



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET NO: H-05	BOARD MEETING: January 27, 2015	PROJECT NO: 14-055	PROJECT COST: Original: \$15,632,966
FACILITY NAME: Midwestern Regional Medical Center		CITY: Zion	
TYPE OF PROJECT: Non Substantive			HSA: VIII

PROJECT DESCRIPTION: The applicants (Midwestern Regional Medical Center, Inc., and Sheridan Trust U/A/D 4/1/12) are proposing to build a four story addition to a two story building being constructed under Permit #13-047 on the campus of its specialty care hospital, in Zion. Project cost: \$15,632,966. **The anticipated project completion date is August 31, 2017.**

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (Midwestern Regional Medical Center, Inc., and Sheridan Trust U/A/D 4/1/12) are proposing to construct a 4-story addition to a two story building under construction by Permit #13-047 on the campus of Midwestern Regional Medical Center, Zion, at a cost of \$15,632,966. The proposed project will accommodate the need for increased patient treatment space, and allow for the expansion of ancillary care and non-clinical care components. **The anticipated project completion date is August 31, 2017.**

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the cost of the project exceeds the capital expenditure minimum of \$12,670,607

PURPOSE OF THE PROJECT:

- The purpose of this project is to increase its ambulatory clinical space, and expand clinical and non-clinical components of its specialty care hospital. The applicants note the existing 73-bed complement will not increase, and the additional space will be used for both clinical and non-clinical components considered essential for overall patient care.

PUBLIC COMMENT:

- An opportunity for a public hearing was offered no hearing was requested. No opposition letters were received in regard to this project. Letters of support were received from:
 - o Sheri Jesiel - State Representative
 - o Lane Harrison – Mayor of Zion

NEED FOR THE PROJECT:

- The applicants note that four floors will be constructed atop the 2-story lobby, resulting in a 6-story tower, connected to the existing 6-story tower patient care tower on two floors.
- The additional space (10,562 GSF clinical, and 22,331 GSF non-clinical), will contain ambulatory clinical space, an employee health clinic, non-clinical administrative offices, and various supportive meeting areas and workspaces.
- The applicants note the existing bed complement of 61 Medical/Surgical and 12 Intensive Care beds will remain unchanged, and the additional patient rooms will be used to treat its growing outpatient ambulatory care population.

TABLE ONE					
Historical/Projected Utilization Ambulatory Care					
Fiscal Year	Service	Historical Utilization/Treatments	Projected Utilization	State Standard	Met Standard?
2011	Ambulatory	65,735		800/GSF/ 2,000 visits	Yes
2012	Ambulatory	81,777			Yes
2013	Ambulatory	89,146			Yes
2014	Ambulatory	98,604			Yes
2015	Ambulatory		114,224		Yes
2016	Ambulatory		132,802		Yes
2017	Ambulatory		154,938		Yes
2018	Ambulatory		181,365		Yes

WHAT WE FOUND:

- The applicants addressed a total of 15 criteria and have successfully addressed them all.

**STATE BOARD STAFF REPORT
Midwestern Regional Medical Center
PROJECT #14-055**

APPLICATION CHRONOLOGY	
Applicants(s)	Midwestern Regional Medical Center, Inc. Sheridan Trust U/A/D 4/1/12
Facility Name	Midwestern Regional Medical Center
Location	2520 Elisha Avenue, Zion, Illinois
Permit Holder	Midwestern Regional Medical Center, Inc.
Licensee/Operating Entity	Midwestern Regional Medical Center, Inc.
Owner of the Site	Northeastern Illinois Medical Properties, LP.
Application Received	October 31, 2014
Application Deemed Complete	November 6, 2014
Review Period Extended by the State Board Staff?	No
Can the applicants request a deferral?	Yes

I. The Proposed Project

The applicants (Midwestern Regional Medical Center, Inc., and Sheridan Trust U/A/D 4/1/12) are proposing to expand its current facility through the construction of a 4 story addition to a two-story lobby building under construction by permit #13-047 at a cost of \$15,632,966. The additional 32,893 GSF of space will be used for both clinical and non-clinical services. **The anticipated project completion date is August 31, 2017.**

II. Summary of Findings

- A.** The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1110.
- B.** The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1120.

III. General Information

The applicants are Midwestern Regional Medical Center, Inc., and Sheridan Trust U/A/D 4/1/12. The operating entity licensee is Midwestern Regional Medical Center, Inc., and the owner of the site is Northeastern Illinois Medical Properties, LP.

