ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

ORIGINAL

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HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects. 16-050

Facility/Project Identification

Facility Name: Ann & Robert H. Lurie Children's Hospital of Chicago Bed Expansion
Street Address: 225 E. Chicago Avenue
City and Zip Code: Chicago, IL 60611
County: Cook Health Service Area 6 Health Planning Area: A-1

Applicant Identification

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

Exact Legal Name: Ann & Robert H. Lurie Children's Hospital of Chicago
Address: 225 E. Chicago Avenue, Chicago, IL 60611
Name of Registered Agent: Nancy M. Borders
Name of Chief Executive Officer: Patrick M. Magoon
CEO Address: 225 E. Chicago Avenue, Box 1, Chicago, IL 60611
Telephone Number: 312-227-4327

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: Nanette Bufalino
Title: Associate General Counsel
Company Name: Ann & Robert H. Lurie Children's Hospital of Chicago
Address: 225 E. Chicago Avenue, Box 261, Chicago, IL 60611
Telephone Number: 312-227-7468
E-mail Address: nbufalino@luriechildrens.org
Fax Number: 312-227-9532

Additional Contact

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

Name: Ralph Weber
Company Name: Weber Alliance
Address: 920 Hoffman Lane, Riverwoods, IL 60015
Telephone Number: 847-791-0830
E-mail Address: rmweber90@gmail.com
Fax Number: None

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

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Street Address: 225 E. Chicago Avenue
City and Zip Code: Chicago, IL 60611
County: Cook Health Service Area 6 Health Planning Area: A-1

Co-Applicant Identification

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

Exact Legal Name: Children's Hospital of Chicago Medical Center
Address: 225 E. Chicago Avenue, Chicago, IL 60611
Name of Registered Agent: Nancy M. Borders
Name of Chief Executive Officer: Patrick M. Magoon
CEO Address: 225 E. Chicago Avenue, Box 1, Chicago, IL 60611
Telephone Number: 312-227-4327

Type of Ownership of Co-Applicant

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

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Company Name: Weber Alliance
Address: 920 Hoffman Lane, Riverwoods, IL 60015
Telephone Number: 847-791-0830
E-mail Address: rmweber90@gmail.com
Fax Number: None

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: Nanette Bufalino
Title: Associate General Counsel
Company Name: Ann & Robert H. Lurie Children's Hospital of Chicago
Address: 225 E. Chicago Avenue, Box 261, Chicago, IL 60611
Telephone Number: 312-227-7468
E-mail Address: nbufalino@luriechildrens.org
Fax Number: 312-227-9532

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Ann & Robert H. Lurie Children's Hospital of Chicago
Address of Site Owner: 225 E. Chicago Avenue, Chicago, IL 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: Ann & Robert H. Lurie Children's Hospital of Chicago

Address: 225 E. Chicago Avenue, Chicago, IL 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. ***Certificate of Good Standing already provided as a part of ATTACHMENT 1***
- 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.

Ann & Robert H. Lurie Children's Hospital of Chicago (Lurie Children's) and its parent, Children's Hospital of Chicago Medical Center, propose to expand Intensive Care Unit (ICU) and Neonatal Intensive Care Unit (NICU) bed capacity at the hospital located at 225 E. Chicago Avenue, Chicago.

The project proposes to add 44 ICU beds to the current complement of 92 ICU beds. Existing office space on the 22nd floor will be converted to 44 ICU beds, increasing the ICU bed complement from the current 92 to 136 ICU beds. 4 NICU beds will be added on the 15th floor. The NICU bed complement will increase from 60 NICU beds to 64. Total hospital authorized beds will increase from 288 to 336.

The 54,150 sq ft construction project includes 31,774 sq ft of clinical space, and 22,376 sq ft of non-clinical space.

The completion date of the project is January 31, 2019.

Total project cost is $50,985,179.

The project is substantive because it is an expenditure by a health care facility in excess of the capital expenditure threshold and proposes the addition of beds to existing categories of service.

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**	**NON-CLINICAL**	**TOTAL**
Pre-planning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
Modernization Contracts			
New Construction Contracts			
Contingencies			
A/E Fees			
Consultant Fees			
Movable Equipment			
Bond Issuance Expense			
Net Interest Expense During Construction			
FMV Leased Space			
Other Capital Costs			
Acquisition of Building			
TOTAL USES OF FUNDS			
SOURCE OF FUNDS			
Cash and Securities			
Pledges			
Gifts and Bequests			
Mortgages/Bonds			
Leases			
Governmental Appropriations			
Grants			
Other			
TOTAL SOURCES OF FUNDS			

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: $_____
Fair Market Value: $_____

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 $ _____.

