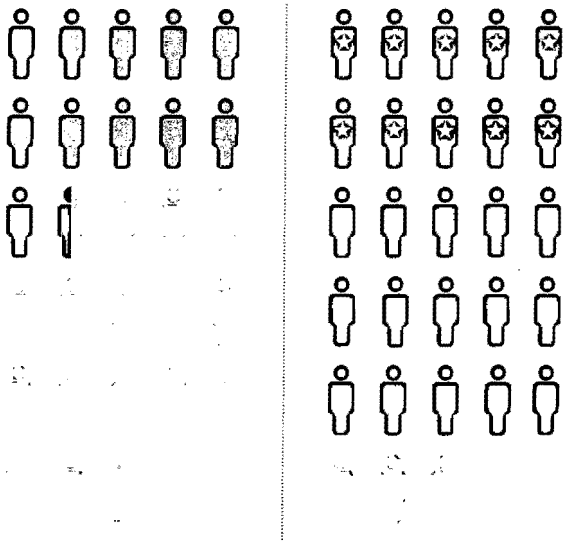


43%
went to **MBE/WBE IN ILLINOIS**

$123.8 million
Economic value of total workforce of 2,755 (wages, benefits, other)

Of a total workforce of 2,755:

= 100



42% were minority and women construction workers

91% from Illinois

36% from Chicago

25% from the South Side

Fostering Health and Opportunity in the Community

The University of Chicago Medicine is committed to strengthening the South Side by supporting programs and initiatives that improve health and well-being among the community and help boost the local economy. That philosophy touches every facet of the medical campus, including what types of health programs are supported and how business partners are selected. In 2012 and 2013, the University of Chicago Medicine was recognized for its contributions to the community.

CommunityHealth's Visionary Award

April 20, 2013 — The University of Chicago Medicine was awarded CommunityHealth's 2013 Visionary Award for its "extraordinary contributions and its commitment to bringing high-quality, comprehensive health care to Chicago's more undeserved South Side communities." The University of Chicago Medicine has provided staffing and financial support for initiatives that have helped CommunityHealth expand its role as a medical home on the South Side.

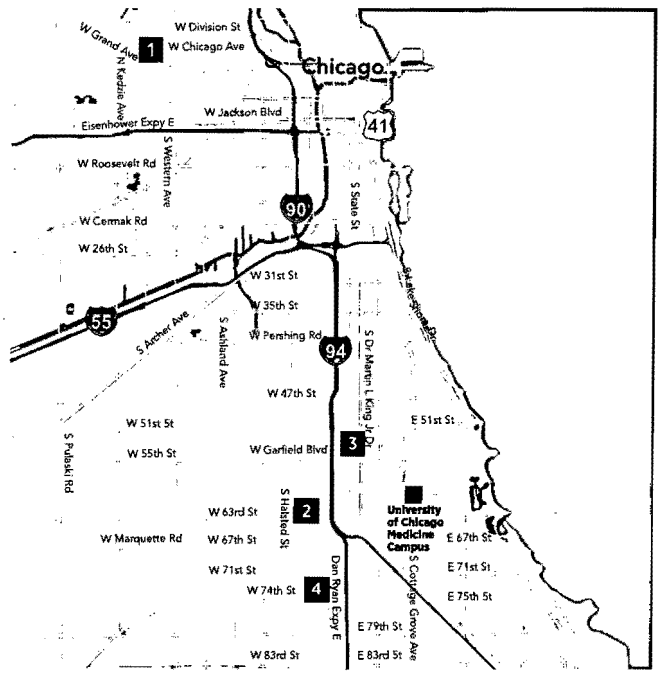
AAMC's Spencer Foreman Award

Nov. 3, 2012 — The University of Chicago Medicine was named a finalist for the Spencer Foreman Award for Outstanding Community Service from the Association of American Medical Colleges. The award honors medical schools and teaching hospitals with a longstanding commitment to communities that exceed the traditional role of academic medicine to address unmet health care needs. The University of Chicago Medicine's broad-based community collaborations, health education, patient care and prevention programs earned high marks among the 13 applicants for the award. The winner and other finalist were the University of California San Francisco School of Medicine and the University of Arizona College of Medicine, respectively.