Midwestern Regional Medical Center is located at 2520 Elisha Avenue, Zion, Illinois in Health Service Area VIII and Health Planning Area A-09. HSA VIII includes Kane, Lake, & McHenry Counties. Midwestern Regional Medical Center is considered a specialty care hospital, emphasizing its focus of care on patients with cancer and cancer-related diagnoses. Midwestern Regional Medical Center (MRMC) is affiliated with Cancer Treatment Centers of America, Inc., and provides cancer treatment services through a vast range of treatment options.

This is a **non substantive project** subject to an 1110 and 1120 review. Project obligation will occur after permit issuance. The anticipated completion date is August 31, 2017.

IV. Health Planning Area A-09

HPA A-09 consists of Lake County. The State Board has projected an excess of 114 medical surgical pediatric beds, and a need for 1 additional intensive care beds by CY 2015. There are five acute care hospitals in HPA A-09: Advocate Condell Medical Center, Libertyville, Advocate Good Shepherd Hospital, Barrington, Highland Park Hospital, Highland Park, Northwestern Lake Forest Hospital, Lake Forest, Vista Medical Center East, Waukegan, and the applicant facility being the sixth and only specialty care hospital in the planning area.

Board Staff notes Midwestern Regional Medical Center is not expanding its bed complement, but expanding its Ambulatory Care services, and constructing additional rooms to accommodate the conversion to all private patient care rooms.

V. The Proposed Project

The applicants are proposing to add four floors over a two-story building being constructed as part of Permit #13-047 which will house the lobby for the specialty care hospital, consisting of 10,562 GSF of clinical space, and 22,331 GSF of non-clinical support space. Once completed, the six story tower will be connected to the existing patient tower on two floors. The original patient tower is being constructed pursuant to Permit #13-047, and is expected to be completed by December 31, 2015.

The Hospital currently has 73 beds (61 medical/surgical, 12 intensive care), which is expected to remain after project completion. The non clinical space (68% of the total projects spatial allotment), will house an employee health clinic, non-clinical administrative offices, consulting/meeting rooms, workspaces for various supportive services, employee wellness and fitness exercise space, staff common areas, and patient flex space .

VI. Project Costs and Sources of Funds

The applicants are funding the project in its entirety with cash and securities secured by a performance bond totaling \$110,000,000 the full amount of this project and Permit #13-047. The applicants provided proof of its performance bond through Zurich (application, p. 139), and has supplied consolidated financial statements for the previous three years (application, pgs. 141-157). The reported project costs (clinical and non-clinical), and the source of funding is illustrated in Table Two.

TABLE TWO			
Project Costs and Sources of Funds			
	Clinical	Non Clinical	Total
Preplanning Costs	\$52,224	\$100,776	\$153,000
Site Preparation	\$34,133	\$65,867	\$100,000
New Construction Contracts	\$4,065,321	\$7,844,826	\$11,910,147
Contingencies	\$269,575	\$520,198	\$789,773
Architectural & Engineering Fees	\$283,865	\$547,772	\$831,637
Consulting and Other Fees	\$51,200	\$98,800	\$150,000
Movable Equipment	\$579,722	\$1,118,687	\$1,698,409
Total Uses	\$5,336,040	\$10,296,926	\$15,632,966
Cash	\$0	\$0	\$0
Bond Issue (Performance Bonds)	\$5,336,040	\$10,296,926	\$15,632,966
Total Sources	\$5,336,040	\$10,296,926	\$15,632,966

VII. Cost Space Chart

Only the clinical space will be reviewed as part of this project. Non clinical space is also being established as part of this project. Clinical services comprise approximately 34.1% of the project cost and 32% of the gross square footage.