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): January 31, 2019

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

Cost Space Requirements

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

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

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

Facility Bed Capacity and Utilization

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

FACILITY NAME: Ann & Robert H. Lurie Children's Hospital of Chicago	**CITY: Chicago**				
REPORTING PERIOD DATES:	**From: January 1, 2015**		**to: December 31, 2015**		
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	0	-	-	0	0
Obstetrics	0	-	-	0	0
Pediatrics[1]	124	6,950	31,236	0	124
Intensive Care[2]	92	4,690	23,035	44	136
Comprehensive Physical Rehabilitation	0	-	-	0	0
Acute/Chronic Mental Illness	12	494	3,411	0	12
Neonatal Intensive Care	60	896	18,341	4	64
General Long Term Care	0	-	-	0	0
Specialized Long Term Care	0	-	-	0	0
Long Term Acute Care	0	-	-	0	0
Other ((identify)	0	-	-	0	0
TOTALS:	288	13,030	76,023	48	336

[1] Includes 3,458 observation days in general pediatrics units.

[2] Includes direct admits and transfers from another unit of the hospital, and includes 250 observation days in the Intensive Care Unit.

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 Ann & Robert H. Lurie Children's Hospital of Chicago 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

Patrick M. Magoon
PRINTED NAME

President & Chief Executive Officer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of December 2016

Signature of Notary

Seal

Official Seal
Annel Hilgen
Notary Public State of Illinois
My Commission Expires 02/19/2018

SIGNATURE

Ron Blaustein
PRINTED NAME

Chief Financial Officer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of December 2016

Signature of Notary

Seal

Official Seal
Annel Hilgen
Notary Public State of Illinois
My Commission Expires 02/19/2018

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- in the case of a sole proprietor, the individual that is the proprietor.

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

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Patrick M. Magoon
PRINTED NAME

President & Chief Executive Officer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of December 2016

Signature of Notary

Seal

Official Seal
Annel Hilgen
Notary Public State of Illinois
My Commission Expires 02/19/2018

SIGNATURE

Ron Blaustein
PRINTED NAME

Chief Financial Officer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of December 2016

Signature of Notary

Seal

Official Seal
Annel Hilgen
Notary Public State of Illinois
My Commission Expires 02/19/2018

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.

NO SHELLED SPACE IN PROJECT.

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.

SECTION VII - SERVICE SPECIFIC REVIEW CRITERIA

This Section is applicable to all projects proposing establishment, expansion or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion and modernization). After identifying the applicable review criteria for each category of service involved , read the criteria and provide the required information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

A. Criterion 1110.530 - Medical/Surgical, Obstetric, Pediatric and Intensive Care

1. Applicants proposing to establish, expand and/or modernize Medical/Surgical, Obstetric, Pediatric and/or Intensive Care categories of service must submit the following information:

2. Indicate bed capacity changes by Service: Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds
☐ **Medical/Surgical**		
☐ **Obstetric**		
☐ **Pediatric**		
☒ **Intensive Care**	**92**	**Add 44 beds for total of 136**

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:** ***NOTE: This section of the application form is outdated. Content of Permit Application adheres to State narrative instructions in Section 1110.530)***

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.530(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.530(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.530(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.530(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.530(b)(5) - Planning Area Need - Service Accessibility	X		
1110.530(c)(1) - Unnecessary Duplication of Services	X		

APPLICABLE REVIEW CRITERIA		Establish	Expand	Modernize
1110.530(c)(2) -	Maldistribution	X	X	
1110.530(c)(3) -	Impact of Project on Other Area Providers	X		
1110.530(d)(1) -	Deteriorated Facilities			X
1110.530(d)(2) -	Documentation			X
1110.530(d)(3) -	Documentation Related to Cited Problems			X
1110.530(d)(4) -	Occupancy			X
110.530(e) -	Staffing Availability	X	X	
1110.530(f) -	Performance Requirements	X	X	X
1110.530(g) -	Assurances	X	X	X

APPEND DOCUMENTATION AS ATTACHMENT-20, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

D. Criterion 1110.930 - Neonatal Intensive Care

This section is applicable to all projects proposing to add neonatal intensive care beds.