UHC's Supplier Diversity Award

Sept. 14, 2012 — The University of Chicago Medicine was awarded the 2012 Supplier Diversity Leadership Award by UHC, an alliance of the nation's leading academic medical centers, for the development and implementation of an outstanding supplier diversity program. The award is based on several criteria, including the structure and strength of the organization's supplier diversity program, utilization of diversity contracts, senior leaders' involvement in supplier diversity, and community involvement and outreach to minority-, women- and veteran-owned businesses.

CommunityHealth's facilities are among the free clinics that the University of Chicago Medicine supports:



1. CommunityHealth West Town — Faculty and medical students support a weekly clinic at this facility.
2611 W. Chicago Ave. | 773-395-9900

2. CommunityHealth Englewood — Volunteer physicians, residents and medical students from the University of Chicago Medicine provide the bulk of services at this clinic.
641 W. 63rd St. | 773-994-1515

3. Washington Park Children's Free Clinic — From 5:30 to 7:30 p.m. each Tuesday, medical students provide acute medical care, social services and referrals for children.
5350 S. Prairie Ave. | 773-924-0220 ext. 110

4. Maria Shelter Clinic — Medical students and an attending physician provide care at this facility for homeless women and their children.
7320 S. Yale Ave. | 773-994-5350

Assessing Neighborhood Health Needs

In spring 2012, University of Chicago Medicine leaders set out to answer a question essential to the patient-focused mission of hospitals: How do we best leverage our knowledge and resources to make the greatest impact on health in the communities we serve?

Lolita Smith, a patient advocate at Comer Children's Hospital, offers assistance to a mother who is seeking a regular pediatrician for her young daughter.

While the health challenges facing many urban settings are known, developers of community initiatives on campus needed an evidence-based assessment of which issues South Side residents view as the most daunting and which untapped opportunities could drive significant improvements in those areas.

In pursuit of this data and as part of the requirements of the federal Affordable Care Act, the University of Chicago Medicine has conducted its most comprehensive assessment to date of health care concerns, behaviors and status across Chicago's South Side. An in-depth report called the Community Health Needs Assessment (CHNA), published in June in collaboration with the Metropolitan Chicago Healthcare Council, details the study's findings and provides a strategic compass for the health issues of the surrounding neighborhoods.

AREA OF STUDY

The analysis, conducted over an eight-month period, examined health status, barriers to care, demographics and socioeconomic factors that affect adults and children living in a dozen ZIP codes from 35th Street to 119th Street and east of Western Avenue. Insights gathered through numerous focus groups and phone interviews with residents, community leaders, public health experts and social service providers were weighted against metro Chicago health data from trusted sources including the U.S. Department of Health and Human Services' Healthy People 2020 initiative and the Centers for Disease Control and Prevention's Behavioral Risk Factor Surveillance System.

The CHNA uncovered three health care priorities for adults and three for children. For adults, they are access to health care, breast and colorectal cancer, and diabetes. For children, the critical areas are access to care, obesity and asthma. The report includes a plan to advance outreach, prevention and education initiatives in those areas.

In addition to identifying the issues of greatest concern in the community, the assessment provided another valuable insight: Confirmation that much of the work under way by the University of Chicago Medicine is on the right path.

"It was encouraging to find that many of our targeted interventions at the community level are on the mark," said Brenda Battle, RN, BSN, MBA, assistant dean for diversity and inclusion and vice president for care delivery innovation. "But the report also pointed to areas where there's still work to do. The primary benefit of this exercise is that we're able to better prioritize the numerous programs in progress, which promotes stronger collaboration and innovation toward improved outcomes."

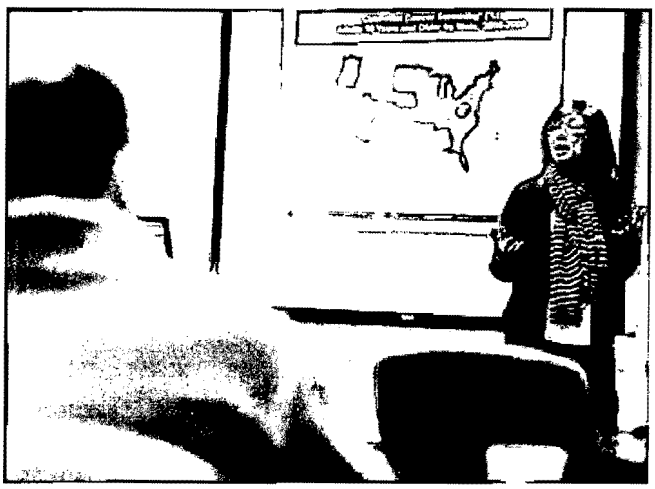
You will find a summary of the University of Chicago Medicine's plans to address these community health needs on the following pages.