TABLE THREE							
Cost Space Chart							
Department	Total Costs	Existing	Proposed	New Construction	Modernized	As Is	Vacated Space
Clinical							
Quality of Life	\$1,884,756	0	3,661	3,661	0	0	0
Pain Management	\$1,954,593	0	3,863	3,863	0	0	0
Mind-Body/Behav. Health/Survivorship	\$650,345	0	1,330	1,330	0	0	0
Stakeholder Health & Wellness	\$846,346	0	1,708	1,708	0	0	0
Existing Clinics	\$0	25,390	0	0	0	25,390	0
Total Clinical	\$5,336,040	25,390	10,562	10,562	0	25,390	0
Non-Clinical							

TABLE THREE Cost Space Chart							
Department	Total Costs	Existing	Proposed	New Construction	Modernized	As Is	Vacated Space
Quality of Life	\$402,571	0	931	931	0	0	0
Pain Management	\$95,290	0	225	225	0	0	0
Mind-Body/Behav. Health/Survivorship	\$1,292,172	0	2,807	2,807	0	0	0
Stakeholder Health & Wellness	\$1,214,190	0	2,940	2,940	0	0	0
Existing Clinics	\$0	5,045	0	0	0	5,045	0
Other Offices	\$1,990,506	0	4,324	4,324	0	0	0
Mechanical/Electrical Storage	\$2,050,218	0	4,330	4,330	0	0	0
Public Circulation	\$3,251,979	0	6,774	6,774	0	0	0
Total Non Clinical	\$10,296,926	5,045	22,331	22,331	0	5,045	0
Total	\$15,632,966	30,435	32,893	32,893	0	30,435	0

VIII. Criterion 1110.230 - Purpose of the Project, Safety Net Impact, and Alternatives

A) Criterion 1110.230 - Purpose of the Project

To be in compliance with this criterion the applicant shall document that the project will provide health services that improve the health care or well-being of the market area population to be served.

The purpose of this project is to address MRMC's need for additional clinical and non-clinical space. MRMC is affiliated through a licensing agreement, with Cancer Treatment Centers of America, a specialty care provider committed to providing cancer care treatment through a range of treatment options designed to heal the "whole person". This combination of conventional treatments with integrative oncology therapies help patients maintain strength and improve their overall quality of life. MRMC's "Patient Empowered Care" (PEC) model is unique in the sense that it brings the medical care team together in one physical space, as opposed to the patient seeing several clinicians in separate facilities, and at separate times. This results in high utilization of patient care rooms, for extended time periods. This high utilization results in a shortage of patient care rooms, and a need for more clinical and non-clinical treatment space.

B) Safety Net Impact Statement

All health care facilities, with the exception of skilled and intermediate long-term care facilities licensed under the Nursing Home Act [210 ILCS 45], shall provide a safety net impact statement, which shall be filed with an application for a substantive project (see Section 1110.40). Safety net services

are the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. [20 ILCS 3960/5.4]

This is a non substantive project and a Safety Net Statement is not required by the applicants. Charity care information was provided as required.

TABLE FOUR			
Charity Care Expense			
	2011	2012	2013
Net Patient Revenue	\$504,103,522	\$569,537,108	\$649,153,591
Charity Care as Charges	\$19,313,951	\$21,063,722	\$19,896,756
Cost of Charity Care	\$4,623,691	\$5,903,250	\$4,376,773
Charity Care as a Percentage of Net Revenue	.9%	1.0%	.7%

C) Alternatives to the Proposed Project

The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

The applicants considered the following alternatives:

1. Project of Greater of Lesser Scope

a. Option 1

The applicants considered the option of remodeling an off-site facility to house its care managers, and for other office space. The applicants proposed to remodel a building with approximately 6,000 to 7,000 GSF of space, and would have involved retrofitting for compliance with the Americans with Disabilities Act (ADA) requirements, energy codes, and 30 additional parking spaces. While this option would have had the shortest time frame, it was not the best option due to lack of parking spaces on the MRMC campus, and a lack of sufficient office space on or proximal to the MRMC campus. Identified cost with this option: \$4,657,076.

b. Option 2

The applicants considered this option, which included an 11,000 GSF office building, with the necessary parking spaces, and room on upper floors to develop additional office space and guest accommodations. While this option gave the applicants more control in regard to the planned footprint of the new office building, this option would still present accessibility issues for patients and staff, and would not have resulted in the establishment of a sufficient amount of office space to accommodate the applicants spatial needs. Identified cost with this option: \$11,965,021.

c. Option 3

The third option under this alternative was to expand upon MRMC's existing support facility, adding 11,000 GSF to an existing 10,800 GSF building. While this option would have resulted in minimal patient disruption, the issue of patient accessibility remains. The current support facility is not proximal to the main campus, and has been the basis for all the accessibility issues identified under this option. Secondly, any investment in this building would be counter-productive to MRMC's plans to ultimately demolish the building, due to its lack of proximity and use for patient care.