1. Criterion 1110.930(a), Staffing

Read the criterion and for those positions described under this criterion provide the following information:

1. The name and qualifications of the person currently filling the job.
2. Letters of interest from potential employees.
3. Applications filed for each position.
4. Signed contracts with the required staff.
5. A detailed explanation of how you will fill the positions.

2. Criterion 1110.930(b), Letter of Agreement

Read the criterion and provide the required letter of agreement.

3. Criterion 1110.930(c), Need for Additional Beds

Read the criterion and provide the following information:

a. The patient days and admissions for the affiliated center for each of the last two years; or

b. An explanation as to why the existing providers of this service in the planning area cannot provide care to your projected caseload.

4. Criterion 1110.930(d), Obstetric Service

Read the criterion and provide a detailed assessment of the obstetric service capability.

APPEND DOCUMENTATION AS ATTACHMENT-23, 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:**

$10,520,751	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;
$40,464,428	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 (LEASE).
$50,985,179		**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.

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

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

2. Variance

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

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

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

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

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

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

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

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

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

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

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

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

XI. Safety Net Impact Statement

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

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

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

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

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

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

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

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

A table in the following format must be provided as part of Attachment 40.

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 41.

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

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

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

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3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	---
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Ann & Robert H. Lurie
Children's Hospital of Chicago

December 13, 2016

Ms. Kathryn J. Olson
Chairperson
Illinois Health Facilities and
Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Re: Criterion 1110.230 – Background of Applicant: No Changes since Filing Project 16-044

Dear Ms. Olson:

Several documents requested in the Application for Permit for the Ann & Robert H. Lurie Children's Hospital of Chicago Bed Expansion were provided in connection with the Application for Permit for the Lurie Children's Outpatient Services and Surgical Center, Northbrook, Project 16-044 (submitted on October 17, 2016).

I attest that the requested information has been previously submitted in Project 16-044, and I certify that no changes have occurred regarding the information that has been previously submitted.

If you have any questions, please contact me, Nanette Bufalino, Associate General Counsel, Ann & Robert H. Lurie Children's Hospital of Chicago at 312-227-7468 or nbufalino@luriechildrens.org.

Sincerely,

Nanette Bufalino
Associate General Counsel
Ann & Robert H. Lurie Children's Hospital of Chicago
225 E. Chicago Avenue, Box 261
Chicago, IL 60611

Subscribed and sworn to before me
this 13th day of December, 2016.

Signature of Notary Public

Seal

Official Seal
Annel Hilgen
Notary Public State of Illinois
My Commission Expires 02/19/2018

ATTACHMENT 1

Site Ownership

Proof of Ownership or Control

ATTACHMENT 2

QUITCLAIM DEED

THIS INSTRUMENT PREPARED BY:
THOMAS L. HEFTY
MCDERMOTT, WILL & EMERY LLP
227 WEST MONROE STREET
CHICAGO, ILLINOIS 60606

THIS INSTRUMENT IS EXEMPT FROM TAXATION PURSUANT TO 35 ILCS 200/31-45(e) OF THE REAL ESTATE TRANSFER TAX ACT.

BUYER/SELLER/AGENT

DATE: 4/11/2007

PROPERTY ADDRESS AND PIN:

215 EAST CHICAGO AVENUE
CHICAGO, IL 60610

17-10-200-014-0000
17-10-200-015-0000
17-10-200-030-0000
17-10-200-031-0000
17-10-200-034-0000
17-10-200-035-0000
17-10-200-036-0000
17-10-200-037-0000
17-10-200-038-0000
17-10-200-039-0000
17-10-200-051-0000
17-10-200-052-0000

Doc#: 0711333009 Fee: $34.00
Eugene "Gene" Moore RHSP Fee:$10.00
Cook County Recorder of Deeds
Date: 04/23/2007 07:25 AM Pg: 1 of 6

[The above Space for Recorder's Use Only]

NORTHWESTERN MEMORIAL HOSPITAL, an Illinois not-for-profit corporation, whose address is 251 East Huron Street, Chicago, Illinois 60611-3746 ("Grantor"), for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other good and valuable consideration in hand paid, **CONVEYS** and **QUITCLAIMS** to **THE CHILDREN'S MEMORIAL HOSPITAL**, an Illinois not-for-profit corporation, whose address is 2300 Children's Plaza, Chicago, Illinois 60614 ("Grantee"), all of Grantor's right, title and interest in and to the real estate situated in the City of Chicago, Cook County in the State of Illinois (the "Property") legally described on Exhibit A attached to and made a part of this instrument by this reference.

