

ORIGINAL

14-061

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION DEC 10 2014

This Section must be completed for all projects.

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name:	Northwestern Memorial Hospital		
Street Address:	259 East Erie Street		
City and Zip Code:	Chicago, Illinois 60611		
County:	Cook	Health Service Area	6
		Health Planning Area:	A-01

Applicant /Co-Applicant Identification

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

Exact Legal Name:	Northwestern Memorial Hospital
Address:	251 East Huron Street, Chicago, Illinois 60611
Name of Registered Agent:	James C. Dechene
Name of Chief Executive Officer:	Dean Harrison
CEO Address:	251 East Huron Street, Chicago, Illinois 60611
Telephone Number:	312-926-3007

Type of Ownership of Applicant/Co-Applicant

☒	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.

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:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	211 East Ontario Street, Suite 1750, Chicago, Illinois 60611
Telephone Number:	312-926-8650
E-mail Address:	borth@nmh.org
Fax Number:	312-926-4545

Additional Contact

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

Name:	Rob Christie
Title:	Senior Vice President, External Affairs and Communications
Company Name:	Northwestern Memorial HealthCare
Address:	211 East Ontario Street, Suite 1750, Chicago, Illinois 60611
Telephone Number:	312-926-7527
E-mail Address:	rchristi@nmh.org
Fax Number:	312-926-4545

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Fax Number:	312-926-4545

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:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	211 East Ontario, Suite 1750, Chicago, Illinois 60611
Telephone Number:	312-926-8650
E-mail Address:	borth@nmh.org
Fax Number:	312-926-4545

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Northwestern Memorial Hospital
Address of Site Owner:	251 East Huron Street, Chicago, Illinois 60611
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:	Northwestern Memorial Hospital		
Address:	251 East Huron Street, Chicago, Illinois 60611		
☒ 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

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.

Northwestern Memorial Hospital (NMH) proposes to expand existing hospital-based Outpatient Surgical services on the downtown Chicago campus by adding 8 operating rooms on the 11th floor of the newly constructed Outpatient Care Pavilion (CON #11-107) at 259 East Erie Street, Chicago.

When the Outpatient Care Pavilion was approved by the HFSRB on February 28, 2012, the 11th floor was designed as physicians' office space. An Alteration Request to remove one floor of physicians' office space from CON #11-107 has been submitted in conjunction with this project.

The proposed project includes 8 operating rooms and associated recovery space. The project also includes other support space on the 11th floor including central sterile supply, administration space, public space and staff lounge.

The anticipated completion date of the project is December 31, 2016.

Total project cost is \$24,448,432.

The project is classified as non-substantive due because it does not establish a new category of service or facility.

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			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts	\$ 9,650,012	\$ 2,889,144	\$ 12,539,156
Contingencies	\$ 965,001	\$ 288,914	\$ 1,253,916
Architectural/Engineering Fees	\$ 497,292	\$ 173,057	\$ 670,349
Consulting and Other Fees	\$ 337,256	\$ 117,365	\$ 454,621
Movable or Other Equipment (not in construction contracts)	\$ 5,925,594	\$ 2,062,101	\$ 7,987,695
Bond Issuance Expense (project related)	\$ 229,970	\$ 80,030	\$ 310,000
Net Interest Expense During Construction (project related)	\$ 844,585	\$ 293,915	\$ 1,138,500
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	\$ 69,878	\$ 24,317	\$ 94,195
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$ 18,519,589	\$ 5,928,843	\$ 24,448,432
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$ 2,839,422	\$ 909,010	\$ 3,748,432
Pledges			
Gifts and Bequests			
Bond Issues (project related)	\$ 15,680,167	\$ 5,019,833	\$ 20,700,000
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$ 18,519,589	\$ 5,928,843	\$ 24,448,432
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: \$	N/A	
Fair Market Value: \$	N/A	

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No

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 \$ N/A.

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): December 31, 2016

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
- ☒ 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:

- ☒ Cancer Registry
- ☒ APORS
- ☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
- ☒ 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.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		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: Northwestern Memorial Hospital		CITY: Chicago			
REPORTING PERIOD DATES: CY13 From: 1/1/13 to: 12/31/13					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	530	27,305	145,406	0	530
Obstetrics	134	12,224	34,727	0	134
Pediatrics	0	0	0	0	0
Intensive Care	115	5,251	27,244	0	115
Comprehensive Physical Rehabilitation	0	0	0	0	0
Acute/Chronic Mental Illness	29	1,026	8,801	0	29
Neonatal Intensive Care	86	1,054	8,518	0	86
General Long Term Care	0	0	0	0	0
Specialized Long Term Care	0	0	0	0	0
Long Term Acute Care	0	0	0	0	0
Other ((identify))	0	0	0	0	0
TOTALS:	894	46,860	224,696	0	894

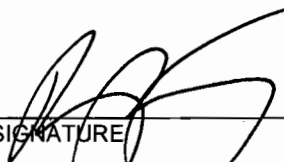
CERTIFICATION

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 manager 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 Northwestern Memorial Hospital *
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.

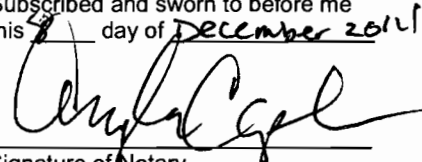
SIGNATURE


Richard J. Gannotta
PRINTED NAMEPresident, NMH
PRINTED TITLE

SIGNATURE

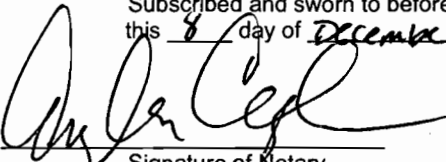

Kristin L. Ramsey
PRINTED NAMEVice President, Operations and ACNE, NMH
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 8 day of December 2014
Signature of Notary

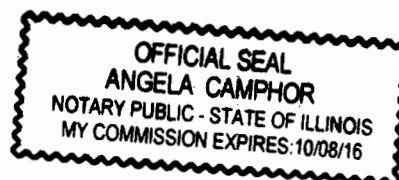
Seal

Notarization:

Subscribed and sworn to before me
this 8 day of December 2014
Signature of Notary

Seal

*Insert EXACT legal name of the applicant

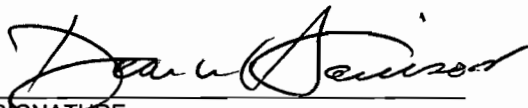


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- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

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SIGNATURE

Dean M. Harrison
PRINTED NAME

President and CEO, NMHC
PRINTED TITLE

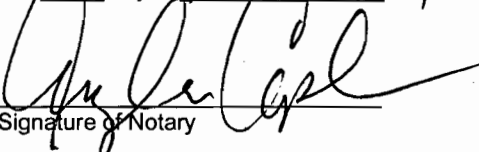

SIGNATURE

John A. Orsini
PRINTED NAME

Senior Vice President and CFO, NMHC
PRINTED TITLE

Notarization:

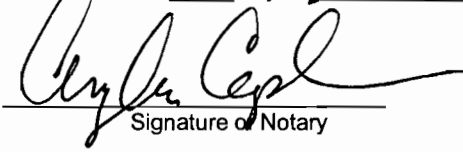
Subscribed and sworn to before me
this 8 day of December 2014


Signature of Notary

Seal

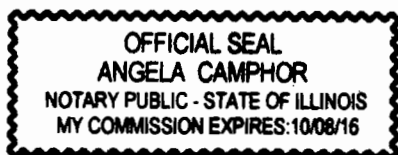
Notarization:

Subscribed and sworn to before me
this 8 day of December 2014


Signature of Notary

Seal

*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):

Service	# Existing Key Rooms	# Proposed Key Rooms
☒ Surgical Services	62	70
☐		
☐		

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):

- 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:**

	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.
	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 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	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	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.

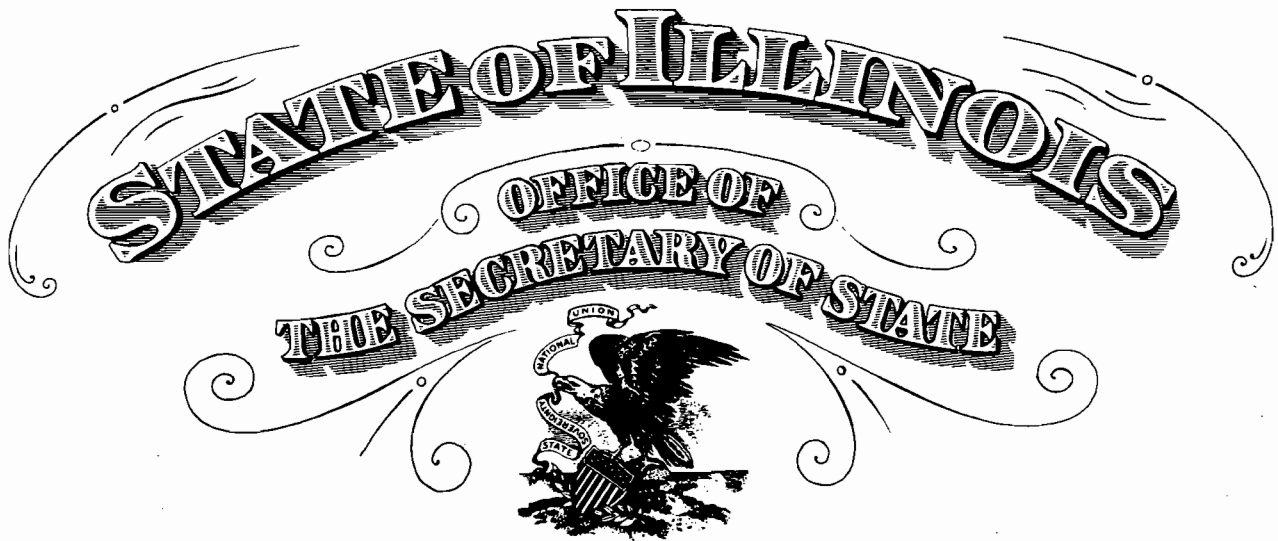
A table in the following format must be provided for all facilities as part of Attachment 44.

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:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	23-24
2	Site Ownership	25-30
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	N/A
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	31
5	Flood Plain Requirements	32-33
6	Historic Preservation Act Requirements	34-35
7	Project and Sources of Funds Itemization	36-39
8	Obligation Document if required	40
9	Cost Space Requirements	41
10	Discontinuation	N/A
11	Background of the Applicant	42-43
12	Purpose of the Project	44
13	Alternatives to the Project	45-48
14	Size of the Project	49-52
15	Project Service Utilization	53-55
16	Unfinished or Shell Space	56
17	Assurances for Unfinished/Shell Space	56
18	Master Design Project	N/A
19	Mergers, Consolidations and Acquisitions	N/A
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	N/A
21	Comprehensive Physical Rehabilitation	N/A
22	Acute Mental Illness	N/A
23	Neonatal Intensive Care	N/A
24	Open Heart Surgery	N/A
25	Cardiac Catheterization	N/A
26	In-Center Hemodialysis	N/A
27	Non-Hospital Based Ambulatory Surgery	N/A
28	Selected Organ Transplantation	N/A
29	Kidney Transplantation	N/A
30	Subacute Care Hospital Model	N/A
31	Children's Community-Based Health Care Center	N/A
32	Community-Based Residential Rehabilitation Center	N/A
33	Long Term Acute Care Hospital	N/A
34	Clinical Service Areas Other than Categories of Service	57-58
35	Freestanding Emergency Center Medical Services	N/A
	Financial and Economic Feasibility:	
36	Availability of Funds	59
37	Financial Waiver	59
38	Financial Viability	59
39	Economic Feasibility	60-72
40	Safety Net Impact Statement	73
41	Charity Care Information	74



To all to whom these Presents Shall Come, Greeting:

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

NORTHWESTERN MEMORIAL HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 01, 1972, 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.