2. Joint Venture with Other Providers

The applicants determined that the option of a joint venture is infeasible, as it contradicts the basic tenant of Patient Empowered Care (PEC), which mandates the patient remain stationary, and clinical care providers come to the patient to render modalities and services. Any arrangement with a joint provider would require a patient to travel to a different location, resulting in unnecessary travel and wait times. The applicants identified no cost with this option.

3. Utilize Other Available Health Resources

MRMC considered utilizing other health resources, to include referring patients to other hospitals affiliated with Cancer Treatment Centers of America (CTCA). However, CTCA's affiliate hospitals are spread throughout the United States, and report having already high occupancy rates. The applicant considered curtailing operations at the Zion facility, but realized MRMC is the destination hospital for cancer treatment in the Midwest, and is the original hospital in the CTCA network. Given the hospital's history, and the need for cancer treatment services in the Midwest, the applicants rejected this alternative. No project costs were identified with this alternative.

4. Proposed Alternative

The applicants chose to expand its current facility through the construction of four floors on top of its two story lobby, due to the anticipated minimal disruptions it will cause to existing services, to include the construction of the new patient tower. The applicants note the new space will be part of MRMC's hospital, and adjacent to its other main campus facilities. Identified cost of this option: \$15,632,966

IX. Section 1110.234 - Project Scope and Size, Utilization and Shell Space

A) Criterion 1110.234 (a) - Size of Project

To document compliance with this criterion the applicants shall document that the physical space proposed for the project is necessary and appropriate and meets State Board Standard per Section 1110 Appendix B.

The applicants are proposing to add 10,563 GSF to 25,390 GSF of existing space, dedicated to its Ambulatory Care service. Once complete, the Ambulatory Care service component will comprise 35,953 GSF of space, which meets the State standard for this criterion (See Table Five).

TABLE FIVE Size of Project					
	Existing	State Standard	Proposed	Difference	Met Standard
Ambulatory Care (clinical)	25,390	800 dgsf/Room	35,953	10,563	Yes

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION SIZE OF PROJECT (77 IAC 1110.234 (a))

B) Criterion 1110.234 (b) - Project Services Utilization

To document compliance with this criterion the applicant shall document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Section 1110 Appendix B.

The applicants are proposing to construct 10,563 GSF of new ambulatory clinical space to its existing 25,390 GSF ambulatory care facility, for a total of 35,953 GSF of clinical space. Using the State standard of 2,000 visits/800 GSF/room, the applicant's project to meet this standard by the second year after project completion (2018), as illustrated in Table Six.

TABLE SIX Historical/Projected Utilization #14-055 Midwestern Regional Medical Center				
Year	Historical Utilization (visits)	Projected Utilization (visits)	State Standard 800GSF/2,000 visits	Standard Met?
2011	65,735			Yes
2012	81,777			Yes
2013	89,146			Yes
2014	98,604			Yes
2015		114,224		Yes
2016		132,802		Yes
2017		154,938		Yes
2018		181,365		Yes

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION PROJECT SERVICE UTILIZATION (77 IAC 1110.234 (b))

C) Criterion 1110.234 (e) - Assurances

The applicant shall submit the following:

The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the end of the second year of operation after the project completion, the applicant will meet or exceed the utilization standards specified in Appendix B.

The applicants have provided the necessary attestation as required by this criterion on page 132 of the application.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION ASSURANCES (77 IAC 1110.234 (e))

