



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

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<b>DOCKET NO:</b> H-09	<b>BOARD MEETING:</b> February 16, 2016	<b>PROJECT NO:</b> 15-053	<b>PROJECT COST:</b>  Original: \$32,000,000 Current:
<b>FACILITY NAME:</b> Rush University Medical Center		<b>CITY:</b> Chicago	
<b>TYPE OF PROJECT:</b> Non-Substantive			<b>HSA:</b> VI

**DESCRIPTION:** The applicant (Rush University Medical Center) is planning to expend funds in excess of the capital expenditure minimum for the purpose of renovating and reconfiguring facilities and services on the campus of Rush University Medical Center, Chicago. The total cost of planning phase for the project is \$32,000,000.

**The State Board Staff Notes the Following:**

The applicant is before the State Board because the amount of the expenditure proposed for the Master Design Project exceeds the capital threshold minimum (\$12,797,313). A Master Design Project means a proposed project solely for the planning and/or design costs associated with an institution's master plan, or with one or more future construction or modification projects. Project costs include: site preparation, site survey and soil investigation, architectural and engineering fees, consultant fees and other fees related to planning or design. The master design project is for planning and designs only and shall not contain any construction elements. Such projects are reviewed to determine the financial and economic feasibility of the master design project itself, the need for the proposed master plan or for the future construction or modification projects, and the financial and economic feasibility of the proposed master plan or of the future construction or modification project. Findings concerning the need for beds and services and financial feasibility made during the review of the master design project are applicable only for the master design project. Approval by the State Board of a master design project does not obligate approval or positive findings on future construction or modification projects implementing the design. Future applications, including those involving the replacement or addition of beds, are subject to the review criteria and bed need in effect at the time of State Board review.

## **EXECUTIVE SUMMARY**

### **PROJECT DESCRIPTION:**

- The applicant (Rush University Medical Center) is planning to expend funds in excess of the capital expenditure minimum for the purpose of renovating and reconfiguring facilities and services on the campus of Rush University Medical Center, Chicago. The total cost of the project is \$32 million. **The anticipated Master Design project completion date is December 31, 2017.**

### **WHY THE PROJECT IS BEFORE THE STATE BOARD:**

- The applicants are before the State Board because the project is by or on behalf of a health care facility and the cost of project exceeds the capital expenditure minimum of (\$12,797,313).

### **PURPOSE OF THE PROJECT:**

- The purpose of the project is to plan programmatically and efficiently for the design and development of Phase I of Rush University Medical Center's (RUMC) Campus Plan. The proposed planning and subsequent project will address the growth in outpatient treatment and diagnostic services experienced at RUMC, and plan accordingly for the shift toward outpatient care.
- The applicants note that as RUMC grew, its campus buildings changed their focus and function to accommodate trends present in the provision of health care. These trends often resulted in the expansion in existing services, and the addition of new modalities to serve the patient base. The applicant acknowledges that over the course of time, these expansions/changes were hindered by the footprint of existing buildings, which often resulted in less-than-efficient utilization of existing structures. The proposed project will result in the planned relocation of said services to new facilities in close proximity to each other.

### **PUBLIC HEARING/COMMENT**

- No public hearing was requested. No letters of opposition were received by the State Board Staff. Letters of support were received from:
  - Mark H. Pollack, MD – Chair Department of Psychiatry Rush University Medical Center
  - Sharon Byrd, MD – Chair Department Of Radiology Rush University Medical Center
  - Mark Demeo, MD - Chief Section of Gastroenterology Division of Digestive Diseases and Nutrition
  - Steven Lewis, MD – Associate Section Chief, General Neurology Department of Neurological Sciences

### **CONCLUSIONS:**

- State Board Staff review of the material provided by the applicant indicates that the

intended scope of the project is reasonable. Based upon the information provided by the applicants, it appears the proposed Master Design Project is financially and economically feasible. Additionally from the limited documentation provided the consolidation of outpatient services at Rush University Medical Center would appear to be reasonable.

- The applicants addressed a total of thirteen (13) criteria with no negative findings.