For the complete Community Health Needs Assessment, please visit us online at uchospitals.edu/community-needs.

Assessing Community Health Needs: An Action Plan

Armed with new community insights and an arsenal of programs and research in development, the University of Chicago Medicine has crafted an aggressive plan to address the health needs identified in the Community Health Needs Assessment (CHNA). The priorities for adults and children and the plans to meet these needs are listed below and on the following page.

Adult-Focused Needs



Karen E. Kim, MD, professor of medicine, an expert on colon cancer prevention and screening methods, coordinates free colorectal cancer screenings, particularly for minority populations.

TARGET: Access to health care

Research increasingly points to a strong relationship with a primary care physician as the key to improved long-term health outcomes. The CHNA revealed that many South Side residents still lack an ongoing connection to frontline care and often seek treatment for chronic conditions in the emergency department (ED).

PLAN: Implement Medical Home Connection program

The University of Chicago Medicine is honing efforts to turn the tide on this longstanding concern through its Medical Home Connection program. First launched in 2005, the program has made significant strides toward reducing repeat visits to the ED for non-emergency health conditions and connecting patients with a regular doctor for preventive care, disease management, and referrals to specialists.

2,864
PEOPLE
CONNECTED
to a medical home or specialty care clinic through the Medical Home Connection since 2005
For fiscal year ended June 30, 2012

Patient advocates in the adult ED are central to this program. These specially trained staff members educate patients about the importance of having a regular doctor, and they schedule appointments with providers within the South Side Healthcare Collaborative, a network of 30 community health centers and two free clinics across Chicago's South Side. They also make reminder calls to help patients keep their appointments.

TARGET: Diabetes

Diabetes affects an estimated 23.6 million people in the United States and is the seventh-leading cause of death. Between 2007 and 2009, Cook County reported an annual average age-adjusted diabetes mortality rate of 22.7 deaths per 100,000 people. Of the adults in the CHNA survey area, 13.4 percent reported having been diagnosed with diabetes — compared to the Illinois average of 8.7 percent.

PLAN: Implement South Side Diabetes Project

The South Side Diabetes Project has set out to bring together local health systems with community organizations to improve the health and quality of life for people living with diabetes. The project works with six South Side clinics to train providers in culturally-relevant diabetes management, promote improvements to quality systems and connect patients to community resources, including exercise programs, local food pantries and educational grocery-store tours.

RECENT NEWS
The project has teamed up with a local farmer's market to offer vouchers for locally grown fruits and vegetables.

TARGET: Breast and colorectal cancer

Respondents to the CHNA survey say cancer remains among their top health concerns. According to the National Cancer Institute's Surveillance, Epidemiology and End Results (SEER), African-Americans and Hispanics carry the heaviest burden of cancer in the U.S., with a death rate for all cancers nearly 25 percent higher than that observed in other ethnic groups.

PLAN: Enhance and implement current programs

The University of Chicago Medicine is responding to these disparities with a multifaceted plan to bring cancer prevention, early detection and treatment information to populations most at risk. Coordinators plan to leverage community relationships, research and expertise to launch outreach initiatives to help educate the community.

One example of these initiatives is the Breast Cancer Survivorship Program. Outreach coordinator Zakiya Moton, MPH, says that in her six years spearheading grassroots programs across Chicago's underserved neighborhoods, demand for information about breast cancer risk factors and early detection has increased. "I've seen improvements in health literacy each year, and people are reaching out more than ever for resources and information to aid them in becoming self-empowered for better health," said Moton, who speaks at health fairs, workplace programs and faith-based events. "Because of our efforts, people are getting screened and diagnosed with cancer in the earliest stages."

Pediatric-Focused Needs

Nurse practitioner Pamela Beauduy checks the vital signs of a student during a visit to a high school. In the 2011-12 school year, the Comer Children's Hospital Pediatric Mobile Medical Unit visited 25 schools, the majority of them on the South Side.