Authentication #: 1421901836

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 7TH day of AUGUST A.D. 2014 .

Jesse White

SECRETARY OF STATE

ATTACHMENT-1



To all to whom these Presents Shall Come, Greeting:

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

NORTHWESTERN MEMORIAL HEALTHCARE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 30, 1981, 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.



Authentication #: 1335102330

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 17TH day of DECEMBER A.D. 2013

Jesse White

SECRETARY OF STATE

ATTACHMENT-1

**Owner/Lessee
Attorney Verification Form**

**Cook County
Board of Review**

2101

2008 Complaint No.: _____
P.I.N.: 17-10-203-022; 17-10-203-023;

Address: 240 E. Ontario

City: CHICAGO State: IL Zip: _____ Township: NORTH

I, Peter J. McCanna, being first duly sworn on oath state that:

1. I am

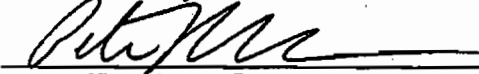
_____ an _____ Owner, _____ Executor or _____ Trust Beneficiary (check one) of this property; or
_____ a Lessee (tenant) liable for real estate tax of the property; or
_____ a former owner liable for real estate tax; or
☒ a duly authorized Officer of the Northwestern Memorial Hospital corporation, partnership or LLC which owns the property described above.

2. I have personal knowledge that the above - described property

☒ has not been purchased within the last 3 years; or
_____ has been purchased on or after January 1, 2005

Purchase Price: \$ _____ Date of Purchase _____

3. For assessment year 2008, I have explicitly authorized the following Attorney/Law Firm: **EDWARD M. BURKE OF KLAFTER AND BURKE** to represent me before the Cook County Board of Review.


Affiant Owner/Lessee



[SEAL]

Subscribed and sworn to before me,
this 10 day of October, 2008.


Notary Public or Board Deputy

My commission expires: 10/08/08

I certify that I have entered into the attorney - client relationship with the affiant, and I have read the accompanying assessed valuation complaint, have personal knowledge of the contents thereof, and the same is true in substance and in fact, and further I so certify all under the penalties as provided by law pursuant to Section 1-109 of the Illinois Code of Civil Procedure.

Date

Attorney

B.O.R. Attorney Code

NORTH 2101



James M. Houlihan
Cook County Assessor

Cook County Assessor's Office
118 North Clark Street Chicago, IL 60602
Phone: 312.443.7550
Website: www.cookcountyassessor.com

6912432153



Owner / Lessee Verification Affidavit

Tax Year

2 0 0 6

Subject Property Permanent Index Number(s)

1 7 - 1 0 - 2 0 3 - 0 2 2 -
1 7 - 1 0 - 2 0 3 - 0 2 3 -
- - - - -

- - - - -
- - - - -
- - - - -

(Attach separate sheet for additional PINs)

Owner / Taxpayer

N O R T H W E S T E R N M E M O R I A L H O S P I T A L

Owner's Street Address

2 4 0 E O N T A R I O

Daytime Phone Number

(3 1 2) 9 2 6 - 2 9 0 0

City

C H I C A G O

State

I L

Zip

6 0 6 1 1 -

Property Street Address

2 4 0 E A S T O N T A R I O S T

Township

N O R T H

City

C H I C A G O

State

I L

Zip

6 0 6 1 1 -

First Name

I, P E T E R

MI

J

Last Name

M C C A N N A

being first duly sworn on oath state:

- That I am the (please check one) ☐ An Owner of the property described above
☐ A Lessee of the property described above
☐ A Tax buyer of the property described above [years(s) purchased] _____
☒ A Duly authorized **Officer/Agent** of the Northwestern Memorial Hospital corporation/partnership which owns the property described above
- I have sufficient knowledge of the operations of the above property to execute this affidavit
- I have personal knowledge that the above property
☒ has not been purchased within the last 5 years;
☐ has been purchased within the last 5 years;

If sold: Purchase Price
 , ,

Date of Purchase
 / /

Form 51

For optimum accuracy, please print in black ink in capital letters only and avoid contact with the edge of the box.

Page 1 of 2

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ATTACHMENT-2

North 2101



James M. Houlihan
Cook County Assessor

Cook County Assessor's Office
118 North Clark Street Chicago, IL 60602
Phone: 312.443.7550
Website: www.cookcountyassessor.com

9730432154



Owner / Lessee Verification Affidavit

4. that for the assessment year 2 0 0 6 I have authorized

EDWARD M BURKE OF KLAFTER AND BURKE

whose name appears on the appeal form to represent me before the Assessor relative to the assessment of the property listed.

5. that any income and expense information provided by me, either directly or through my representative, accurately reflects the result of the operations.

Signature of Affiant

Peter M...

Affiant's Street Address

2 5 1 E H U R O N

Daytime Phone Number

(3 1 2) 9 2 6 - 2 1 0 1

City

State

Zip

Subscribed and sworn before me this 1 0 day of

O c t o b e r . 2 0 0 6

Angela Camphor
Signature of Notary Public

OFFICIAL SEAL
ANGELA CAMPHOR
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES 10/08/08

Notary Stamp

As appointed representative for the owner/lessee of the property described above, I affirm that I have read the Cook County Assessor's Rules for Filing Appeals.

Signature of Representative

Date

/ /

First Name

E D W A R D

MI

M

Last Name

B U R K E

Representative Code

0 6 2 5

Street Address

2 2 5 W W A S H I N G T O N 1 7 0 1

Daytime Phone Number

(3 1 2) 7 2 6 - 7 8 5 5

City

C H I C A G O

State

I L

Zip

6 0 6 0 6

Form 51

For optimum accuracy, please print in black ink in capital letters only and avoid contact with the edge of the box.

Page 2 of 2

ATTACHMENT-2

**Owner/Lessee
Attorney Verification Form**

**Cook County
Board of Review**

2107

2007 Complaint No.:

P.I.N.: 17-10-203-020; 17-10-203-021;

Address: 259 E. Erie

City: CHICAGO

State: IL Zip:

Township: NORTH

I, Peter J. McCanna, being first duly sworn on oath state that:

1. I am

_____ an ___ Owner, ___ Executor or ___ Trust Beneficiary (check one) of this property; or

_____ a Lessee (tenant) liable for real estate tax of the property; or

_____ a former owner liable for real estate tax; or

X _____ a duly authorized Officer of the Northwestern Memorial Hospital corporation, partnership or LLC which owns the property described above.

2. I have personal knowledge that the above - described property

X _____ has not been purchased within the last 3 years; or

X _____ has been purchased on or after January 1, 2004

Purchase Price: \$ _____ Date of Purchase _____

3. For assessment year 2007, I have explicitly authorized the following Attorney/Law Firm: **EDWARD M. BURKE OF KLAFTER AND BURKE** to represent me before the Cook County Board of Review.

Peter J. McCanna
Affiant Owner/Lessee



Subscribed and sworn to before me,
this 10 day of October, 2006.

Angela Camphor
Notary Public or Board Deputy

My commission expires: 10/08/08

I certify that I have entered into the attorney - client relationship with the affiant, and I have read the accompanying assessed valuation complaint, have personal knowledge of the contents thereof, and the same is true in substance and in fact, and further I so certify all under the penalties as provided by law pursuant to Section 1-109 of the Illinois Code of Civil Procedure.

Date

Attorney

B.O.R. Attorney Code

NORTH 2107



James M. Houlihan
Cook County Assessor

Cook County Assessor's Office
118 North Clark Street Chicago, IL 60602
Phone: 312.443.7550
Website: www.cookcountyassessor.com

6912432153



Owner / Lessee Verification Affidavit

Tax Year

2 0 0 6

Subject Property Permanent Index Number(s)

1 7 - 1 0 - 2 0 3 - 0 2 0 -

1 7 - 1 0 - 2 0 3 - 0 2 1 -

- - - - -

- - - - -

- - - - -

- - - - -

(Attach separate sheet for additional PINs)

Owner / Taxpayer

N O R T H W E S T E R N M E M O R I A L H O S P I T A L

Owner's Street Address

2 4 0 E O N T A R I O

Daytime Phone Number

(3 1 2) 9 2 6 - 2 9 0 0

City

C H I C A G O

State

I L

Zip

6 0 6 1 1 -

Property Street Address

2 5 9 E A S T E R I E

Township

N O R T H

City

C H I C A G O

State

I L

Zip

6 0 6 1 1 -

First Name

I, P E T E R

MI

J

Last Name

M C C A N N A

being first duly sworn on oath state:

- That I am the (please check one)
 - ☐ An Owner of the property described above
 - ☐ A Lessee of the property described above
 - ☐ A Tax buyer of the property described above [years(s) purchased] _____
 - ☒ A Duly authorized Officer/Agent of the Northwestern Memorial Hospital corporation/partnership which owns the property described above

2. I have sufficient knowledge of the operations of the above property to execute this affidavit

3. I have personal knowledge that the above property

☒ has not been purchased within the last 5 years;

☐ has been purchased within the last 5 years;

If sold: Purchase Price Date of Purchase
 , , / /

Form 51

For optimum accuracy, please print in black ink in capital letters only and avoid contact with the edge of the box.

Page 1 of 2

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ATTACHMENT-2

North 2107



James M. Houlihan
Cook County Assessor

Cook County Assessor's Office
118 North Clark Street Chicago, IL 60602
Phone: 312.443.7550
Website: www.cookcountyassessor.com

9730432154



Owner / Lessee Verification Affidavit

4. that for the assessment year 2006 I have authorized

EDWARD M BURKE OF KLAFTER AND BURKE

whose name appears on the appeal form to represent me before the Assessor relative to the assessment of the property listed.

5. that any income and expense information provided by me, either directly or through my representative, accurately reflects the result of the operations.

Signature of Affiant

Pete M...

Affiant's Street Address

251 E HURON

Daytime Phone Number

(312) 926-2101

City

State

Zip

Subscribed and sworn before me this 10 day of

OCTOBER 2006

Signature of Notary Public

Angela Camphor



As appointed representative for the owner/lessee of the property described above, I affirm that I have read the Cook County Assessor's Rules for Filing Appeals.