**STATE BOARD STAFF REPORT**  
**Rush University Medical Center**  
**PROJECT #15-053**

<b>APPLICATION CHRONOLOGY/SUMMARY</b>	
Applicants	Rush University Medical Center
Facility Name	Rush University Medical Center
Location	1653 Congress Parkway, Chicago, Illinois
Permit Holder	Rush University Medical Center
Operating Entity	Rush University Medical Center
Owner of Site	Rush University Medical Center
Financial Commitment Date	February 16, 2016
Application Received	November 17, 2015
Application Deemed Complete	December 1, 2015
Review Period Ends	January 30, 2016
Can Applicants Request Another Deferral?	Yes

**I. The Proposed Project**

The applicant (Rush University Medical Center) is planning to expend funds in excess of the capital expenditure minimum for the purpose of renovating and reconfiguring facilities and services on the campus of Rush University Medical Center, Chicago. The total cost of the project is \$32,000,000. **The anticipated Master Design project completion date is December 31, 2017.**

**II. Summary of Findings**

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

**III. General Information**

The applicant is Rush University Medical Center. The applicant proposes to renovate and reconfigure services on the campus of its hospital, located in the HSA VI service area and in the A-02 health planning area. Planning Area A-02 includes Central Cook County, and the community areas of Humboldt Park, West Town, Austin, West Garfield Park, East Garfield Park, Near West Side, North Lawndale, South Lawndale, Lower West Side, Loop, Armour Square, McKinley Park, and Bridgeport, within the City of Chicago.

There are 9 acute care hospitals and one psychiatric hospital located in the A-02 planning area, and the CY 2014 Hospital Profile for Rush University Medical Center is included at the end of this report. No land was acquired for this project. Per 77 IAC 1110.40 this is

a non-substantive project subject to both a Part 1110 and Part 1120 review. Project obligation is contingent upon permit issuance. **The anticipated project completion date for the Master Design Project is December 31, 2017.**

#### **Summary of Support and Opposition Comments**

A public hearing was offered on this project; however, no hearing was requested. The State Agency has received no support or opposition letters regarding this project.

#### **IV. The Proposed Project - Details**

Rush University Medical Center has developed a plan for campus renovation and reconfiguration. This Campus Plan will be implemented in various phases for purposes of planning, financing and operational efficiency. This Certificate of Need addresses the costs associated with the Master Design of Phase I of that plan which entails the construction of a comprehensive outpatient services building, two new parking structures, a surface parking lot and the demolition of student housing located to the East of RUMC at 1500 West Harrison Street in Chicago. The student housing and land is owned by Rush University Medical Center. RUMC intends to construct a comprehensive outpatient services building that will combine various outpatient services that are currently dispersed inconveniently throughout the RUMC Campus in different buildings. It will drastically improve accessibility to outpatient services and facilitate coordination of primary and specialty care. The building will be located on the site of the student housing to be demolished.

These relocated services likely will include:

- Most if not all outpatient clinical and diagnostic services, such as imaging, lab, rehabilitative therapy services, interventional radiology and interventional cardiology;
- The Rush Ambulatory SurgiCenter located at 1725 W. Harrison St., Chicago will be filed pertaining to relocation of the ASC); and
- Numerous physician offices, both primary care and specialty.

The vacated space in these various building above will be used for relocation of administrative office and service functions and other ancillary and appropriate uses. The total GSF of the constructed outpatient building will be approximately 620,000 GSF (excluding the garage associated with same) and the cost will be approximately \$500,000,000. It is estimated the building will be (nine) 9 floors high and planning and design will review various options for connections between it and the RUMC inpatient building. The design cost for Phase I (A&E and related expenses) is estimated to be \$32,000,000 which exceeds the current capital expenditure threshold. RUMC plans to engage both architects/engineers and construction management firms to provide planning and advice. Additions or changes in consultants may occur over the duration of the project. Ongoing planning will continue to define the scope and cost of the Master

Design of Phase I. It is anticipated that the comprehensive outpatient services building will be open in 2020, contingent upon State Board approval, and any other required regulatory approvals for same.

**V. Project Costs and Sources of Funds**

The proposed master design project is being funded in its entirety with cash and securities totaling \$32,000,000. Table One outlines the project's uses and sources of funds.

<b>TABLE ONE</b>			
<b>Project Uses and Sources of Funds</b>			
<b>Uses of Funds</b>	<b>Clinical</b>	<b>Non Clinical</b>	<b>Total</b>
Site Survey/Soil Investigation		\$200,000	\$200,000
Site Preparation		\$4,200,000	\$4,200,000
A&E Fees	\$14,120,000	\$7,180,000	\$21,300,000
Consulting and Other Fees	\$3,680,000	\$920,000	\$4,600,000
Other Costs to be Capitalized	\$1,360,000	\$340,000	\$1,700,000
<b>TOTALS</b>	<b>\$19,160,000</b>	<b>\$12,840,000</b>	<b>\$32,000,000</b>
<b>Sources of Funds</b>			
Cash and Securities	\$19,160,000	\$12,840,000	\$32,000,000
<b>TOTALS</b>	<b>\$19,160,000</b>	<b>\$12,840,000</b>	<b>\$32,000,000</b>
Source: Page 6 of the Application for Permit			

**VI. Charity Care and Medicaid Information**

The project is classified as being non-substantive, and a safety net impact statement was not required. The applicants did provide its Charity Care Data for FY 2012, FY 2013, and FY 2014 in Table Three.