TARGET: Access to health care

Access to comprehensive, quality health care services is vital to achieving health equity and improving the quality of life and life expectancy, particularly among children. Nearly 38 percent of parents in the CHNA survey area reported some type of challenge or delay in obtaining health care for a child in the past year. That is more than 7 percentage points higher than the national average.

PLAN: Enhance and implement current programs

The Medical Home Connection program is expanding its reach to in-patient floors at the University of Chicago Medicine Comer Children's Hospital to help ensure more young patients have the follow-up care needed to minimize the chance of a repeat hospital stay.

To reach more underinsured and uninsured children, coordinators plan to expand the offerings of the Comer Children's Hospital Pediatric Mobile Medical Unit, which has been visiting South Side schools for more than a decade. They plan on visiting more schools and moving the "clinic on wheels" beyond physicals, screenings, immunizations and mental health assessments to offer a broad range of health education services, acute care and chronic illness management.

MOBILE CLINIC IMPACT

111
SITE VISITS

954
MEDICAL ENCOUNTERS

196
MENTAL HEALTH ENCOUNTERS

For the complete Community Health Needs Assessment, please visit us online at uchospitals.edu/community-needs.

TARGET: Childhood obesity

Good nutrition and a healthy body weight are key to a child's development and to reducing the risk of developing many health conditions. About 40 percent of children in the CHNA survey area were found to be overweight or obese, nearly 9 percentage points higher than the national average.

PLAN: Enhance and implement current programs

To help address these startling statistics, the University of Chicago Medicine will tap its resources among community partners and researchers on the medical campus to develop programs focused on risk, prevention, weight management and culturally relevant nutrition education. It also will support Power-Up, an after-school program of activities for kindergarten through 6th grade at the Woodlawn Community School.

TARGET: Asthma

Asthma is the most common chronic illness affecting children in this country, and research confirms that children in underserved communities are more likely to experience asthma-related complications, ED visits and hospitalization. About 17 percent of children in the CHNA survey area have asthma, and almost 58 percent missed school because of asthma-related problems.

PLAN: Enhance and implement current programs

The University of Chicago Medicine's Asthma Care Coordination program is designed to reduce the occurrence of serious asthma episodes. The program, which involves patient and caregiver education along with specialized training for nurses, is aimed at increasing awareness of potential triggers and improving the ability to manage the condition at home. The initiative also connects frequent emergency department visitors with a medical home or regular primary care provider who will become familiar with the patient's needs. Community-based education and home assessments are on the horizon.

Making Headlines in Community-Related News

$12 million in federal grants to help improve health outcomes

July 10, 2012 The U.S. Department of Health and Human Services awarded $12 million to two University of Chicago Medicine-led programs: $5.9 million to create an automated system that will provide information about community-based services and resources and $6.1 million to test a comprehensive care physician model that seeks to improve health outcomes while also lowering costs.

The grants were part of the Centers for Medicare & Medicaid Services' Health Care Innovation Awards, a funding initiative under the Affordable Care Act that supports solutions to improve health outcomes and reduce medical costs. Of the nearly 3,000 applicants, the University of Chicago Medicine was one of 107 institutions, and the only academic medical center in Illinois, to get multiple grants in round one of the Innovation Awards.

The University of Chicago Medicine's South Side Health and Vitality Studies is leading the development of the CommunityRx system, a continuously updated database of health resources linked to the electronic health records of local safety net providers. In real time, the system processes data and prints out a "Health.eRx" for the patient, including referrals to community resources relevant to that person's condition and health status. The project is in partnership with the Chicago Health Information Technology Regional Extension Center and the Alliance of Chicago Community Health Services.

Comer Children's Hospital, White Sox team up to target childhood obesity
Jan. 25, 2013 Comer Children's Hospital and the White Sox have joined forces to combat childhood obesity. Through a sponsorship of the team's "Family Sundays" along with the White Sox Kids Club, Comer Children's Hospital will teach families how to make healthy lifestyle choices using its repertoire of research-based programs.

CommunityRx is expected to serve about 200,000 beneficiaries of the South Side, many of whom are covered by Medicare, Medicaid or the Illinois Comprehensive Health Insurance Plan.

"Our innovation helps people stay healthy and manage disease by connecting them to businesses and support organizations in their community," said Stacy Tessler Lindau, MD, associate professor of obstetrics and gynecology at the University of Chicago Medicine and lead researcher for this project. "The outcome will be better and more efficient health care delivery and stronger, more vital communities."