X. Section 1110.3030 – Clinical Service Areas Other Than Categories of Service

A) Criterion 1110.3030 (b) (1) (3) - Background of Applicants

The applicants are Midwestern Regional Medical Center, Inc., and Sheridan Trust U/A/D 4/1/12. Sheridan Trust U/A/D/ 4/1/12 owns 70% of Midwestern Regional Medical Center, Inc. Ann Stephenson Holsonback and Christopher Stephenson each own 5.7% of the voting shares of Midwestern Regional Medical Center, Inc. Midwestern Regional Medical Center, Inc. is a 73 bed acute care hospital. Midwestern Regional Medical Center ("MRMC") is an Illinois corporation, incorporated on January 17, 1975. A copy of MRMC's Good Standing Certificate dated October 3, 2014 is included in the application for permit. The legal name of the site owner is Northeast Illinois Medical Properties LP. Northeast Illinois Medical Properties LP leases the site to Zion Healthcare Properties, Inc. and Zion Healthcare Properties, Inc. in turn subleases the site to Midwestern Regional Medical Center, Inc. The Sheridan Trust ("Trust") is a family related trust and is listed as a co-applicant only because it has more than a 50% ownership interest in the voting shares of MRMC. The Trust is not undertaking any financial obligations for the Project. Funding for the Project will come entirely from internal MRMC resources secured by a Performance Bond. The Project is not located in a special flood hazard area and the Project complies with the requirements of Illinois Executive Order #2005-5. The project does not impact historic resources and licensure and accreditation information was provided as required. There have been no adverse actions taken against MRMC within the prior three years and a letter 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 has been provided.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION BACKGROUND OF APPLICANTS (77 IAC 1110.3030 (b)(1) (3)).

B) Criterion 1110.3030(d) Service Modernization

The applicant shall document that the proposed project meets one of the following:

1) Deteriorated Equipment or Facilities

2) Necessary Expansion

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

3) Utilization

A) Major Medical Equipment

B) Service or Facility

C) If no utilization standards exist, the applicant shall document in detail its anticipated utilization in terms of incidence of disease or conditions, or population use rates.

The applicants note MRMC's historical outpatient utilization, and its projected utilization data (See Table 6), project steady growth, leading to an imminent need for additional ambulatory care space at its facility, in Zion. MRMC's PEC (Patient Empowered Care), model requires a patient to occupy a treatment room, while physicians/clinicians come to them. This unique treatment modality results in patients occupying treatment rooms for extended periods of up to several hours, resulting in a shortage of patient rooms. This shortage negatively affects patient care and increases wait times for both patient and clinician. The applicants propose to increase its number of ambulatory care/treatment rooms in an effort to maintain its standard of patient care, based on the provisions of the PEC model. Data in Table Six illustrate both historical and projected growth in its ambulatory patient care model. In addition to its clinical space, the applicants propose to expand its patient support services (non-clinical). Based on the data contained in Table Six, it appears the proposed expansion project is warranted.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH THE CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE-SERVICE MODERNIZATION CRITERION (77 IAC 1110.3030(d))

XI. Section 1120.120 - Availability of Funds

To determine compliance with this criterion the applicant must document that financial resources are available by documenting an “A” or better bond rating and the applicants have sufficient cash to fund the cash portion of the project.

On November 12, 2013, the State Board approved Permit No. 13-047 for the construction of a new inpatient bed tower. As part of the approval the State Board required the applicants to secure a performance bond in the amount of \$84,100,000. The applicants are proposing to secure a performance bond of \$110,000,000 to include this project addition. This performance bond will guarantee completion of Permit #13-047 and Project #14-055.

Midwest Regional Medical Center Compilation Report		
	2014	2013
Cash	\$1,688,274	\$19,190,534
Current Assets	\$90,510,465	\$108,789,924
PPE	\$93,409,134	\$42,693,472
Total Assets	\$228,785,203	\$222,340,560
Current Liabilities	\$167,753,662	\$159,664,126
LTD	\$2,684,039	\$6,875,187
Net Patient Revenue	\$615,749,443	\$649,153,591
Total Revenue	\$639,756,870	\$662,188,606
Total Expenses	\$634,996,157	\$650,997,812
Income Before Tax	\$4,706,713	\$11,190,794
Income Tax	\$214,458	-\$37,511
Net Income	\$4,546,255	\$11,228,305
Net Income Margin	0.71%	1.70%

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 IAC 1120.120)

XII. Section 1120.130 - Financial Viability

To document compliance with this criterion that the applicants must document that they are financially viable by providing evidence of an “A” or better bond rating from Fitch, Moody’s, and Standard and Poor’s.

The applicants have qualified for the financial waiver by providing proof of a performance bond (application pgs. 137-138), and copies of its consolidated

financial statements from the last three years (application, pgs.141-157). Based on these findings it appears the applicants are exempt from the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 IAC 1120.130)

XIII. Section 1120.140 – Economic Feasibility

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

To document compliance with this criterion the applicant must document that the financing of the project is reasonable by providing evidence of an “A” or better bond rating from Fitch, Moody’s, and Standard and Poor’s.