<b>TABLE THREE</b>			
<b>Rush University Medical Center</b>			
<b>Medicaid/Charity Care Information</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>
Net Patient Revenue	\$939,989,000	\$966,970,000	\$1,025,637,000
Charity care # of Patients			
Inpatient	1,581	2,146	2,562
Outpatient	15,490	24,877	31,229
Total	17,071	27,023	33,791
Charity Care Cost in Dollars	2012	2013	2014
Inpatient	\$1,905,310	\$2,410,066	\$2,635,721

<b>TABLE THREE</b>			
<b>Rush University Medical Center</b>			
<b>Medicaid/Charity Care Information</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>
Outpatient	\$18,667,455	\$27,938,128	\$32,127,602
Total	\$20,572,765	\$30,348,194	\$34,763,323
% of Net Revenue	2.19%	3.14%	3.39%
<b>MEDICAID</b>			
Medicaid (# of Patients)			
Inpatient	6,940	7,093	7,265
Outpatient	84,447	85,925	83,479
Total	91,387	93,018	90,744
Medicaid (revenue)			
Inpatient	\$97,368,090	\$96,441,938	\$103,031,807
Outpatient	\$13,110,345	\$14,283,929	\$14,646,339
Total	\$110,478,435	\$110,725,867	\$117,678,146
% of Net Revenue	11.75%	11.45%	11.47%
Source: Pages 62-63 of the Application for Permit			

## **VII. Background of the Applicant Purpose of the Project and Alternatives of the Project**

### **A) Criterion 1110.230(b) – Purpose of the Project**

**The criterion states:**

**The applicants shall document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicants shall define the planning area or market area, or other, per the applicants' definition.**

**The applicant states the purpose of the proposed project is; “To plan programmatically in an efficient manner for the design and development of Phase I of RUMC’s campus plan. Phase I will address the scattered and inefficient current placement of RUMC’s outpatient services. It will also address the growth in outpatient treatment and diagnostic services experienced by RUMC, and given the national shift toward outpatient care, positions RUMC to efficiently provide and sustain access to outpatient care as this growth trend continues. The consolidation of outpatient services and resulting elimination of the current lack of coordinated access to clinical services will result in improved clinical care, efficacy in service and improved education and clinical research, physician, diagnostic, and treatment services.”**

The vision for this outpatient building is to consolidate most if not all of the outpatient services and physician offices in one building dedicated to outpatient care. It would eliminate the scattered nature of the outpatient services that exists today, provide better way finding, create intuitive pathways to locate services and link them with inpatient services located in

the main hospital building, allow for expansion and enhancement of space such as consolidation of the phlebotomy lab, diagnostic, radiological and MRI/CT services into one centralized location, and will provide better parking access to these locations for RUMC's patients. The planning goal is for there to be only one pedestrian walkway from the outpatient services building to the main hospital building, which will then allow outpatients to access other buildings as necessary with the main hospital being the hub, rather than transiting through the parking garage. The consolidation of outpatient services, and resulting elimination of the current lack of coordinated access to clinical services will result in improved clinical care, efficacy in service and improved education and clinical research, physician, diagnostic and treatment services. Additionally, the new construction will facilitate both ADA and Life Safety Code compliance, as many of the current campus buildings where outpatient services are located are older buildings and not capable of being in compliance with current standards. The planning will also address the trend toward outpatient care by making the services offered at RUMC more convenient, better designed for modern services/standards and more accessible on every floor. Developing a comprehensive architect/engineering master design plan for this Phase I of the Campus Plan will allow for the efficient development of an outpatient service building to compliment the relatively new main hospital building opened in 2012, which has greatly improved the overall delivery of clinical care and the patient/patient family and patient care team experience.