Signature of Representative

Date

First Name

EDWARD

MI

M

Last Name

BURKE

Representative Code

0625

Street Address

225 WASHINGTON

Daytime Phone Number

(312) 726-7855

City

CHICAGO

State

IL

Zip

60606

Form 51

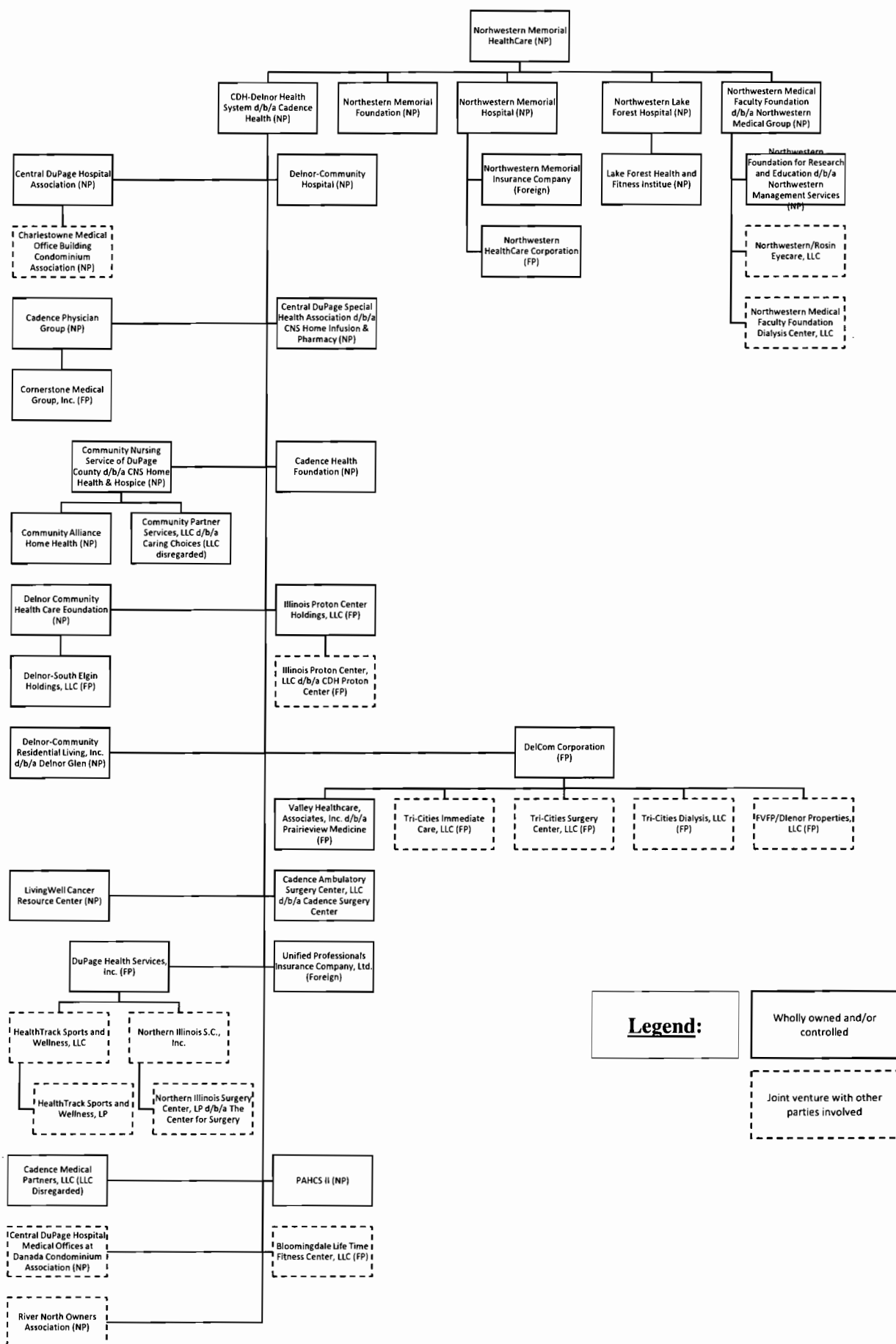
For optimum accuracy, please print in black ink in capital letters only and avoid contact with the edge of the box.

Page 2 of 2

30

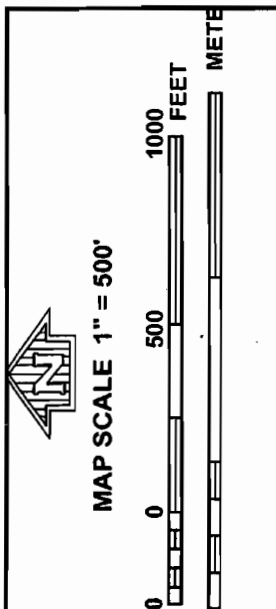
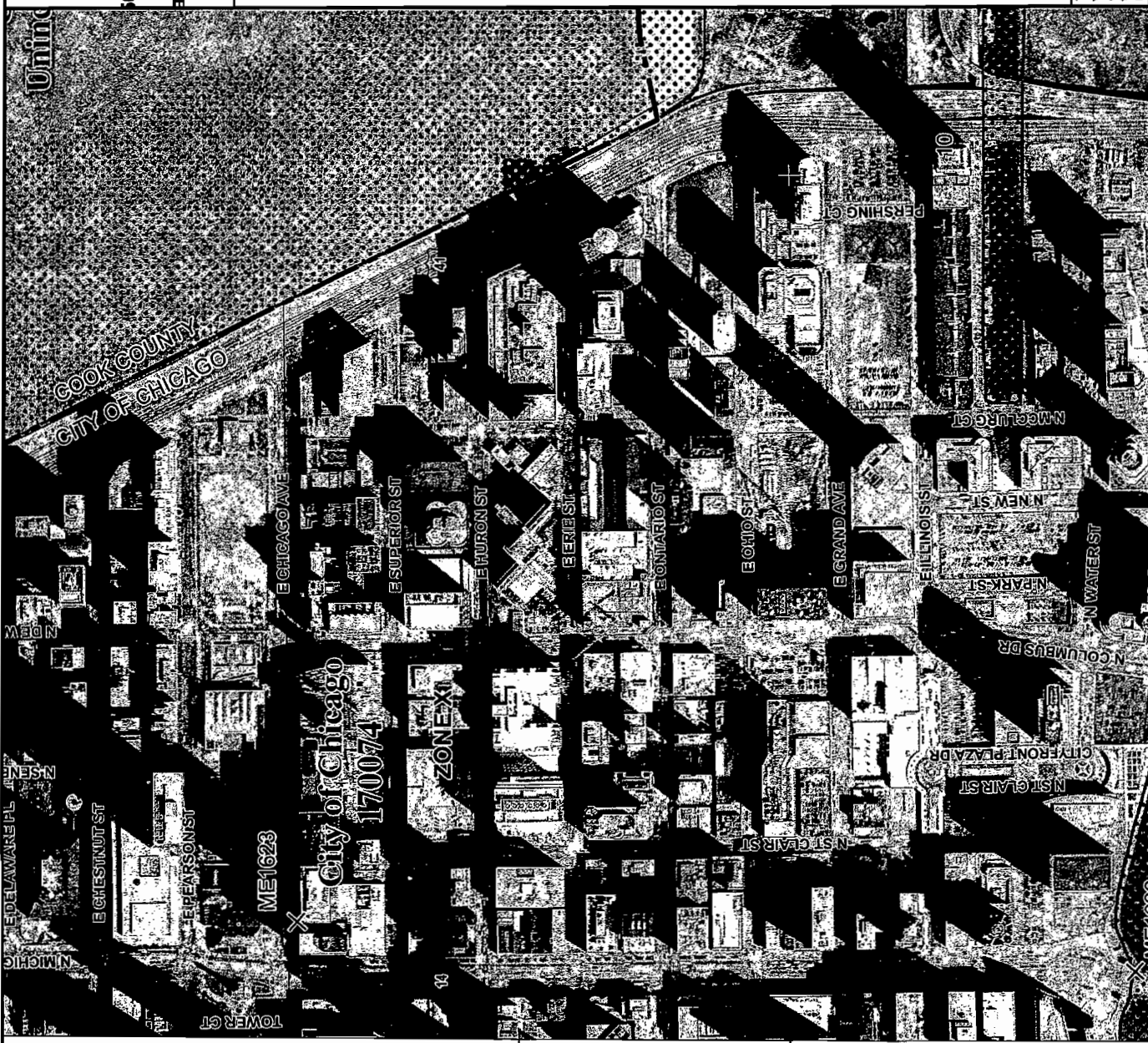
ATTACHMENT-2

Northwestern Medicine Organization Chart



Flood Plain Requirements

The location for the proposed project is the Outpatient Care Pavilion (OCP) at 259 East Erie Street, between Erie Street and Ontario Street at Fairbanks Court. As shown on the map on the following page, the project will not be located in a special flood hazard area and therefore complies with the requirements of Illinois Executive Order #2005-5.



NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0438J	
FIRM FLOOD INSURANCE RATE MAP COOK COUNTY, ILLINOIS AND INCORPORATED AREAS	
PANEL 438 OF 832 (SEE MAP INDEX FOR FIRM PANEL LAYOUT)	
CONTAINS	NUMBER PANEL SUFFIX
COMMUNITY	170074 0438 J
CHICAGO, CITY OF	170054 0438 J
COOK COUNTY	
Notice to User: The Map Number shown below should be used when placing map orders; the Community Number shown above should be used on insurance applications for the subject community.	
MAP NUMBER 17031C0438J MAP REVISED AUGUST 19, 2008	
 Federal Emergency Management Agency	

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

Historic Resources Preservation Act Requirements

The location for the proposed project is in the Outpatient Care Pavilion (OCP) at 259 East Erie Street. The attached letter from the Illinois Historic Preservation Agency indicates that the site for the original OCP project (CON #11-107) was not considered a historic, architectural or archaeological site.



**Illinois Historic
Preservation Agency**

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Cook County
Chicago

CON - Demolition and New Construction of Outpatient Care Pavilion
259 E. Erie St., 240 E. Ontario St.
IHPA Log #008062711

October 27, 2011

Ralph Weber
Northwestern Memorial Hospital
251 E. Huron St.
Chicago, IL 60611-2908

Dear Mr. Weber:

This letter is to inform you that we have reviewed the additional 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
Deputy State Historic
Preservation Officer

Project Costs and Sources of Funds

The line item costs attributed to clinical components were calculated as a percentage of clinical square footage or clinical cost to the total project when actual break-outs were not available.

Itemization of each line item:

Line 6 – Modernization Contracts – (\$12,539,156) – this includes:

- All construction contracts/costs to complete the project. Includes Group I fixed equipment and contractor's markups, overhead, and profit. Costs are escalated to the mid-point of construction (FY16).

Of the total amount, \$9,650,012 is the clinical Modernization cost.

Line 7 – Contingencies - (\$1,253,916) – this includes:

- Allowance for unforeseen Modernization costs

Of the total amount, \$965,001 is the clinical Contingency cost which is 10% of the clinical Modernization cost.

The total clinical square footage of the proposed project is 30,161 BGSF. Modernization cost plus contingencies for this space equates to \$351.94/clinical SF.