The applicants are exempt from this criterion because they supplied proof of the performance bond (application pgs. 137-138), and copies of its consolidated financial statements from the last three years (application, pgs.141-157). Based on these findings it appears the applicants are exempt from the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION REASONABLENESS OF FINANCING ARRANGEMENT (77 IAC 1120.140 (a))

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

To document compliance with this criterion the applicants must attest that the debt financing will be at the lowest net cost available to the applicant.

The applicants are funding the proposed project in its entirety with a performance bond, and this criterion does not apply.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS EXEMPT FROM THE TERMS OF CONFORMANCE WITH CRITERION TERMS OF DEBT FINANCING (77 IAC 1120.140 (b))

C) Reasonableness of Project and Related Costs

The applicant shall document that the estimated project costs are reasonable.

Only the clinical costs are being reviewed per 20 ILCS 3960/5.

Preplanning Costs – These costs are \$52,224 and are 1% of new construction, contingencies and movable equipment costs. This appears reasonable when compared to the State Board Standard of 1.8%.

Site Preparation Costs – These costs are \$34,133 and are less than 1% of new construction and contingency costs. This appears reasonable when compared to the State Board Standard of 5%.

New Construction and Contingency Costs – These costs are \$4,334,896 and are \$410.42 per GSF. This appears reasonable when compared to the Adjusted State Standard of \$468.75.

Contingencies Costs – These costs are \$269,575 and 6.6% of new construction costs. This appears reasonable when compared to the State Board Standard of 10-15%.

Architectural and Engineering Fees – These costs are \$283,865 and are 6.5% of new construction and contingency costs. This appears reasonable when compared to the State Board Standard of 6.42 – 9.64%.

Consulting and Other Fees – These costs are \$51,200. The State Board does not have a standard for these costs.

Movable Equipment Costs – These costs are \$579,722. The State Board does not have a standard for these costs.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 IAC 1120.140 (c))

D) Criterion 1120.140 (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.

Direct operating costs per equivalent by CY 2018 is \$177.66. This appears reasonable when compared to previously approved projects.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH THE CRITERION PROJECTED OPERATING COSTS ((77 IAC 1120.140 (d))

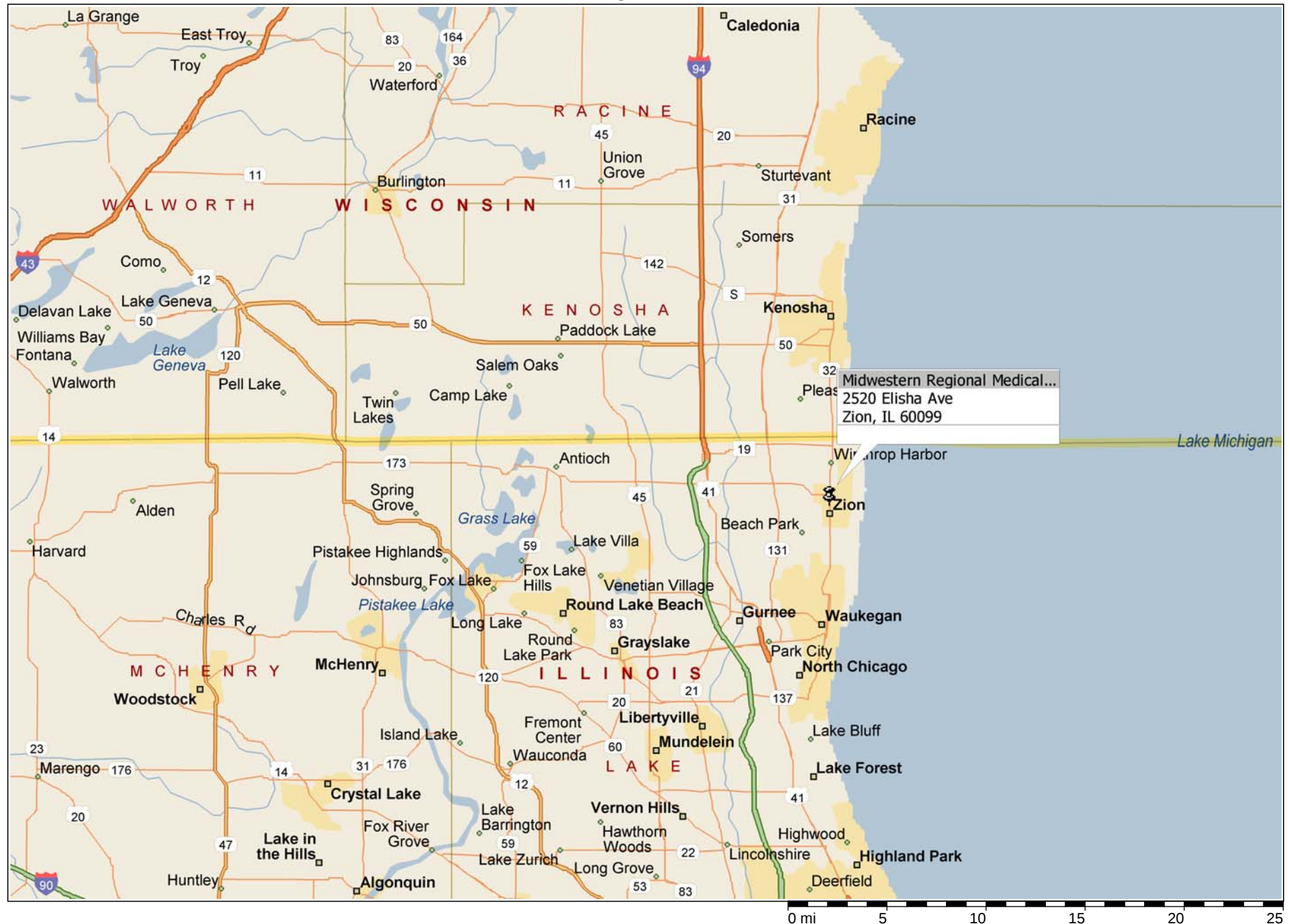
E) Criterion 1120.140 (e) - Total Effect of the Project on Capital Costs