TO HAVE AND TO HOLD THE PROPERTY FOREVER, PROVIDED, that by delivering, accepting and recording this instrument, Grantor and Grantee give notice to any person taking any interest in the Property that the Property is subject to the obligation to reconvey the Property to Grantor, upon the occurrence of certain contingencies, pursuant to Section 4.7 of a certain Development Agreement among Grantor, Grantee and others, dated as of March 9, 2007.

[Signature on the following page.]

Box 400-CTCC

ATTACHMENT 2

This Quitclaim Deed is signed this 17 day of [illegible], 2007.

NORTHWESTERN MEMORIAL HOSPITAL,
an Illinois not-for-profit corporation

By: [signature]
Name: Dean M. Harrison
Title: President and Chief Executive Officer

After Recording Return to:

Drinker Biddle Gardner & Carton
191 North Wacker Drive
Chicago, Illinois 60606
Attention: Michael Csar

Send Subsequent Tax Bills to:

The Children's Memorial Hospital
Attention: PRESIDENT
2300 Children's Plaza
Chicago, Illinois 60614

ATTACHMENT 2

STATE OF _____)

) SS.

COUNTY OF _____)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that DEAN HARRISON, personally known to me to be the President, CEO of NORTHWESTERN MEMORIAL HOSPITAL, an Illinois not-for-profit corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such DEAN HARRISON, he/she signed, scaled and delivered said instrument as President, CEO of said corporation, pursuant to authority, given by the Board of Directors of said corporation as his/her free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 17 day of April, 2007.

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

Notary Public

My Commission Expires:

10/08/08

ATTACHMENT 2

Exhibit A to Quitclaim Deed
Legal Description

PARCEL 1.

LOT 10 IN OWNER'S PLAT OF LOTS 4 TO 18, OF OGDEN AND LOMBARD'S SUBDIVISION, TOGETHER WITH THE NORTH 25 FEET THERETO ADJOINING SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 6, 1889 AS DOCUMENT NUMBER 1194259, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 11, 12, AND 13 IN OGDEN AND LOMBARD'S SUBDIVISION OF ACCRETIONS EAST OF AND ADJOINING LOT 12 IN LEGG'S SUBDIVISION OF BLOCK 54 IN KINZIE'S ADDITION TO CHICAGO IN SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ALSO

LOTS "R", "S" AND "T" IN LILL'S CHICAGO BREWERY COMPANY'S SUBDIVISION IN BLOCK 54 IN KINZIE'S ADDITION TO CHICAGO IN SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Parcel 3: Intentionally Omitted.

PARCEL 4:

LOTS 8, 9, 14, 15, AND 16 IN OWNER'S PLAT OF LOTS 4 TO 18, IN OGDEN AND LOMBARD'S SUBDIVISION OF THE ACCRETIONS EAST AND ADJOINING LOT 12 IN BLOCK 54 IN KINZIE'S ADDITION TO CHICAGO, TOGETHER WITH THE 25 FEET LYING NORTH AND ADJOINING THERETO BEING LOTS 'K' TO 'Y' OF LILL'S CHICAGO BREWERY COMPANY'S SUBDIVISION OF PART OF SAID BLOCK 54 AND ACCRETIONS THERETO IN SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 5:

LOTS 4 AND 5 IN OWNER'S PLAT OF LOTS 4 TO 18 IN OGDEN AND LOMBARD'S SUBDIVISION OF THE ACCRETIONS EAST AND ADJOINING LOT 12 IN BLOCK 54 IN KINZIE'S ADDITION TO CHICAGO, TOGETHER WITH THE 25 FEET LYING NORTH AND ADJOINING THERETO, IN SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 6:

LOTS 1 AND 2 IN SWING'S SUBDIVISION OF PART OF BLOCK 54 IN KINZIE'S ADDITION TO CHICAGO, IN SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ATTACHMENT 2

PARCEL 7

LOTS 23 TO 30 BOTH INCLUSIVE IN LILL'S CHICAGO BREWERY COMPANY'S SUBDIVISION IN BLOCK 54 IN KINZIE'S ADDITION TO CHICAGO, IN SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 8.