When determining the reasonableness of the clinical construction and contingency costs, NMH applied the Cost Complexity Ratios found in Section 1120.APPENDIX A:

Service Area/Department	Complexity Ratio
Diagnostic and Therapeutic (High)	1.23

Line 8 – Architectural / Engineering Fees – (\$670,349) – this includes:

- Schematic Design:
 - Develop diagrammatic plans and documentation to describe the size and character of the space in a way that meets all programmatic and functional objectives, as well as accounting for all existing structure, shafts, elevators and stairs, communications and electrical closets, and all other pre-existing design constraints.
 - Evaluate the capacity of all building systems (such as electrical, mechanical, plumbing, fire protection, pneumatic tube and vertical transportation) as well as support functions to determine modifications necessary for the new use proposed on the floor.
- Design Development
 - Develop detailed drawings and documentation to describe the size and character of the space. Includes room layouts, structural, mechanical, electrical, and plumbing.
 - The equipment and furniture consultants will prepare room-by-room FF&E requirement lists. The requirements lists identify room name, item description, product specification, and total quantity required. The product specifications include installation requirements that will be provided to the architect/engineer to ensure that spaces and building systems are planned to appropriately accommodate the equipment.

- Construction Documents:
 - Provide proposed Reconciled Statement of Probable Construction Cost
 - Provide drawings and specifications
 - Prepare documentation for alternate bids
 - Assist in filing Construction Documents for approval by City and State agencies
 - Signage and Way Finding expertise
- Bidding and Negotiation Phase Services:
 - Revise Construction Documents as necessary in accordance with Reconciled Statement of Probable Construction Cost

Of the total amount, \$497,292 is the clinical Architectural / Engineering Fee. This amount is 4.68% of the clinical Modernization and Contingency costs.

Line 9 – Consulting and Other Fees – (\$454,621) – this includes:

- Charges for the services of various types of consulting and professional experts including:
 - Testing and Inspection
 - Commissioning Consultant
 - Legal and Accounting Services
 - Building Information Modeling (“BIM”) Services
 - Permit Expeditors
 - Pre-Construction Services
 - Equipment Planning Consultant
 - Telecommunications Consultant
 - Functional Programming Consultant
 - Information Technology Consultants
 - Owner Representative Services
 - Project Management Services

Of the total amount, \$337,256 is the clinical Consultant and Other Fees cost.

Line 10 – Movable Capital Equipment – (\$7,987,695) – this includes:

- All furniture, furnishings, and equipment for the proposed project. Group I (fixed) equipment is included in the Modernization line item above. Group II and III medical equipment is included herein. The equipment cost is a budget yet to be finalized.

At this stage, the itemized list of equipment to be purchased is not complete. The aggregate equipment budget, however, is considered appropriate, as it is based on input from consultants and NMH personnel with experience on the 12th floor surgery unit.

The medical equipment consultant and other furnishings consultants will be retained to provide specific expertise during equipment and furnishing procurement and specification, and to assist the hospital in ensuring effective use of available funding. The cost of these consultants is included in Line 9 – Consulting and Other Fees. Equipment and furnishing planning will be closely coordinated with architectural design. Furniture procurement will be managed by the hospital with support from outside consultants.

Total acquisition costs will be evaluated during market assessment and contract award, including purchase, installation, training, and maintenance. The approval process during contract award will be consistent with existing Hospital financial procedures.

Product standards will facilitate detailed equipment planning and appropriate building design, maximize the effectiveness of competitive bidding, and minimize costs for training and long-term maintenance.

A major assumption within the cost estimate is that current prices have been escalated to 2015 prices.

The following list identifies types of equipment in the estimate:

Surgical Services

- Dual-Head LED Lights with Equipment Booms
- Ceiling/Boom Mounted Microscopes
- Video Integration System
- Anesthesia Boom and Video Display Arms
- Fluid Waste System
- Electrosurgical Unit
- PACS Review Station
- Flash Sterilizers
- Scope Washers
- Fluid Waste Dockers
- Physiological Monitoring
- Headwalls
- Automatic Tourniquet System
- Patient Stretchers
- Suction Regulator
- Flowmeters
- Furniture: Lobby Seating, Patient Chairs, Staff Seating and Workstations, Files
- Refrigerators, Ice Makers, Coffee Dispensers
- Telephones, Copiers, Printers, PCs, Televisions
- Miscellaneous Items: Glove Dispensers, Sharps Receptacles, Hampers, Waste Containers
- Housekeeping Equipment

Central Sterile Supply

- Ultrasonic Cleaner
- Washer Disinfector
- Prep and Pack Workstations
- Cart Washer
- Steam Sterilizers
- Water Softener and Deionized Water System
- Low Temperature Sterilizers
- Instrument Tracking System
- Wrapping Tables
- Tray Transfer System for Washer Disinfectors

Of the total amount, \$5,925,594 is the clinical component of the Moveable Capital Equipment cost.

Line 11 – Bond Issuance Expense – (\$310,000) – this includes:

All costs associated with the issuance of the \$20,700,000 bond issue, including issuer's fees, bond counsel's fee, printing costs, underwriters' discount, etc.

Of the total amount, \$229,970 is the clinical component of the Bond Issuance Expense.

Line 12 – Net Interest Expense During Construction – (\$1,138,500) – this represents:

The difference between the interest earned on the bond funds and the interest expense on the bonds.

Of the total amount, \$844,585 is the clinical component of the Net Interest Expense During Construction.

Line 14 – Other Costs To Be Capitalized – (\$94,195) – this includes:

- In-House Staff (Contracted Project Managers)
- Permits and Fees
- Printing Costs
- Insurance (builder's risk, excess general liability and worker's compensation)
- Architect Construction Administration Work

Of the total amount, \$69,878 is the clinical component of the Other Costs to be Capitalized.

Project Status and Completion Schedules

Stage of the project's architectural drawings: Schematics

Anticipated project construction start date: April, 2015

Anticipated midpoint of construction date: October, 2015

Anticipated project construction substantial completion date: March, 2016

Anticipated project completion date: December, 2016

Project obligation will occur after permit issuance.

Cost Space Requirements

		Departmental Gross Square Feet		Building Gross Square Feet		Amount of Proposed Total Building Gross Square Feet That Is:			
Department	Cost	Existing DGSF	Proposed DGSF	Floor Gross Factor	Proposed BGSF	New Const.	Modern- ized	As Is	Vacated Space
CLINICAL									
Surgical Services	\$ 9,650,012		23,090	1.31	30,161		30,161		
Clinical Subtotal =	\$ 9,650,012		23,090		30,161		30,161		
NON-CLINICAL									
Administration	\$ 226,580		680	1.31	888		888		
Central Sterile Supply	\$ 1,504,048		3,901	1.31	5,096		5,096		
Environmental Services	\$ 38,905		160	1.31	209		209		
Loading/Materials Management	\$ 40,841		168	1.31	219		219		
Staff Lounge	\$ 350,558		1,052	1.31	1,374		1,374		
Reception/Waiting/Public Toilets	\$ 691,117		2,074	1.31	2,709		2,709		
MEP Systems (10th floor)	\$ 37,094		200	1.00	200		200		
Non-Clinical Subtotal =	\$ 2,889,144		8,235		10,696		10,696		
TOTAL =	\$ 12,539,156		31,325		40,857		40,857		
OTHER									
Preplanning Costs	\$ -								
Site Survey & Soil Investigation Fees	\$ -								
Site Preparation	\$ -								
Off-Site Work	\$ -								
Contingencies	\$ 1,253,916								
A/E Fees	\$ 670,349								
Consulting & Other Fees	\$ 454,621								
Movable or other Equipment	\$ 7,987,695								
Bond Issuance Expense	\$ 310,000								
Net Interest Expense During Construction	\$ 1,138,500								
Other Costs To Be Capitalized	\$ 94,195								
Other Subtotal =	\$ 11,909,276								
GRAND TOTAL =	\$ 24,448,432								

BACKGROUND OF APPLICANT

Northwestern Memorial HealthCare (NMHC) is the parent corporation of Northwestern Memorial Hospital.

NMHC is the parent of ten health care facilities, all of which are located in Illinois:

Northwestern Memorial Hospital (IDPH License #0003251)

Northwestern Lake Forest Hospital (IDPH License #0005660)

Central DuPage Hospital (IDPH License #0005744)

Delnor Community Hospital (IDPH License #0005736)

Cadence Health Surgery Center (IDPH License #7003173)

Tri-Cities Surgery Center (IDPH License #7003117)

CDH Proton Center

Grayslake Freestanding Emergency Center: 22002

Grayslake ASTC: 7003156

Grayslake Endoscopy ASTC: 7003149

Northwestern Memorial Hospital

Medicare Provider Number: 140281

Medicaid Provider Number: 37 096 0170-001

The Joint Commission Organization I.D. Number: 7267

City of Chicago Hospital License Number: 1118921

December 4, 2014

Ms. Kathryn J. Olson
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street – Second Floor
Springfield, Illinois 62751

Dear Ms. Olson:

As President and Chief Executive Officer of Northwestern Memorial HealthCare, I hereby certify that no adverse action has been taken against Northwestern Memorial Hospital, directly or indirectly, within three years prior to the filing of this application. For the purpose of this letter, the term “adverse action” has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130.

I hereby authorize HFPB and IDPH to access any documentation which it finds necessary to verify any information submitted, including, but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.

If you have questions or need additional information, please contact Bridget Orth at (312) 926-8650.

Best,



DMH/bo

PURPOSE OF PROJECT

1. This project responds to the continued need for quality healthcare in Chicago and the surrounding regions. It is intended to provide additional surgical capacity on the campus of Northwestern Memorial Hospital. The project will improve health care for residents of the City of Chicago (the Planning Area), Cook County, and the region by enhancing access to surgical services at Northwestern Memorial Hospital. The project will increase NMH's surgical capacity by 8 operating rooms.
2. As defined in NMH's past CON applications, NMH's market area is the City of Chicago, the source of 65% of NMH admissions. NMH is one of the largest providers of inpatient services and outpatient care in Chicago. NMH serves the entire Chicago Metropolitan area and beyond.
3. Since the opening of the Feinberg/Galter Pavilions in 1999, NMH's surgery volume has experience tremendous growth. In 2004, NMH responded by adding 10 operating rooms in the Olson Pavilion and in 2007, an additional 4 operating rooms were opened in the new Prentice Women's Hospital. In 2012, the HFSRB approved an additional 8 operating rooms in the Outpatient Care Pavilion (CON #11-107). Since that time, as documented in NMH's IDPH Hospital Profiles, demand for surgical services has continued to increase, with the number of surgical hours on campus increasing 27% from 2012 to 2013. The number of existing operating rooms on campus is putting constraints on this increased demand.
4. Sources of information include:
 - Hospital Records
 - IDPH Hospital Profiles, CY04 – CY13
5. The addition of 8 operating rooms will alleviate the current surgical capacity constraints at NMH. Initially, the new operating rooms will allow NMH to perform necessary upgrades to the existing operating rooms on campus without major disruption to the surgical schedule. Additionally, the Olson Pavilion will likely require a significant capital investment to replace major mechanical systems and building envelope systems that are necessary to support continued surgical services in the next few years. If NMH is able to achieve planned operational efficiencies with the new operating rooms, surgical services in the Olson Pavilion may be discontinued.
6. The broad goal of this project is to provide additional surgical capacity in a setting that was created to provide greater coordination throughout a continuum of care. Together with the previously approved two floors of clinical services in the Outpatient Care Pavilion, the additional surgery floor will strive for a coordinated and seamless patient/family experience. This will be done with services such as convenient parking, expedited discharge flow, and robust communications systems to inform families throughout the care experience. The project will also allow for increased operational efficiencies that will improve turnaround times, minimize wait time, minimize travel distances and consolidate work areas.