The other Innovation Award will fund the study of a model that improves continuity of care for frequently hospitalized patients by providing them with a physician who will care for them both in clinic and in the hospital. The goal is to address the issue of frequent hospitalizations by high-risk patients, who account for a disproportionate amount of health care spending in the United States. Under the model, a comprehensive care physician (CCP) will lead a team of nurse practitioners, social workers, care coordinators and other specialists to address the needs of frequently hospitalized patients. CCPs will carry a panel of approximately 200 patients at a time, serving as their primary care physician during clinic visits and supervising their care while hospitalized. "Our goal will be to really understand patients' needs so that we can give them the care that they need," said lead investigator David Meltzer, MD, PhD, associate professor and chief of the Section of Hospital Medicine at the University of Chicago Medicine. "That should be better for them, and should ultimately be less costly for the health care system and produce better outcomes."

Other Community-Related News in 2012 and 2013

Taxi drivers offered free flu shots at O'Hare, Midway
Sept. 21, 2012 As part of an initiative to vaccinate some of Chicago's most vulnerable populations, University of Chicago Medicine nurses administered free flu shots to licensed taxicab drivers at O'Hare International Airport and at Midway International Airport.

University of Chicago Medicine, CeaseFire partner to address violence
Feb. 7, 2012 In an effort to address urban violence on the South Side, the University of Chicago Medicine is partnering with CeaseFire Chicago to sponsor a "Violence Interrupter" who will focus on monitoring, mediating and defusing disputes in neighborhoods that the medical campus serves. In addition, it has co-hosted media screenings of "It Shoudda Been Me," a play about youth violence written by Doriane Miller, MD, director of the Center for Community Health and Vitality.

Annual Day of Service and Reflection marks 10 years of giving to community
May 11, 2012 Hundreds of University of Chicago Medicine staff, faculty members, students, their family and friends mobilized across Chicago's South Side to tackle a host of community projects as part of the 10th annual Day of Service and Reflection.

$23 million NIH grant to boost transformative medical research
July 23, 2012 A $23 million grant from the National Institutes of Health will energize the University of Chicago's efforts to harness innovative medical research for interventions that lead to better community health in Chicago and across the nation. The grant brings total NIH funding to the University's Institute for Translational Medicine (ITM) to more than $50 million. Among projects the ITM has supported: development of an automated 3D imaging tool for measuring upper airway inflammation in sinusitis cases, and a program called the Thirty Million Words Project, which helps parents improve their children's language environment.

Diabetes initiative taps power of Rx pad
Aug. 15, 2012 The University of Chicago Medicine and Walgreens teamed up to launch "Food Rx," an initiative that helps people with diabetes improve their eating habits by overcoming two major hurdles when shopping for food: access and affordability. As part of the Improving Diabetes Care and Outcomes on the South Side of Chicago, a project based at the University of Chicago Medicine, diabetes patients who visit one of six South Side clinics can receive a prescription-like checklist of their doctor's food recommendations and a coupon for $5 off $20 worth of healthy food at participating Walgreens locations. Patients also can get a $3 voucher for the weekly 61st Street Farmers Market in the Woodlawn neighborhood.

Annual event seeks to inspire diabetes patients, families
April 27, 2013 Sherri Shepherd, co-host of "The View," was the special guest speaker at the University of Chicago Medicine Kovler Diabetes Center's 7th annual Living Well with Diabetes event on April 27, 2013. Shepherd shared her personal struggle with weight loss and how she learned to enjoy life while managing her diabetes. Chef Jennifer Bucko Lamplough, star of Food Network's "Fat Chef" and author of blog FitFoodieChef, served up diabetes-friendly dishes and shared tips for healthful home-cooked meals. Living Well is a free annual event hosted by Kovler Diabetes Center to educate and inspire people living with diabetes.

Ci3's Game Changer Chicago earns MacArthur Foundation funding

April 10, 2013 Melissa Gilliam, MD, MPH, (above) heads the Center for Interdisciplinary Inquiry & Innovation in Sexual & Reproductive Health (Ci3), which received a $500,000 grant from the MacArthur Foundation. The grant will help support the creation of the Design Lab for Game Changer Chicago, an initiative to investigate how playing and designing games can promote the social and emotional well-being of youth and improve sexual and reproductive health outcomes.

To read more about these news items, go to www.uchospitals.edu/news.