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.

The projected capital cost per equivalent patient day is \$42.26 per equivalent patient day. This appears reasonable when compared to previously approved projects.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH THE CRITERION TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS (77 IAC 1120.140 (e))

14-055 Midwestern Regional Medical Center - Zion



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<u>Ownership, Management and General Information</u>				<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Scott E Jones			White	73.1%	Hispanic or Latino:	3.5%
ADMINSTRATOR PHONE	847-872-6300			Black	18.9%	Not Hispanic or Latino:	96.5%
OWNERSHIP:	Northern Illinois Medical Properties, Inc			American Indian	0.1%	Unknown:	0.0%
OPERATOR:	Midwestern Regional Medical Center, Inc.			Asian	0.7%		
MANAGEMENT:	For Profit Corporation			Hawaiian/ Pacific	0.0%	IDPH Number:	2956
CERTIFICATION:				Unknown	7.2%	HPA	A-09
FACILITY DESIGNATION:	(Not Answered)					HSA	8
ADDRESS	2520 Elisha Avenue	CITY: Zion	COUNTY: Lake County				

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	Authorized CON Beds 12/31/2013	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Bed Occupancy Rate %
Medical/Surgical	61	69	69	1,508	11,534	901	8.2	34.1	55.8	49.4
0-14 Years				262	2,002					
15-44 Years				1,089	8,332					
45-64 Years				116	889					
65-74 Years				41	311					
75 Years +				0	0					
Pediatric	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Intensive Care	12	6	6	419	1,602	16	3.9	4.4	36.9	73.9
Direct Admission				347	1,602					
Transfers				72	0					
Obstetric/Gynecology	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Maternity				0	0					
Clean Gynecology				0	0					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds			0	0	0		0.0	0.0		
Acute Mental Illness	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Rehabilitation	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	0					0				
Facility Utilization	73			1,855	13,136	917	7.6	38.5	52.7	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	9.0%	0.3%	0.1%	84.0%	0.3%	6.3%	
	179	5	2	1663	6	124	1,979
Outpatients	12.3%	2.5%	0.1%	80.9%	1.7%	2.6%	
	4162	841	23	27412	566	893	33,897
<u>Financial Year Reported:</u>	7/1/2012 to	6/30/2013	<u>Inpatient and Outpatient Net Revenue by Payor Source</u>				
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense
Inpatient Revenue (\$)	3.7%	0.0%	0.0%	95.9%	0.4%	100.0%	
	4,372,928	28,716	8,411	114,216,133	474,789	119,100,977	1,255,191
Outpatient Revenue (\$)	2.1%	0.0%	0.0%	97.6%	0.2%	100.0%	
	11,302,637	129,138	23,812	517,561,237	1,035,790	530,052,614	3,121,582
							Total Charity Care Expense 4,376,773
							Total Charity Care as % of Net Revenue 0.7%