ALTERNATIVES

Proposed Project

The proposed project addresses the need to provide additional surgical services space on the NMH campus. Due to continued demand for health services at NMH, there is limited clinical space on campus. Non-clinical functions have been relocated to administrative buildings adjacent or close to campus in order to make additional space available for clinical programs.

The newly constructed Outpatient Care Pavilion offers NMH a unique opportunity to increase clinical services on campus. NMH owns the building and there are already two floors of hospital-based clinical services in the building: an outpatient surgery unit and an outpatient D&T clinic.

The building is located on the west side of Fairbanks Court between Erie Street and Ontario Street at 259 East Erie Street. It is immediately south of the Feinberg Pavilion, NMH's largest inpatient care pavilion. It is connected by bridge and tunnel to the Feinberg Pavilion and by bridge to the Northwestern University parking garage on the east side of Fairbanks Court.

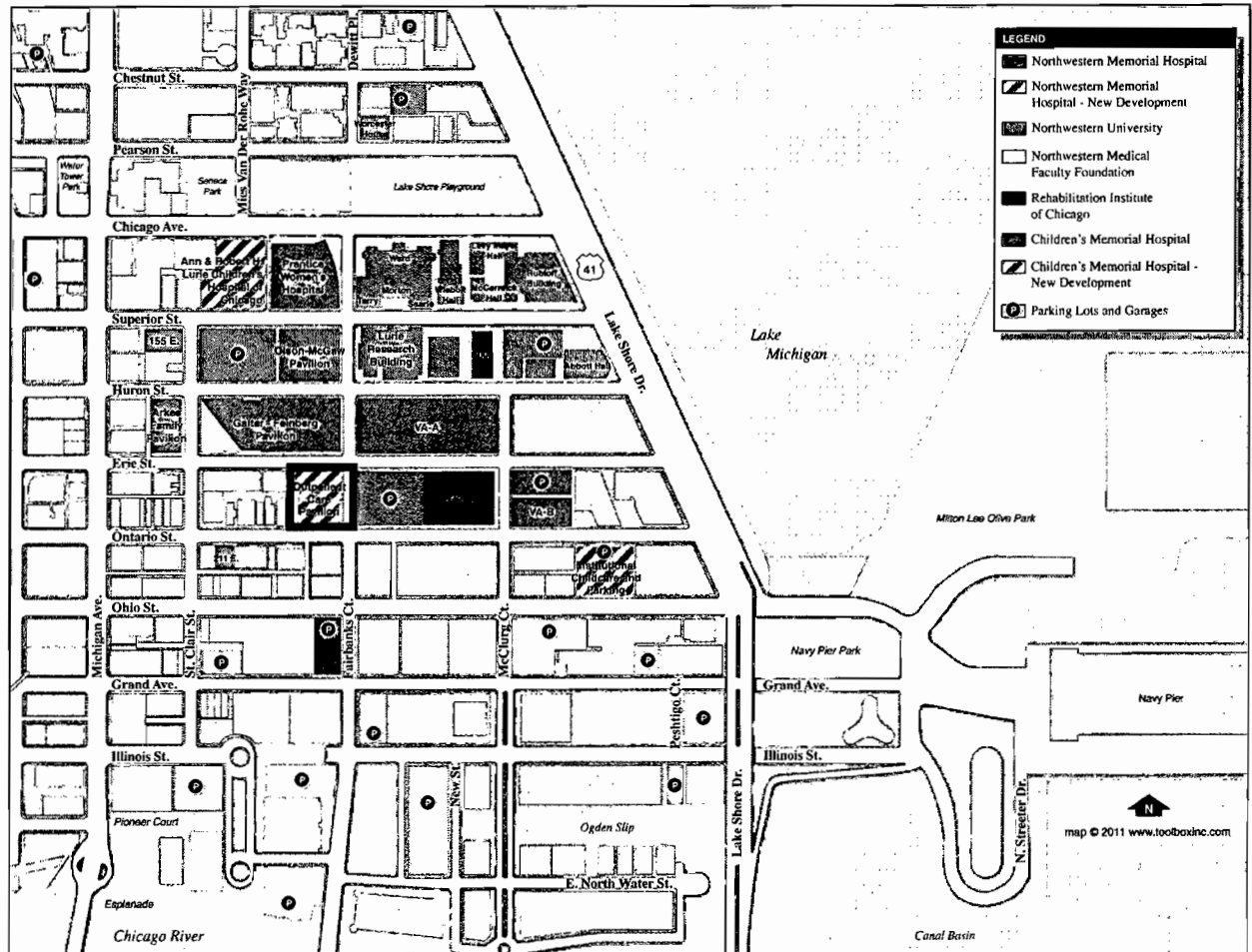
A map of the campus showing this site is included on the next page of this application.

The proposed project is the least expensive of the realistic options for providing surgical services expansion space. It is also the most practical in both the short- and long-term and is therefore the preferred alternative.

This section presents the following alternatives considered:

1. Do nothing;
2. Use other ASTCs in the area;
3. Conversion of space in other hospital buildings;
4. Leased or purchased space in other area commercial buildings;
5. Expand by a lesser number of operating rooms

NORTHWESTERN DOWNTOWN CAMPUS



 = proposed project site

Alternative 1: Do Nothing

The current operating rooms on campus do not have the capacity to accommodate the projected growth in surgical services.

If no additional operating rooms are built, NMH would be forced to cap surgery volume which would not meet the needs of the community.

This alternative was rejected because it does not meet the current or projected demand for surgical services at NMH.

Alternative 2: Use Other ASTC's in the Area

All NMH physicians are on faculty of the Feinberg School of Medicine. As an academic medical center, it is the practice of NMH to have residents and students in the surgery program. This is not compatible with the practices at other ASTCs and therefore would not meet the need of NMH's surgery or GME programs.

This alternative was rejected because it does not meet the education requirements of NMH's GME programs. Cost estimates were not developed for this option since it is not realistic for the project.

Alternative 3: Conversion of Space in Other Hospital Buildings

NMH's clinical facilities on the Streeterville campus include the 2.0 million square foot Feinberg/Galter Pavilion, opened in 1999 and the 940,000 square foot Prentice Women's Hospital, opened in 2007. Additionally, NMH has joint ownership of the Olson Pavilion with Northwestern University. The Olson Pavilion is located between the Feinberg Pavilion and Prentice Women's Hospital and prior to the opening of Feinberg, had housed NMH's operating rooms and ICU beds. Currently, the Olson Pavilion has 10 outpatient operating rooms.

The current operating rooms in Olson are on the 6th floor, where NMH's operating rooms had been located prior to their relocation to Feinberg. The building was designed to house operating rooms on that floor and therefore it is the only floor that has the required floor to floor height to support surgical services.

Additionally, as mentioned in ATTACHMENT-12, the Olson Pavilion will require a significant capital investment to replace major mechanical systems and building envelope systems in order to continue to support surgical services in the next few years. Because of this, NMH will be looking for ways to optimize surgical resources in order to potentially close the Olson Pavilion for clinical services in the near future.

This alternative was rejected because it cannot accommodate additional surgical services and requires a significant capital investment which will not produce an acceptable return on investment.

Alternative 4: Lease or Purchase Space in Other Area Commercial Buildings

The Northwestern campus is located in the Streeterville/North Michigan Avenue area north of downtown Chicago.

NMH frequently commissions real estate analyses to survey high-rise office buildings closest to the campus to determine the availability of space. The proposed project layout demands a floor plate of a minimum 30,000 square feet. Recent findings showed that the area market does not have sufficient space of this size.

Additionally, many of the commercial buildings near campus do not have sufficient building infrastructure (elevators, plumbing, etc.) to support clinical use, nor do they have sufficient I.S. infrastructure to support necessary patient care systems that tie into the hospital's systems.

This alternative was rejected because it does not meet the program need for the surgical services expansion. Cost estimates were not developed for this option since it is not realistic for the project.

Alternative 5: Expand by a Lessor Number of Operating Rooms

The proposed project includes 8 operating rooms which maximizes the surgical capacity of the 11th floor. NMH had a total of 101,218 surgical hours in CY13 which justifies 68 operating rooms using the State's utilization standard of 1,500 hours/operating room/year, which is 6 operating rooms more than the current license.

However, NMH is proposing to add 8 operating rooms for a total of 70 operating rooms in CY16, when the unit would open. This is due not only to conservative projections based on the last decade of continued increases in surgical demand but it also maximizes the floor plate and duplicates the model that was approved on the 12th floor, directly above it.

While building only 6 operating rooms on the 11th floor of the OCP would reduce the project cost by approximately \$4 million, it does not meet the projected demand for surgical services nor is it an optimal use of the space.

This alternative was rejected because does not meet the projected demand for surgical services at NMH.

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

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

SIZE OF PROJECT

Clinical Components

Surgical Services

The proposed project is for the expansion of hospital-based outpatient surgical services on the 11th floor of the Outpatient Care Pavilion. The existing outpatient surgical services unit in the building is on the 12th floor.

As on the 12th floor, the 11th floor will have 8 Class C standardized operating rooms with sub-sterile/scrub sinks between every two rooms. The operating rooms will accommodate a wide range of intraoperative care for outpatients.

The 8 operating rooms will be arranged around a sterile core. In addition to direct access from each operating room, there will be the ability to enter and exit the sterile core from two portals.

There will also be 8 Phase I recovery bays for post-anesthesia care where a patient will stay until they are cognizant of his/her surroundings. The Phase I bays will be open cubicle bays equally divided and located on the north and south sides of the floor. There will be 16 Phase II recovery bays. Phase II recovery bays will be used by patients who received local anesthesia and don't need as much observation after surgery.

The surgery suite will also have one main control station located between the two operating room pods. It will contain pharmacy space that will be used to process IV additives, narcotics, antibiotics, etc., preparing and dispensing medications on a "per case" basis.

The suite contains a nourishment room equipped with a large refrigerator, microwave oven, and ice machine for patients who may require dietary support consisting of light meals, beverages, and snacks.

Central Sterile Supply space will also be located on this floor. The description of that area is included later in this attachment, in the Non-Clinical Components section.

Additionally, there will be two physician consult rooms for post-operative consults with the patient's family/friends.

Non-Clinical Components

Administration

Administrative office space is provided on the 11th floor for medical director, manager, and technical coordinators. There will also be one conference room on the 11th floor.

The Administration area of the proposed project is 680 DGSF.

Central Sterile Supply

Central Sterile Supply (CSS) will provide the following services for Outpatient Surgical Services on the 11th Floor:

- Gross Washing
- Decontamination
- Prep/pack, and terminal sterilization of surgical packs and procedural instruments
- Scope processing
- Washing surgical case carts

In addition, CSS will be responsible for inspecting and replacing damaged operating room instruments, stocking of case carts for surgery, and restocking and storage of emergency resuscitation carts.

The Central Sterile Supply area of the proposed project is 3,901 DGSF.

Environmental Services and Loading/Materials Management

The Environment Services space on the 11th floor consists of sanitation closets.