EASEMENT FOR THE BENEFIT OF PARCELS 1 THROUGH 7 AS CREATED BY DECLARATION OF EASEMENTS AND AGREEMENTS RECORDED AS DOCUMENT 25950376 FOR INGRESS AND EGRESS TO AND FROM THE EAST - WEST PUBLIC ALLEY AND THE EASEMENT AREA FOR VEHICULAR WAITING AND TURN AROUND, VEHICULAR ACCESS TO THE TRUCK LOADING DOCKS AS DESCRIBED IN AFORESAID INSTRUMENT.

* * * *

[End of Exhibit A]

Organizational Relationships (Organization Chart)

(Previously submitted this year, Project 16-044; see letter at Attachment 1)

ATTACHMENT 4

Flood Plain Requirements

The map on the next page shows FEMA National Flood Hazard Map, Panel 17031C0438J. This area contains part of the Streeterville area of the City of Chicago and the Northwestern campus, adjacent to Lake Michigan, the Ogden slip and the Chicago River. The map, dated 8/19/2008, predated the development of the Ann & Robert H. Lurie Children's Hospital of Chicago, which opened in June 2012. The site of Lurie Children's Hospital on Chicago Avenue is noted by the color highlighting.

The map labels the area as an "Area of Minimal Flood Hazard."

Data from Flood Insurance Rate Maps (FIRMs) where available digitally. New NFHL FIRMette Print app available: http://tinyurl.com/j4xwp5e

National Geospatial-Intelligence Agency (NGA); Delta State University; Esri | scott.mcafee@fema.dhs.gov

Historic Resources Preservation Act Requirements

Illinois Historic
Preservation Agency

FAX (217) 524-7525
1 Old State Capitol Plaza • Springfield, Illinois 62701–1507 • (217) 782–4836 • TTY (217) 524–7128

Cook County
Chicago
CON - Rehabilitation for ICU Beds on 17th and 22nd Floors, Ann and Robert H. Lurie Children's Hospital of Chicago
225 E. Chicago Ave.
IHPA Log #007111516

November 22, 2016

Ralph Weber
920 Hoffman Lane
Riverwoods, IL 60015

Dear Mr. Weber:

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

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

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

If you have any further questions, please contact David Halpin, Cultural Resources Manager, at 217/785-4998.

Sincerely,

Rachel Leibowitz, Ph.D.
Deputy State Historic
Preservation Officer

ATTACHMENT 6

Project Costs and Sources of Funds
12/5/2016

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Pre-planning Costs	$460,424	$291,105	$751,528
Site Survey and Soil Investigation	$21,607	$13,661	$35,267
Site Preparation	$0	$0	$0
Off Site Work	$0	$0	$0
Modernization Contracts	$0	$0	$0
New Construction Contracts	$16,932,866	$10,705,870	$27,638,736
Contingencies	$1,185,301	$749,411	$1,934,712
A/E Fees	$1,074,116	$679,114	$1,753,229
Consultant Fees	$1,212,154	$766,389	$1,978,543
Movable Equipment	$8,483,967	$5,364,021	$13,847,988
Bond Issuance Expense	$247,905	$156,739	$404,644
Net Interest Expense During Construction	$0	$0	$0
FMV Leased Space	$0	$0	$0
Other Capital Costs	$1,617,721	$1,022,810	$2,640,531
Acquisition of Building	$0	$0	$0
TOTAL USES OF FUNDS	**$31,236,059**	**$19,749,120**	**$50,985,179**

SOURCE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Cash and Securities	$6,445,536	$4,075,215	$10,520,751
Pledges	$0	$0	$0
Gifts and Bequests	$0	$0	$0
Mortgages/Bonds	$24,790,523	$15,673,905	$40,464,428
Leases	$0	$0	$0
Governmental Appropriations	$0	$0	$0
Grants	$0	$0	$0
Other	$0	$0	$0
TOTAL SOURCES OF FUNDS	**$31,236,059**	**$19,749,120**	**$50,985,179**

List of Items and Cost

Pre-Planning Costs - $751,528

The pre-planning costs include the preconstruction services provided by the general contractor.

Of the amount, $460,424 is the clinical pre-planning cost. This amount represents 1.73% of the clinical new construction, contingency and moveable equipment costs.

Site Survey and Soil Investigation - $35,267

The site survey and soil investigation costs includes the baseline testing of building mechanical systems, wireless internet coverage, and distributed antenna system coverage.