**B) Criterion 1110.230(c) Alternatives to the Proposed Project**

**The criterion states:**

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

The applicant notes this section is generally inapplicable to Master Design applications, and that “Doing Nothing” would be the only viable alternative to the planning project as proposed. The applicant felt that *“moving forward with Phase I of this project without significant design consultation and planning was not a reasonable or responsible alternative.”* *“Given the scope of the proposed project and its relationship with the overall campus plan, the investment up front in planning and design resources was considered the prudent alternative.”*

**IX. 1110.235 – Master Design and Related Projects**

**A. Criterion 1110.235(a) System Impact**

**The applicant must document that the proposed master plan or future construction or modification project(s) will have a positive impact on the health care delivery system of the planning area in terms of improved access, long term institutional viability, and availability of services.**



**The applicant notes** the proposed project will have no negative impact on other health care facilities. This is the planning phase of a project intended to consolidate most, if not all, outpatient services at RUMC into one location. The plan also proposes to increase and simplify access to said services. The proposed project takes into account the principles of healthcare reform, and the shift to more outpatient care modalities. The RUMC plan proposes to increase access to the services at minimal cost to the patient base. The applicant notes RUMC's most recent health needs assessment identified many areas that the proposed plan intends to address in its mission to serve the community. The applicant identified eight particular areas (application, pgs. 41-42), that Phase I will affect positively, in an effort to better serves its patient base. The applicant further notes the proposed project will improve access to both primary and specialty care services, and the physicians who provide these vital services.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE MASTER DESIGN SYSTEM IMPACT CRITERION (77 IAC 1110.235(a)).**

**B. Criterion 1110.235(b )- Master Plan or Related Future Projects**

The applicant notes the proposed planning phase of this project will be completed by December 31, 2017, and a Certificate of Need (CON) application will follow shortly thereafter, for the outpatient services building. The planning phase does not involve the establishment of any beds or services. Projected utilization data for the year 2021, for ASTC and clinical services other than categories of service will be included with the CON application for the outpatient services building and are expected to be consistent with State Standards. This application is not related to any previously approved Master Design projects.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE MASTER PLAN OR RELATED FUTURE PROJECTS CRITERION (77 IAC 1110.235(b)).**

**X. Section 1110.1540 – Non-Hospital Based Ambulatory Surgery**

The applicant is proposing to discontinue and establish Rush Surgicenter located at 1725 West Harrison Suite 556, Chicago, Illinois a four (4) room multispecialty ASTC that performed the following surgical specialties in 2014.

**A) Criterion 1110.1540 (b) (1) (3) - Background of the Applicant**

**An applicant shall document the *qualifications, background, character and financial resources to adequately provide a proper service for the community and also demonstrate that the project promotes the orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of facilities or service.* [20 ILCS 3960/2]**

The applicant provided licensing/background information in attachment 11 of the application, to include authorization for IDPH and Board staff to access any necessary documentation needed to verify this attestation. (*See Application for Permit pages 36-37*)

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH THE CRITERION BACKGROUND OF APPLICANT (77 IAC 1110.1540 (b) (1) (3))**

**B) Criterion 1110.1540 (c) – Geographic Service Area Need**

**The applicant shall document that the ASTC services and the number of surgical/treatment rooms to be established, added or expanded are necessary to serve the planning area's population.**

The applicant notes the proposed surgery center will serve its current target population and patient service area. As defined by rule the geographic service area is forty-five (45) minutes in all direction. Rush Surgicenter is located in the HSA VI Service Area. There are twenty one (21) ASTCs in this service area with sixty (60) operating/procedure rooms. A total of 38,598 surgeries were performed in 2014 and a total of 40,338 surgical hours. The ASTCs in the Health Service Area VI in 2014 operated at less than 50% utilization.

Calendar Year 2014 patient origin data reported to the State Board by Rush Surgicenter consisted in part of these zip codes. It does appear based upon 2014 data that the applicant will serve the residents of the geographic service area.

<b>TABLE FOUR Patient Origin Data Rush Surgicenter 2014</b>		
<b>Zip Code</b>	<b>City</b>	<b>Patients</b>
60608	Chicago	111

<b>TABLE FOUR Patient Origin Data Rush Surgicenter 2014</b>		
<b>Zip Code</b>	<b>City</b>	<b>Patients</b>
60612	Chicago	106
60614	Chicago	101
60610	Chicago	86
60607	Chicago	84
60657	Chicago	70
60647	Chicago	70
60611	Chicago	68
60622	Chicago	68
60609	Chicago	65
60638	Chicago	64
60629	Chicago	63
60618	Chicago	61
60623	Chicago	59
60613	Chicago	56
60651	Chicago	55
60644	Chicago	53
60616	Chicago	53
60632	Chicago	51
60628	Chicago	49
60462	Orland Park	49
60625	Chicago	49
60302	Oak Park	47
60605	Chicago	46
60617	Chicago	45
Source: 2014 ASTC Questionnaire		