The Loading/Materials Management spaces include a trash chute room, a linen chute room, and pneumatic tube stations.

In the proposed project, the Environmental Services areas total 160 DGSF and the Loading/Materials Management spaces total 168 DGSF.

Staff Lockers/Lounges

There will be a Staff Lounge on the 11th floor. Employees will use the locker room on the 10th floor for space to hang a coat and store other personal belongs.

The Staff Lounge of the proposed project is 1,052 DGSF.

Reception / Waiting / Public Toilets

There will also be reception/waiting spaces on the 11th floor.

The Waiting and Public Toilets areas of the proposed project total 2,074 DGSF.

MEP Systems

In order to support the Central Sterile Supply operations on the 11th floor, additional conditioned water treatment facilities will be added to the 10th floor.

The MEP Systems space on the 10th floor of the proposed project is 200 DGSF.

Floor Gross Assumptions

As in previous CON applications submitted by Northwestern Memorial Hospital, floor gross elements that are not part of the “usable floor area” were not included in the departmental square footage (DGSF) determination. These elements include:

- Elevator cores and lobbies
- Stairs
- Shafts including mechanical, plumbing, ComEd, and Life Safety
- Electrical rooms
- Communication rooms
- Non-departmental circulation

The building gross takes the departmental square footage and adds the floor gross as well as the building's exterior wall, resulting in a building gross square footage (BGSF).

PROJECT SERVICES UTILIZATION

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.

Surgical Services

Currently, NMH has a total of 62 operating rooms in four locations on campus:

LOCATION	# of OPERATING ROOMS
Feinberg Pavilion	34
Prentice Women's Hospital	10
Olson Pavilion	10
Outpatient Care Pavilion	8
TOTAL	62

The proposed project includes 8 operating rooms for hospital-based outpatient surgery on the 11th floor of the Outpatient Care Pavilion (OCP).

This project would increase the number of operating rooms in the OCP to 16; if approved, there will be a total of **70 operating rooms at NMH.**

LOCATION	# of OPERATING ROOMS
Feinberg Pavilion	34
Prentice Women's Hospital	10
Olson Pavilion	10
Outpatient Care Pavilion	16
TOTAL	70

Like other clinical services at NMH, surgery volume has experienced tremendous growth since the opening of the Feinberg/Galter Pavilion in 1999. The number of surgical cases increased 25% from FY98 – FY02 which prompted the need for 10 additional operating rooms in the Olson Pavilion (CON #02-089). NMH added four more operating rooms with the opening of the new Prentice Women's Hospital in 2007 (CON #02-073) which increased from 6 operating rooms in the old location to 10 operating rooms in the new location.

As presented in the CON application for the OCP (CON #11-107) in 2011, from 2004 – 2010, the total number of surgical cases at NMH increased 14.1%, an average annual growth of 2.3%. The total number of surgery hours (including time for set-up and clean-up of the operating room) over the same period increased 30.5%, an average of 5.1% per year.

Since 2010, surgical hours have increased even further. From 2010 – 2013, total surgical hours increased 21.4%, an average annual growth of 7.1%.

The average utilization of the 54 operating rooms on campus in CY13 was 1,874 hours per operating room. The state standard for operating rooms is 1,500 hours per operating room. Using this standard, **based on CY13 data, NMH can justify an additional 6 operating rooms** beyond the current 62 (the 8 operating rooms approved for the OCP opened on October 20, 2014).

The average annual growth from CY04 – CY13 was 2.6% for surgical cases and 4.0% for surgical hours. Assuming a very conservative average annual growth of 1.5% for surgical cases and 2.0% for surgical hours (approximately half of the actual growth rate from the previous 9 years), **NMH can justify 73 operating rooms in CY17, the first full year of utilization.**

HISTORIC DATA

	CY04		CY05		CY06		CY07		CY08	
	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours
Inpatient	10,454	43,885	11,232	47,364	11,338	47,936	11,895	43,925	12,379	43,345
Outpatient	17,367	30,507	17,441	30,806	17,685	31,884	19,188	46,028	19,723	50,597
Total	27,821	74,392	28,673	78,170	29,023	79,820	31,083	89,953	32,102	93,942
# of ORs	48		48		48		48		52	
Hours/OR	1,550		1,629		1,663		1,874		1,807	
# of ORs justified	49.6		52.1		53.2		60.0		62.6	

	CY09		CY10		CY11		CY12		CY13	
	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours
Inpatient	12,236	43,174	13,006	45,985	13,519	47,119	12,531	44,111	12,703	55,846
Outpatient	20,510	52,644	19,652	51,561	18,814	49,640	20,001	52,153	21,503	45,372
Total	32,746	95,818	32,658	97,546	32,333	96,759	32,532	96,264	34,206	101,218
# of ORs	52		52		52		54		54	
Hours/OR	1,843		1,876		1,861		1,783		1,874	
# of ORs justified	63.9		65.0		64.5		64.2		67.5	

Source: IDPH Annual Hospital Questionnaires

PROJECTIONS

	CY14		CY15		CY16		CY17	
	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours
Inpatient	13,465	50,261	13,627	51,216	13,790	52,189	13,956	53,181
Outpatient	21,507	53,085	21,765	54,094	22,027	55,122	22,291	56,169
Total	34,972	103,347	35,392	105,310	35,817	107,311	36,247	109,350
# of ORs	62		62		70		70	
Hours/OR	1,667		1,699		1,533		1,562	
# of ORs justified	68.9		70.2		71.5		72.9	

Utilization Tables

SURGICAL SERVICES

UTILIZATION					
	SERVICE	HISTORICAL UTILIZATION CY13 OR Hours	PROJECTED UTILIZATION CY16 & CY17 OR Hours	STATE STANDARD 1,500 hours per OR for 70 ORs	MET STANDARD?
YEAR 1 – CY16	Surgery	101,218	107,311	105,000	Yes
YEAR 2 – CY17	Surgery		109,350	105,000	Yes

UNFINISHED OR SHELL SPACE

Not Applicable – there is no unfinished or shell space in the proposed project.

ASSURANCES

Not Applicable – there is no unfinished or shell space in the proposed project.

R. Criterion 1110.3030 – Clinical Service Areas Other than Categories of Service

Indicate changes by Service:

Service	# of Existing Key Rooms	# of Proposed Key Rooms
Surgical Services	62	70

Service Modernization

c) 2) Necessary Expansion and c) 3) B) Utilization – Service

As stated in the Project Services Utilization section (ATTACHMENT-15), demand for surgical services has continued to increase since the opening of the Feinberg/Galter Pavilion in 1999. Additional operating rooms were added to the new Prentice Women's hospital as well as to Feinberg to accommodate volume. The OCP project (CON #11-107) added 8 additional operating rooms to campus.

Currently, NMH has a total of 62 operating rooms in four locations on campus.

The proposed project will add 8 operating rooms in the Outpatient Care Pavilion for a total of 70 operating rooms on campus.

Location	# of Operating Rooms
Feinberg/Galter Pavilions	34
Prentice Women's Hospital	10
Olson Pavilion	10
Outpatient Care Pavilion	16
TOTAL	70

Like other clinical services at NMH, surgery volume has experienced tremendous growth since the opening of the Feinberg/Galter Pavilion in 1999. The number of surgical cases increased 25% from FY98 – FY02 which prompted the need for 10 additional operating rooms in the Olson Pavilion (CON #02-089). NMH added four additional operating rooms with the opening of the new Prentice Women's Hospital in 2007 (CON #02-073) which increased from 6 operating rooms in the old location to 10 operating rooms in the new location.

As presented in the CON application for the OCP (CON #11-107) in 2011, from 2004 – 2010, the total number of surgical cases at NMH increased 14.1%, an average annual growth of 2.3%. The total number of surgery hours (including time for set-up and clean-up of the operating room) over the same period increased 30.5%, an average of 5.1% per year.

Since 2010, surgical hours have increased even further. From 2010 – 2013, total surgical hours increased 21.4%, an average annual growth of 7.1%.

The average utilization of the 54 operating rooms on campus in CY13 was 1,874 hours per operating room. The state standard for operating rooms is 1,500 hours per operating room. Using this standard, **based on CY13 data, NMH can justify an additional 6 operating rooms** beyond the current 62 (the 8 operating rooms approved for the OCP opened on October 20, 2014).

The average annual growth from CY04 – CY13 was 2.6% for surgical cases and 4.0% for surgical hours. Assuming a very conservative average annual growth of 1.5% for surgical cases and 2.0% for surgical hours (approximately half of the actual growth rate from the previous 9 years), **NMH can justify 73 operating rooms in CY17, the first full year of utilization.**

HISTORIC DATA

	CY04		CY05		CY06		CY07		CY08	
	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours
Inpatient	10,454	43,885	11,232	47,364	11,338	47,936	11,895	43,925	12,379	43,345
Outpatient	17,367	30,507	17,441	30,806	17,685	31,884	19,188	46,028	19,723	50,597
Total	27,821	74,392	28,673	78,170	29,023	79,820	31,083	89,953	32,102	93,942
# of ORs	48		48		48		48		52	
Hours/OR	1,550		1,629		1,663		1,874		1,807	
# of ORs justified	49.6		52.1		53.2		60.0		62.6	

	CY09		CY10		CY11		CY12		CY13	
	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours
Inpatient	12,236	43,174	13,006	45,985	13,519	47,119	12,531	44,111	12,703	55,846
Outpatient	20,510	52,644	19,652	51,561	18,814	49,640	20,001	52,153	21,503	45,372
Total	32,746	95,818	32,658	97,546	32,333	96,759	32,532	96,264	34,206	101,218
# of ORs	52		52		52		54		54	
Hours/OR	1,843		1,876		1,861		1,783		1,874	
# of ORs justified	63.9		65.0		64.5		64.2		67.5	

Source: IDPH Annual Hospital Questionnaires

PROJECTIONS

	CY14		CY15		CY16		CY17	
	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours
Inpatient	13,465	50,261	13,627	51,216	13,790	52,189	13,956	53,181
Outpatient	21,507	53,085	21,765	54,094	22,027	55,122	22,291	56,169
Total	34,972	103,347	35,392	105,310	35,817	107,311	36,247	109,350
# of ORs	62		62		70		70	
Hours/OR	1,667		1,699		1,533		1,562	
# of ORs justified	68.9		70.2		71.5		72.9	

VIII. 1120.120 – Availability of Funds

Not Applicable – see attached proof of bond rating.

IX. 1120.130 – Financial Viability

Not Applicable – see attached proof of bond rating.

X. 1120.140 – Economic Feasibility

A. Reasonableness of Financing Arrangements

Not Applicable – see attached proof of bond rating.

X. 1120.140 – Economic Feasibility

A. Reasonableness of Financing Arrangements

Not Applicable – see attached proof of bond rating.