Of the total amount, $21,607 is the clinical site survey cost. This amount represents 0.12% of the clinical new construction and contingency costs.

New Construction Contract - $27,638,736

The new construction contract includes the cost of the construction contract to complete the project, including the general contractor's overhead and profit.

The new construction project consists of the demolition of current office spaces followed by the build out of additional patient rooms, clinical support spaces and faculty offices. This work includes the necessary mechanical, electrical, plumbing, fire protection, telecommunications, and security infrastructure to support such additions.

Of the total new construction contract amount, $16,932,866 is the clinical new construction cost. The total clinical DGSF of the project is 31,774 square feet. The clinical cost/square foot is $533.

Contingencies - $1,934,712

The contingencies are an allowance for unforeseen conditions.

Of the total amount, $1,185,301 is the clinical contingency cost. This amount is 7.0% of the clinical new construction cost.

Together, the clinical new construction and contingency costs are $18,118,166. The total clinical DGSF of the project is 31,774 square feet. The clinical new construction cost + contingency cost/square foot is $570.

Of the $570, approximately $110.51/SF is attributed to construction requirements that aren't associated with a typical project, as outlined below.

1. Added Phasing and Enabling Premium
   The proposed project is planned to be constructed in the existing Lurie Children's hospital facility. This provides limitations regarding timing and availability of the construction areas, which in turn requires a detailed phasing plan requiring the construction team to complete the project in a series of phases to limit the disruption to adjacent floors and patient rooms. This phasing-plan has an associated cost of $346,137 for the 22nd/21st floors and $32,634 for the 15th/14th floors. See comments in items 4 and 5 below for 21st and 14th floor work.

   Total Enabling Costs: $346,137 + $32,634 = $378,771

   $378,771 ÷ 31,774 Clinical DGSF = $11.92/SF

2. Elevator Operator and Re-Programming Premium
   The current elevator system in Lurie Children's does not have a built-in solution to allow for construction crews to isolate a given car for material deliveries and construction activities. This requires re-programming of the system by the elevator contractor, daily clean-up of the elevator to allow it to serve hospital needs during non-construction times and the use of an elevator operator to facilitate construction usage. The cost associated with this additional work includes $70,000 for elevator re-programming and modifications, $168,501 for clean-up, and $269,576 for elevator operators.

   Total Elevator Costs = $70,000 + $168,501 + $269,576 = $508,077

   $508,077 ÷ 31,774 Clinical DGSF = $15.99/SF

3. 22nd Floor Demolition Premium
   The current office space slated for the expansion requires significant demolition prior to the build out of the new clinical areas. This demolition is in excess of what is typically part of a new construction project due to the complete re-configuration of walls, ceiling, flooring, and mechanical systems. In addition, transportation of materials to the 1st floor dock/dumpster will be completed on a 2nd shift basis to minimize disruption of the surrounding floors and allow for the contractors to complete demolition continuously. The cost associated with this work includes $403,994 for the demolition of existing walls, ceilings, floors, and mechanical system and $339,970 for 2nd shift labor and demolition material disposal. In addition, demolition costs can be considered as site preparation, which in-turn would take the cost out of construction and lower the total cost per square foot.

   Total Demolition Costs: $403,994 + $339,970 = $743,964

   $743,964 ÷ 31,774 Clinical DGSF = $23.41/SF

4. 22nd Floor Under-Slab Plumbing Premium
   Plumbing runs for the current 22nd floor reside under the concrete flooring slab in the 21st floor ceiling cavity. The result of this requires extensive demolition and eventual re-installation of interior finishes on the 21st floor in order to access and construct the plumbing that will serve the floor above. The cost associated with this additional work includes $127,037 for selective building demolition, $466,057 for infection prevention and control measures, $291,945 for interior

finishes and re-construction, $110,250 for the removal of exterior glass for ventilation, and $631,407 for the plumbing work that will serve the 22nd floor.

Total Plumbing Costs: $127,037 + $466,057 + $291,945 + $110,250 + $631,407 = $1,626,696

$1,626,696 ÷ 31,774 Clinical DGSF = $51.20/SF

5. 15th Floor Under-Slab Plumbing Premium
   The same issues arise with the work on the 15th and 14th floors. The cost associated with this additional work includes $11,977 for selective building demolition, $43,940 for infection prevention and control measures, $27,524 for interior finishes and re-construction, and $69,923 for the plumbing work that will serve the 15nd floor.