<u>Birth Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	0		Level I	Level II	Level II+	Kidney:	0
Number of Live Births:	0		Beds	0	0	Heart:	0
Birthing Rooms:	0		Patient Days	0	0	Lung:	0
Labor Rooms:	0		Total Newborn Patient Days		0	Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	0
Labor-Delivery-Recovery Rooms:	0					Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	0		<u>Laboratory Studies</u>			Total:	0
C-Section Rooms:	0		Inpatient Studies		79,716		
CSections Performed:	0		Outpatient Studies		267,406		
			Studies Performed Under Contract		35,517		

Surgery and Operating Room Utilization

<u>Surgical Specialty</u>	<u>Operating Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	0	0	0	0	0	0	0	0.0	0.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	4	4	817	998	1813	2223	4036	2.2	2.2
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	0	0	40	49	110	136	246	2.8	2.8
OB/Gynecology	0	0	0	0	42	51	111	136	247	2.6	2.7
Oral/Maxillofacial	0	0	0	0	0	0	0	0	0	0.0	0.0
Ophthalmology	0	0	0	0	0	0	0	0	0	0.0	0.0
Orthopedic	0	0	0	0	25	31	46	58	104	1.8	1.9
Otolaryngology	0	0	0	0	5	1	15	1	16	3.0	1.0
Plastic Surgery	0	0	0	0	45	56	186	227	413	4.1	4.1
Podiatry	0	0	0	0	0	4	0	6	6	0.0	1.5
Thoracic	0	0	0	0	26	32	34	41	75	1.3	1.3
Urology	0	0	0	0	173	212	293	359	652	1.7	1.7
Totals	0	0	4	4	1173	1434	2608	3187	5795	2.2	2.2
<u>SURGICAL RECOVERY STATIONS</u>			Stage 1 Recovery Stations		5		Stage 2 Recovery Stations		5		

Dedicated and Non-Dedicated Procedure Room Utilization

<u>Procedure Type</u>	<u>Procedure Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	1	1	178	869	108	526	634	0.6	0.6
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	0	0	0	0	0	0	0	0.0	0.0
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
<u>Multipurpose Non-Dedicated Rooms</u>											
Paid	0	0	1	1	74	362	36	177	213	0.5	0.5
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

Emergency/Trauma Care

Certified Trauma Center	No
Level of Trauma Service	Level 1
	(Not Answered)
Operating Rooms Dedicated for Trauma Care	0
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Stand-By
Number of Emergency Room Stations	3
Persons Treated by Emergency Services:	1,855
Patients Admitted from Emergency:	57
Total ED Visits (Emergency+Trauma):	1,855

Free-Standing Emergency Center

Beds in Free-Standing Centers	0
Patient Visits in Free-Standing Centers	0
Hospital Admissions from Free-Standing Center	0

Outpatient Service Data

Total Outpatient Visits	33,004
Outpatient Visits at the Hospital/ Campus:	33,004
Outpatient Visits Offsite/off campus	0

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	0
Cath Labs used for Angiography procedures	0
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	0
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	0
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	0
EP Catheterizations (15+)	0

Cardiac Surgery Data

Total Cardiac Surgery Cases:	0
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	0
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	0

Diagnostic/Interventional Equipment**Examinations****Therapeutic Equipment****Therapies/ Treatments****Owned Contract Inpatient Outpt Contract****Owned Contract**

General Radiography/Fluoroscopy	8	0	3,454	4,710	0	Lithotripsy	0	0	0
Nuclear Medicine	1	0	79	1,839	0	Linear Accelerator	4	0	6,377
Mammography	1	0	0	1,972	0	Image Guided Rad Therapy			7,545
Ultrasound	5	0	487	1,461	0	Intensity Modulated Rad Thrp			8,985
Angiography	2	0				High Dose Brachytherapy	1	0	83
Diagnostic Angiography			0	0	0	Proton Beam Therapy	0	0	0
Interventional Angiography			787	3,584	0	Gamma Knife	0	0	0
Positron Emission Tomography (PET)	1	0	45	2,662	0	Cyber knife	0	0	0
Computerized Axial Tomography (CAT)	1	1	1,636	18,228	7,812				
Magnetic Resonance Imaging	2	0	386	3,714	0				