B. Conditions of Debt Financing

December 4, 2014

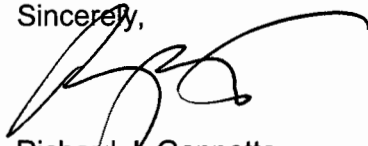
Ms. Kathryn Olson
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62751

Dear Ms. Olson:

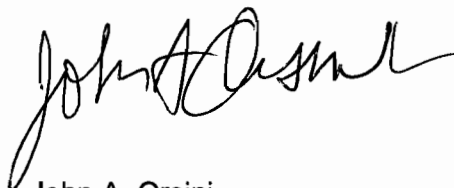
As authorized representatives of Northwestern Memorial Hospital, we hereby attest that the form of debt financing selected for the project will be at the lowest net cost available, or if a more costly form of financing is selected, that form will be more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term financing costs, or other factors.

Additionally, none of the project involves the leasing of equipment or facilities.

Sincerely,



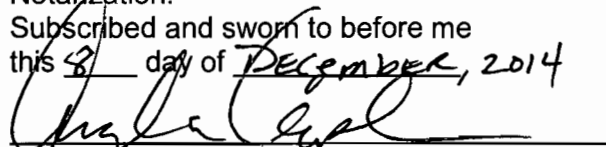
Richard J. Gannotta
President, NMH



John A. Orsini
Senior Vice President and CFO, NMHC

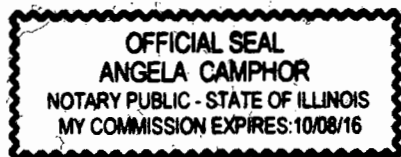
Notarization:

Subscribed and sworn to before me
this 8 day of December, 2014



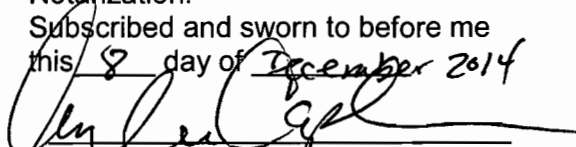
Signature of Notary

Seal



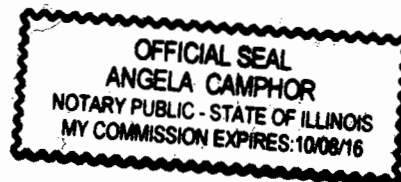
Notarization:

Subscribed and sworn to before me
this 8 day of December 2014



Signature of Notary

Seal



C. Reasonableness of Project and Related Costs

COST AND GROSS SQUARE FEET BY DEPARTMENT									
Department	A	B	C	D	E	F	G	H	Total Cost
	Cost/Square Foot		DGSF		BGSF		Const. \$	Mod. \$	
	New	Mod.	Mod.	Circ. *	Mod.	Circ. *	(A x C)	(B x E)	(G + H)
CLINICAL									
Surgical Services		\$ 319.95	23,090		30,161	23.4%		\$ 9,650,012	\$ 9,650,012
Clinical Subtotal =		\$ 319.95	23,090		30,161	23.4%		\$ 9,650,012	\$ 9,650,012
NON-CLINICAL									
Administration		\$ 255.10	680		888	23.4%		\$ 226,580	\$ 226,580
Central Sterile Supply		\$ 295.16	3,901		5,096	23.4%		\$ 1,504,048	\$ 1,504,048
Environmental Services		\$ 186.15	160		209	23.4%		\$ 38,905	\$ 38,905
Loading/Materials Management		\$ 186.15	168		219	23.4%		\$ 40,841	\$ 40,841
Staff Lounge		\$ 255.10	1,052		1,374	23.4%		\$ 350,558	\$ 350,558
Reception/Waiting/Public Toilets		\$ 255.10	2,074		2,709	23.4%		\$ 691,117	\$ 691,117
MEP Systems (10th Flr.)		\$ 185.47	200		200	0.0%		\$ 37,094	\$ 37,094
Non-Clinical Subtotal =		\$ 270.12	8,235		10,696	23.0%		\$ 2,889,144	\$ 2,889,144
GRAND TOTALS =		\$ 306.91	31,325		40,857	23.3%		\$12,539,156	\$12,539,156

D. Projected Operating Costs

Project Direct Operating Expenses – FY17

	OCP – 11 th Floor
Total Direct Operating Costs	\$ 7,939,622
Equivalent Patient Days	4,530
Direct Cost per Equivalent Patient Day	\$ 1,752.68

E. Total Effect of the Project on Capital Costs

Projected Capital Costs – FY17

	OCP – 11 th Floor FY17
Equivalent Adult Patient Days (All NMH)	424,183
Total Project Cost	\$ 24,448,432
Useful Life	14.6
Total Annual Depreciation	\$ 1,674,550
Depreciation Cost per Equivalent Patient Day	\$ 3.95

RatingsDirect®

Illinois Finance Authority Northwestern Memorial HealthCare; Hospital

Primary Credit Analyst:

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Secondary Contact:

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Illinois Finance Authority

Northwestern Memorial HealthCare; Hospital

Credit Profile

Illinois Fin Auth, Illinois

Northwestern Mem HlthCare, Illinois

Series 2009 A&B, 2013

Long Term Rating

AA+/Stable

Affirmed

Rationale

Standard & Poor's Ratings Services affirmed its 'AA+' long-term rating to the Illinois Finance Authority's series 2013 bonds issued on behalf of Northwestern Memorial HealthCare (NMHC). At the same time, we affirmed our 'AA+' long-term rating on the authority's series 2009A and 2009B bonds, our 'AA+/A-1+' dual rating on the authority's series 2002C, 2007A-2, 2007A-4, 2008A-1, and 2008A-2 bonds, and our 'AA+/A-1' dual rating on the authority's series 2007A-1 and 2007A-3 bonds. These bonds were issued on behalf of Northwestern Memorial Hospital (NMH). The outlook is stable.

The ratings reflect our view of NMHC's strong operations for fiscal 2013 and the first half of fiscal 2014. Despite softer utilization and the acquisition of the Northwestern Medical Faculty Foundation (NMFF), NMHC has been able to outpace its budget for fiscal 2014. Management has continued to implement its plan to maintain financial flexibility so that NMHC is able to acquire organizations such as NMFF and the recently announced plans to affiliate with Cadence Health. Although it is too early to assess the impact that an affiliation with Cadence Health will have on NMHC, our early view of this affiliation is credit neutral for both entities. Once more information is provided on a definitive agreement, if one occurs, we will further assess the impact of the affiliation. NMHC's management team also maintains its solid balance sheet even amid continued investments in capital, and this helps NMHC remain a relevant provider in the very competitive Chicago market. Finally, we view the close affiliations of the recently relocated Ann & Robert H. Lurie Children's Hospital and the Rehabilitation Institute of Chicago as strengths in this medical corridor of Chicago.

The 'AA+' rating further reflect our view of NMHC's:

- Strong liquidity, with approximately 450 days' cash on hand as of Feb. 28, 2014 and an average of 515 days' cash on hand during the past three fiscal years.
- Good maximum annual debt service (MADS) coverage of 12.8x because of the solid operations noted above and solid investment income for the first six months of fiscal 2014;
- Outstanding governance and management, including the numerous benefits realized through affiliations with all Northwestern University-related entities, including the Feinberg School of Medicine; and
- Stable business position as the market share leader.

Partly offsetting the above strengths, in our view, are NMHC's:

- Softening of inpatient admissions;

- Capital plans that include a redevelopment of the NLFH campus and a new outpatient care pavilion medical office building near the NMH campus; and
- Increasingly competitive service area, with provider consolidation continuing in the greater Chicago market.

The 'AA+' rating is based on our view of NMHC's group credit profile and the credit group's "core" status. Accordingly, we rate the bonds at the same level as the group credit profile. The analysis and financial figures in this report pertain to the activities of NMHC, the sole corporate member of NMH, NLFH, NMFF (doing business as Northwestern Medical Group, or NMG), and Northwestern Memorial Foundation (NMF). The revenue bonds are an unsecured general obligation (GO) of the NMHC obligated group, which consists of NMHC, NMH, NLFH, NLFH's not-for-profit subsidiary NMF, NMG, and NMG's not-for-profit subsidiary.

Outlook

The stable outlook reflects our opinion that the system will continue to post strong operations as NMHC's leadership implements its strategies to maintain the expense base, address volume challenges, and expand the system through affiliations. Also, as NMHC spends capital to help sustain the system, we anticipate that the balance sheet will not suffer.

NMHC has defined a level of operations that it will need to achieve to meet its future needs. However, if operations begin to trend negative for a sustained period, coupled with continued declining utilization and capital spending that would negatively affect the balance sheet, we could lower the rating or revise the outlook to negative. Finally, because of market consolidation, a dilutive acquisition or loss of leading market position by NMHC could also affect the rating.

We do not anticipate raising the rating in the outlook period.

Enterprise Profile

NMHC is the corporate parent of NMH, NLFH, NMG, and NMF. NMH has a total of 894 licensed beds (812 staffed) in the Feinberg/Galter Pavilion and Prentice Women's Hospital. It is the primary teaching hospital for Northwestern University's Feinberg School of Medicine. NLFH is a 201-bed community hospital with more than 700 physicians who are board-certified in 68 medical specialties and who are located in offices throughout Lake County. Northwestern Memorial Physicians Group was a primary care medical group practice with 145 physicians that merged into NMG on May 1, 2014. NMHC also includes Northwestern Memorial Insurance Co.

Northwestern University (AAA) is a separate corporation and is not obligated to repay debt service associated with the bonds. However, in our opinion, the university's Feinberg School of Medicine is integrally linked with NMHC through a shared strategic plan.

Utilization

NMHC's inpatient volume continued to decline in the first six months of fiscal 2014 by 2.7%, and admissions totaled 26,047. The decline in admissions is consistent with the area and what we have generally seen throughout the country. Management is keenly aware of the decline and continues to look at numerous strategies to help maintain or improve

admissions and other utilization statistics. However, management also reports that growth in the future will be oriented toward outpatient utilization as a result of health care reform. NMHC's primary service area market share (a seven-county area that covers NHM and NLFH) has shown growth. The market share is 5.8%, up from 5.6% at the end of fiscal 2012.

NMH's market share may seem modest, but admissions and related market share among other hospitals in the service area are stagnant. This, coupled with health care reform, continues to lead to consolidations, with health systems and hospitals aligning to strengthen their competitive position. In greater Chicagoland, no single hospital or health system has a dominant market position.

Table 1

Northwestern Memorial HealthCare and Subsidiaries Utilization				
	--Fiscal year as of Feb. 28--	--Fiscal year ended Aug. 31--		
	2014	2013	2012	2011
Inpatient admissions	26,777	53,986	55,743	58,418
Equivalent inpatient admissions	49,713	103,740	104,287	106,019
Patient days	119,052	242,857	252,165	256,325
Observation days	8,753	17,867	15,480	13,004
Emergency room visits	62,917	133,492	135,665	136,604
Inpatient surgeries	7,356	13,920	14,951	15,642
Outpatient surgeries	13,782	27,482	25,570	24,873
Births	6,696	13,958	14,035	13,897
Medicare case mix index	1.8891	1.7775	1.7267	1.6737

Management

NMHC continues to have a strong leadership team. The team has continued to produce strong operations and balance sheet measures while investing in its facilities and affiliating with NMFF. The management team continues to seek possible affiliation partners in the greater Chicago area and is reviewing an affiliation with Cadence Health. NMHC and Cadence signed a letter of intent to begin talks about a possible affiliation. If the affiliation moves forward, management anticipates that it will close in the third or fourth quarter of calendar 2014. It has been announced that the current CEO of NMHC would lead the organization and that Cadence's CEO would become a regional president for NMHC. Finally, if the affiliation is consummated NMHC will overhaul its current long-range plan, which we will then review.