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH THE CRITERION GEOGRAPHIC SERVICE AREA NEED (77 IAC 1110.1540 c) 2))**

**D) Criterion 1110.1540 (d) - Service Demand – Establishment of an ASTC Service**

**The number of surgical/treatment rooms to be added at an existing facility is necessary to reduce the facility's experienced high utilization and to meet a projected demand for service.**

According to the applicants the proposed CON application will contain utilization data in  
Page 11 of 17

excess, or at least the same as its current patient volume of 5,054 surgical hours (2014), as performed in 4 existing operating rooms. The applicants are considering seven (7) surgical suites/procedure rooms in the new surgery center. Per the applicant, this future application will contain physician referral letters and utilization data to justify the need for seven (7) operating/procedure rooms.

<b>TABLE FIVE Rush Surgicenter 2014 Utilization</b>		
Surgery Specialties		
	Surgeries	Hours
General	85	100
OB/Gynecology	118	118
Ophthalmology	214	114
Orthopedic	2,408	3,413
Otolaryngology	2	8
Pain Management	2,603	977
Plastic	106	160
Podiatry	30	40
Urology	69	124
Total	5,635	5,054
Source: 2014 ASTC Questionnaire		

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH THE CRITERION SERVICE DEMAND (77 IAC 1110.1540 (d))**

**E) Criterion 1110.1540 (f) - Treatment Room Need Assessment**

**The applicant shall document that the proposed number of surgical/treatment rooms for each ASTC service is necessary to service the projected patient volume.**

The applicants are considering seven (7) surgical suites/procedure rooms in the new surgery center. Per the applicant, this future application will also contain physician referral letters and utilization data to justify the need for seven (7) operating/procedure rooms.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION TREATMENT ROOM NEED ASSESSMENT (77 IAC 1110.1540 (f))**

**F) Criterion 1110.1540 (g) – Service Accessibility**

**The proposed ASTC services being established or added are necessary to improve access for residents of the GSA.**

The proposed discontinuation and establishment of the ASTC would be considered a joint venture of the hospital (Rush University Medical Center) and the ASTC (Rush Surgicenter). It would appear that the hospital has sufficient workload to support the number of OR's at the proposed ASTC (seven (7) rooms) and the hospital forty-five (45) rooms.

$$76,360 \text{ hours} / 1,500 \text{ hour per room} = 51 \text{ rooms}$$

<b>TABLE SIX</b>				
<b>Rush University Medical Center 2014 Surgery Data</b>				
Surgical Specialties	Operating Rooms	Patients	Total Hours	Outpatient Hours
Cardiovascular	2	859	4,813	166
General	5	3,825	12,252	4,952
Neurology	3	1,962	8,128	915
OB/Gynecology	1	2,104	5,440	2,605
Ophthalmology	2	1,126	2,151	2,110
Orthopedic	10	5,640	17,924	3,708
Otolaryngology	2	1,516	4,320	2,790
Plastic Surgery	1	375	1,262	710
Thoracic	2	1,138	3,318	804
Urology	3	1,649	4,437	3,005
Total	31	20,194	64,045	21,765
Procedure Room				
Gastro	7	7,028	9,743	7,778
Laser	3	722	542	542
Anglo	2	829	1,714	348
Procedure Room	2	381	316	316
Total	14	8,960	12,315	8,984
Total	45	29,154	76,360	30,749

**XI. 1110.3030 – Clinical Service Areas Other than Categories of Service**

**These criteria are applicable only to those projects or components of projects (including major medical equipment), concerning Clinical Service Areas (CSAs) that are not "Categories of Service", but for which utilization standards are listed in Appendix B.**

The data contained in Table Seven will also be submitted with the Certificate of Need application for the outpatient services.