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IN FY2012

9,700 Employees

INCLUDING

833 Attending Physicians

921 Residents and Fellows

1,654 Nurses

24,218 Admissions

283 Burn Admissions

76,461 ER Visits

128 Organ Transplants

320 Pediatric Trauma Admissions

22,844 Inpatient and Outpatient Surgeries

Medicaid Acute Care Days for Private Hospitals in Metro Chicago*

	Medicaid Days	Percent of Total Days
1. University of Chicago Medical Center	40,107	29%
2. Advocate Christ Medical Center	38,388	21
3. Northwestern Memorial Hospital	36,867	16
4. Rush University Medical Center	36,650	26
5. Lurie Children's Hospital	33,041	53
6. Mount Sinai Hospital	31,316	48
7. Loyola University Medical Center	30,241	27
8. Sts. Mary and Elizabeth Medical Center	26,314	33
9. Advocate Lutheran General Hospital	20,735	17
10. Mercy Hospital & Medical Center	18,638	32

*Acute care days provided to patients where Illinois Medicaid is the primary insurer; excluding normal nursery, psychiatry and rehabilitation days
Source: Illinois Department of Healthcare & Family Services, Medicaid cost reports filed for the state fiscal year ending June 30, 2011

Section XII, Charity Care Information

Attachment 41

	2011	2012	2013
Net Patient Revenue			
Amount of Charity Care (Charges)	**61,801,000**	**73,064,000**	**100,061,000**
Cost of Charity Care	**14,427,000**	**16,620,000**	**22,000,000**

ATTACHMENT 41

APPENDIX A-1

Support Letters
(Additional Letters to be Sent Directly)

ACCESS COMMUNITY HEALTH NETWORK
Caring. Committed. Connected.

Administrative Offices
600 W. Fulton Street
2nd Floor
Chicago, Illinois 60661
phone: 312.526.2200
accesscommunityhealth.net

Denise Kitchen
Chairwoman

Donna Thompson
Chief Executive Officer

May 21, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Ms. Avery,

It is with pleasure that I submit this letter of support for the expansion of a specialty center for the University of Chicago Medical Center in Orland Park, Illinois.

Access Community Health Network (ACCESS) is the medical home for over 185,000 mostly low income residents of Cook and DuPage County. ACCESS provides primary health care in a network of over 35 health centers in Chicago, suburban Cook and DuPage County.

ACCESS and the University of Chicago have been valued partners for over nine years. Through this partnership, we have enabled mostly low income, uninsured and underinsured residents to receive the best quality and critical health access to specialty services while maintaining their medical home through their ACCESS primary care provider. We have prudently utilized our mutual resources to ensure a seamless model of care. Most recently, we have dually invested in technology to ensure that patients can easily get appointments for either specialty or primary care referrals, regardless of location.

ACCESS has received State of Illinois approval to develop an accountable care entity (ACE) for low income, Medicaid recipients in Cook and DuPage counties. Because of this legislative change and subsequent expansion of gaining access for Medicaid recipients, we look forward to building on our strong foundation in supporting the health care needs for all residents of Cook County.

The University of Chicago Medical Center and ACCESS will seamlessly connect Medicaid recipients and low income residents to a primary care medical home while providing reciprocal access for highly valued specialty services.

This is a definite "win-win" opportunity.

Please support the University of Chicago Medical Center's specialty care expansion into Orland Park, Illinois.

Sincerely,

Donna Thompson
Chief Executive Officer

MAYOR
Daniel J. McLaughlin
VILLAGE CLERK
John C. Mehalek
14700 S. Ravinia Ave.
Orland Park, IL 60462
(708) 403-6100
www.orlandpark.org

VILLAGE HALL

May 27, 2014

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Ms. Avery:

I am writing on behalf of the Village of Orland Park to support the University of Chicago Medical Center's application to construct an outpatient care facility in Orland Park.

The proposed facility would be a great addition to our community. Patients who currently travel a considerable distance to Chicago for cancer care, cardiology appointments, pediatric care, and other services, will have convenient access to high quality care near home.

The University of Chicago's nationally recognized programs in many areas, including cancer, GI, and treating complex diseases, will be greatly valued in our community. The University's new facility would be a significant boost for our local economy and will be a vital component of our re-energized downtown.

We enthusiastically support the project.

Sincerely,

Daniel J. McLaughlin
Mayor