Although it reviews partners, the management team continues to invest in physicians and physician office space outside of downtown Chicago to expand NMHC's access to new and existing patients. This is one of the main strategies to help maintain the system's growth. Finally, NMHC's leadership is forging stronger relationships with the university and the university's medical faculty through the affiliation with NMG. The strategy is for NMHC and the medical school to become a top 10 academic medical center and a top 10 medical school. To accomplish this goal, the aforementioned entities will begin working more closely with NMHC.

Financial Profile

Operations

In accordance with our report "New Bad Debt Accounting Rules Will Alter Some U.S. Not-for-Profit Health Care Ratios But Won't Affect Ratings," published Jan. 19, 2012 on RatingsDirect, we recorded NMHC's 2013 audit, including the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2011-07 in 2012 but not in prior periods. The new accounting treatment means that NMHC's fiscal 2013 and subsequent financial statistics are directly comparable neither with the results for 2011 and prior years, nor with the 2011 median ratios. For an explanation of how the change in accounting for bad debt affects each financial measure, including the direction and size of the change, please see the above report.

NMHC's financial performance remained strong in the first six months of fiscal 2014. NMHC generated an operating margin of 7.9% compared with 8.9% in fiscal 2013. NMHC was able to continue to post the strong operations even after accounting for the acquisition of NMFF, including the amount that NMHC will pay to Northwestern University per the terms of its affiliation agreement, which was executed on Sept. 1, 2013. The affiliation agreement calls for NMHC to maintain the level of support that NMFF historically provided the university with a Consumer Price Index escalator. NMHC estimated the support at no less than \$40 million annually. Also, NMHC has been able to benefit from the attention that management had placed on watching the expense base as NMHC faced the declining utilization. This focus helped NMHC reduce its expense base by 2.1% in fiscal 2013. Although the overall expense base for NMHC was up approximately 44% in the first six months of fiscal 2014, the rise resulted from the additional expense of NMFF. The affiliation of NMFF also drove the revenue up, by 42%.

Management reports that NMHC will continue to see the challenge of inpatient volumes coupled with health care reform. With this in mind, management maintains that its long-term goal is to break even on Medicare patients while continuing to produce operating margins of at least 4.5% to 5.0% to meet NMHC's future needs, which include capital expenditures and the tightening of the relationship with the university and others.

With the strong operations and investment income, NMHC continues to post strong MADS coverage. For the first half of fiscal 2014, NMHC posted MADS coverage of 12.8x (10.8x when including operating leases).

Balance sheet

As of Feb. 28, 2014, NMHC's leverage remained in line with that of other 'AA+' rated facilities at 20.3%. For the same date, cash to long-term debt improved to a solid 321%, while cash to contingent liabilities was greater than 800%. Unrestricted reserves remain solid at 450 days. The decline in cash on hand during fiscal 2014 results from the affiliation with NMFF and its expense base after a \$170 million cash payment.

When NMHC acquired NLFH, it agreed to refurbish the existing facility or build a replacement hospital for the current campus. NMHC has not finalized its plans but is considering a new replacement hospital. We note that NMHC has until 2020 to complete a refurbishment of the existing facility or replacement hospital. Also, NMHC is building an approximately \$330 million outpatient care pavilion (OCP) directly across from its main campus. The new OCP will have 25 stories and will help to alleviate the need to build another, more costly patient tower. As of March 31, 2014, NMHC has spent \$176 million on the new OCP and plans to open it in late calendar 2014. NMHC is keenly aware of

and plans to maintain its balance sheet strength, adjusting its capital schedule toward that end.

Short-term bank-supported ratings

The 'A-1+' short-term component of the rating on the series 2002C, 2008A1, and 2008A2 bonds reflects the likelihood of payment of tenders as well as a liquidity facility: a standby bond purchase agreement (SBPA) provided by Northern Trust Co. (AA-/A-1+). The SBPA provides for a maximum of 35 days' interest at the 12% maximum rate. We will withdraw our short-term rating on the expiration date unless the SBPA is extended pursuant to its terms or an alternative SBPA is delivered.

The 'A-1' short-term component of the rating on the authority's variable-rate demand revenue bonds (VRDBs) subseries 2007A-2 and 2007A-4, issued for NMH, is based on liquidity facilities provided by Wells Fargo Bank N.A. (AA-/A-1+).

The 'A-1' short-term component of the rating on the authority's VRDBs subseries 2007A-1 and 2007A-3, issued for NMH, is based on liquidity facilities provided by JPMorgan Chase Bank N.A.(A+/A-1).

Bondholders may tender their bonds during the daily and weekly modes upon delivering appropriate notice. The bonds are further subject to mandatory tender upon conversion to another interest rate mode and one business day before expiration, substitution, or termination. The bonds may be called because of optional redemptions and are subject to mandatory sinking fund payments.

Swap profile

NMHC is a party to two floating- to fixed-rate swaps with a notional amount of \$209.5 million as of Feb. 28, 2014. One floating- to fixed-rate swap, with a notional amount of \$104.75 million, is with UBS AG (A+/A-1/Negative) as the counterparty. The other has a notional amount of \$104.75 million and is with JPMorgan Chase Bank as the counterparty. The total net variable-rate debt exposure is 13%.

Table 2

Northwestern Memorial HealthCare and Subsidiaries Financial Summary					
	--Six-month interim ended Feb. 28--	--Fiscal year ended Aug. 31--			--Medians--
	2014*	2013*	2012*	2011	'AA' rated stand-alone hospitals 2012
Financial performance					
Net patient revenue (\$000s)	1,137,507	1,592,321	1,582,051	1,593,596	998,771
Total operating revenue (\$000s)	1,207,389	1,709,666	1,701,540	1,716,854	MNR
Total operating expenses (\$000s)	1,111,884	1,578,319	1,613,232	1,624,451	MNR
Operating income (\$000s)	95,505	131,347	88,308	92,403	MNR
Operating margin (%)	7.91	7.68	5.19	5.38	5.20
Net non-operating income (\$000s)	143,994	188,900	150,905	110,730	MNR

Table 2

Northwestern Memorial HealthCare and Subsidiaries Financial Summary (cont.)					
Excess income (\$000s)	239,499	320,247	239,213	203,133	MNR
Excess margin (%)	17.72	16.87	12.91	11.11	6.90
Operating EBIDA margin (%)	15.70	18.27	15.50	15.11	12.50
EBIDA margin (%)	24.68	26.40	22.38	20.26	14.70
Net available for debt service (\$000s)	333,617	501,277	414,600	370,206	178,150
Maximum annual debt service (MADS; \$000s)	52,031	52,031	52,031	52,031	MNR
MADS coverage (x)	12.82	9.63	7.97	7.12	5.80
Operating-lease-adjusted coverage (x)	10.76	7.99	6.79	6.13	4.30
Liquidity and financial flexibility					
Unrestricted cash and investments (\$000s)	2,546,873	2,388,407	1,959,276	1,833,860	1,120,520
Unrestricted days' cash on hand	449.9	608.5	487.3	450.4	386.9
Unrestricted cash/total long-term debt (%)	320.9	300.9	243	223.3	245.2
Average age of plant (years)	8.4	8.5	7.7	8.0	9.0
Capital expenditures/Depreciation and amortization (%)	125.2	120.4	112.2	129.4	141
Debt and liabilities					
Total long-term debt (\$000s)	793,626	793,819	806,155	821,354	MNR
Long-term debt/capitalization (%)	20.3	22.7	25.8	27.1	24.3
Contingent liabilities (\$000s)	315,725	315,725	322,375	323,375	MNR
Contingent liabilities/total long-term debt (%)	39.8	39.8	40.0	39.4	MNR
Debt burden (%)	1.92	2.74	2.80	2.84	2.40
Defined benefit plan funded status (%)	N.A.	120.11	104.79	110.31	67.50

*FASB 2011-07 adopted related to the treatment of bad debt. Standard & Poor's recorded bad debt expense as if FASB 2011-07 were adopted related to the treatment of bad debt beginning in fiscal 2012. MNR--Median not reported. N.A.--Not available.

Related Criteria And Research

Related Criteria

- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- General Criteria: Group Rating Methodology, Nov. 19, 2013

- USPF Criteria: Commercial Paper, VRDO, And Self-Liquidity, July 3, 2007
- USPF Criteria: Municipal Swaps, June 27, 2007
- USPF Criteria: Contingent Liquidity Risks, March 5, 2012
- Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions, Nov. 19, 2013

Related Research

- Glossary: Not-For-Profit Health Care Ratios, Oct. 26, 2011
- The Outlook For U.S. Not-For-Profit Health Care Providers Is Negative From Increasing Pressures, Dec. 10, 2013
- U.S. Not-For-Profit Health Care Stand-Alone Ratios: Operating Pressures Led To Mixed Results In 2012, Aug. 8, 2013
- Health Care Providers And Insurers Pursue Value Initiatives Despite Reform Uncertainties, May 9, 2013
- U.S. Not-For-Profit Health Care Providers Hone Their Strategies To Manage Transition Risk, May 16, 2012

Ratings Detail (As Of May 6, 2014)

Illinois Fin Auth, Illinois

Northwestern Mem HlthCare, Illinois

Illinois Finance Authority (Northwestern Memorial Hospital) hosp VRDO ser 2007A-1

Long Term Rating	AA+/A-1/Stable	Affirmed
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Illinois Finance Authority (Northwestern Memorial Hospital) hosp VRDO ser 2007A-2

Long Term Rating	AA+/A-1+/Stable	Affirmed
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Illinois Finance Authority (Northwestern Memorial Hospital) hosp VRDO ser 2007A-3

Long Term Rating	AA+/A-1/Stable	Affirmed
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Illinois Finance Authority (Northwestern Memorial Hospital) hosp VRDO ser 2007A-4

Long Term Rating	AA+/A-1+/Stable	Affirmed
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Series 2002C

Long Term Rating	AA+/A-1+/Stable	Affirmed
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Series 2008A-1 & A-2

Long Term Rating	AA+/A-1+/Stable	Affirmed
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XI. Safety Net Impact Statement

Not Applicable – the proposed project is NON-SUBSTANTIVE and does not involve discontinuation.

XII. Charity Care Information

Charity Care

NMH CHARITY CARE			
	FY11	FY12	FY13
Net Patient Revenue	\$1,310,119,000	\$1,324,519,000	\$1,333,016,073
Amount of Charity Care (charges)	\$ 208,007,000	\$ 235,298,922	\$ 255,526,930
Cost of Charity Care	\$ 41,566,000	\$ 48,649,000	\$ 47,415,000

To help meet the needs of our community during FY13, NMH contributed \$419.8 million in community benefits including charity care, other unreimbursed care, research, education and other community benefit.

Ahead of some of the area's safety-net hospitals, NMH is Illinois' 6th largest Medicaid provider (source: *Illinois Department of Healthcare and Family Services for the State Fiscal Year ended June 30, 2012*). NMH provided care for 10,120 Medicaid admissions in 2012.