<b>TABLE SEVEN</b>			
<b>2014 Utilization Data for RUMC Outpatient Facility</b>			
<b>Service</b>	<b>Existing Rooms</b>	<b>Proposed Rooms</b>	<b>Volume hours Visits/Treatments</b>
Laboratory	N/A	N/A	954,196 hours
Infusion	NA	NA	20,481 visits
Radiation Therapy-Accelerator	4	4	17,164 treatment
Radiology-General	7	7	17,933
Radiology-Mammography	11	11	26,605
Radiology-Ultrasound	10	10	15,202
Radiology-CT Scan	2	2	13,718
Radiology-MRI	3	3	10,652
Radiology-Bone Density	1	1	788
Ambulatory Cardiac-Diagnostics	7	7	10,652
Ambulatory Care-Neuro Diagnostics	3	3	876
Source: 2014 Annual Hospital Survey			

**XII. 1120.120 - Availability of Funds**

The total estimated project cost of this planning phase is \$32,000,000 and the applicants will fund the project in its entirety through cash and securities. The applicants also provided proof of its A1 bond rating (*application p. 53*) that confirms the availability of sufficient funds for the project.

<b>TABLE EIGHT</b>		
<b>Rush University Medical Center</b>		
<b>Obligated Group <sup>(1)</sup></b>		
<b>(September 30)</b>		
<b>Audited</b>		
<i>In thousands</i>		
	<b>2014</b>	<b>2013</b>
Cash	\$139,390	\$195,751
Current Assets	\$477,778	\$509,365
PPE	\$1,355,611	\$1,376,118
Total Assets	\$3,428,390	\$3,204,583
Current Liabilities	\$525,765	\$469,556
LTD	\$584,453	\$597,166

<b>TABLE EIGHT</b> <b>Rush University Medical Center</b> <b>Obligated Group <sup>(1)</sup></b> <b>(September 30)</b> <b>Audited</b> <i>In thousands</i>		
Net Patient Service Revenue	\$1,719,676	\$1,592,707
Total Revenue	\$1,969,638	\$1,837,833
Expenses	\$1,887,093	\$1,751,550
Operating Income	\$82,545	\$76,283
Excess of Revenue over Expenses	\$132,477	\$111,004
1. Obligated Group Consists of Rush University Medical Center and subsidiaries and Rush-Copley Medical Center and subsidiaries.		

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO MEET THE REQUIREMENTS OF THE AVAILABILITY OF FUNDS CRITERION (77 IAC 1120.120)**

**XIII. 1120.130 - Financial Viability**

The applicants provided proof of its A1 bond rating (application p. 53) that confirms the availability of sufficient funds for the project.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO MEET THE REQUIREMENTS OF THE FINANCIAL VIABILITY CRITERION (77 IAC 1120.130)**

**XIV. 1120.140 – Economic Feasibility**

- A) Criterion 1120.140 (a) – Reasonableness of Project Costs**
- B) Criterion 1120.140 (b) – Terms of Debt Financing**

The project is being funded with cash of \$32 million. No debt financing is being used to fund this project.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO MEET THE REQUIREMENTS OF REASONABLENESS OF PROJECT COSTS AND TERMS OF DEBT FINANCING (77 IAC 1120.140(a) (b))**

- C) Criterion 1120.140 (c) - Reasonableness of Project and Related Costs**

**The applicant shall document that the estimated project costs are reasonable and shall document compliance with State Board Standards.**

The State Board Staff notes the project is to expend funds for the development planning for a major renovation/reconfiguration of patient services on the campus of Rush University Medical Center, Chicago. The costs identified below are for planning purposes only.

**Site Survey/Soil Investigation** – These costs total \$200,000. The State Board does not have a standard for these costs in a Master Design Project.

**Site Preparation** – These costs total \$4,200,000. The State Board does not have a standard for these costs in a Master Design project.

**Architectural and Engineering Fees** – This cost is \$21,300,000. The State Board does not have a standard for these costs in a Master Design Project.

**Consulting and Other Fees** – These costs total \$4,600,000. The State Board does not have a standard for this cost.

**Other Costs to be Capitalized** – These costs total \$1,700,000. The State Board does not have a standard for this cost.

**Note:** The applicants identified what comprised the Other Costs to be Capitalized (application, p. 41), and listed the following:

- In House staff (Contracted project managers)
- Permits & fees
- Printing Costs
- Insurance
- Project office build out costs
- Community Requirements
- Marketing
- Legal Fees

The proposed project plans to expend funds for the planning of a major renovation/reconfiguration project on the campus of Rush University Medical Center, Chicago. While all calculations cannot be compared against the prescribed ratios, it appears all project costs are within an acceptable standard.

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

- D) Criterion 1120.140 (d) – Projected Operating Costs**
- E) Criterion 1120.140 (e) – Total Effect of Project on Capital Costs**

The State Board does not have standards for Projected Operating Costs and Total



Effect of the Project on Capital Costs for Master Design Projects.

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

# 15-053 Rush University Medical Center Master Design Project - Chicago