   Total Plumbing Costs: $11,977 + $43,940 + $27,524 + $69,923 = $153,364

   $153,364 ÷ 31,774 Clinical DGSF = $4.83/SF

6. Additional Exhaust Fan Premium
   To accommodate the addition of toilet rooms and a laundry facility on the 22nd floor, the exhaust fan system will receive an upgrade. This work is above what is typically provided in an existing building expansion. The costs associated with this additional work includes $88,200 for profiling metal panels and the support structures to conceal the ductwork, and $12,275 for cutting and patching of the existing roof.

   Total Exhaust Fan Costs: $88,200 + $12,275 = $100,475

   $100,475 ÷ 31,774 Clinical DGSF = $3.16/SF

Summary of Additional Justified Costs

Added Phasing and Enabling Premium: $11.92/SF
Elevator Operator and Re-Programming Premium: $15.99/SF
22nd Floor Demolition: $23.41
22nd Floor Under-Slab Plumbing Premium: $51.20/SF
15th Floor Under-Slab Plumbing Premium: $4.83/SF
Additional Exhaust Fan Premium: $3.16/SF

Total: $110.51/SF

Architectural and Engineering Fees - $1,753,229

The architectural and engineering fees include the design services for preliminary programming, schematic design, design development, the execution of construction documents, and construction administration services. The architectural fees represent $1,141,057 of the total A/E cost and include design services for the architecture, interior design, engineering coordination, and architectural project management. The engineering fees represent $612,172 of the total A/E cost and include design of all

building systems including electrical, mechanical, plumbing, fire protection, telecommunications, and security.

Of the total amount, $1,074,116 is the clinical Architectural/Engineering Fee. This amount represents 5.93% of the clinical new construction and contingency costs.

Consultant Fees - $1,978,543

The consultant and other fees include services for various types of consulting and professional expertise plus the application costs associated with the required regulatory reviews.

The consulting fees include:

- Project Management Services
- Medical Equipment Planning
- FF&E Design
- IT/IM Project Management Services
- CON Advisory Services

The application costs include the cost associated with the following reviews and permits:

- CON Filing Fee
- IDPH Application Cost
- City of Chicago Permit Application Fee

Of the total amount, $1,212,154 is the clinical consultant and other fee costs. This amount represents 4.39% of the clinical modernization cost.

Movable Equipment - $13,847,988

The movable equipment cost includes all the equipment, furniture, artwork and fixtures to equip the new additions.

Of the total amount, $8,483,967 is the clinical movable equipment costs. This cost includes the medical equipment for the clinical space.

The remainder of the total amount, $5,364,021, is associated with non-clinical movable equipment costs and is outlined below:

- Medical Equipment for Non-Clinical Space: $3,560,814
- Furniture: $1,122,091
- Artwork: $89,041
- Signage: $84,033
- Security: $508,042

Other Capital Costs - $2,640,531

The other capital costs include the fees for commissioning, furniture removal, moving costs and IT/AV equipment.

Of the total amount, $1,617,721 is the clinical, other capital cost.

Cost Space Requirements
12/5/2016

Dept / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Sq Ft that is			
		Existing	Proposed	New Const	Modernized	As Is	Vacated
REVIEWABLE							
ICU	$15,534,514	-	30,077	30,077	-	-	-
NICU	$1,398,351	-	1,697	1,697	-	-	-
Total Reviewable	**$16,932,866**	**-**	**31,774**	**31,774**	**-**	**-**	**-**
NON-REVIEWABLE							
Break Room/Locker	$745,858	-	1,337	1,337	-	-	-
Building System/Support	$3,795,372	-	8,500	8,500	-	-	-
Conference	$329,089	-	754	754	-	-	-
Consultation	$86,958	-	184	184	-	-	-
Lactation	$99,921	-	232	232	-	-	-
Office	$638,048	-	1,306	1,306	-	-	-
On-Call Suite	$432,416	-	1,004	1,004	-	-	-
Public Toilet	$48,685	-	67	67	-	-	-
Public/Waiting/Lounge	$1,861,221	-	3,928	3,928	-	-	-
Staff Toilet	$167,843	-	318	318	-	-	-
Touchdown/Hoteling	$291,579	-	677	677	-	-	-
Workroom	$1,475,491	-	2,437	2,437	-	-	-
Storage	$733,388	-	1,632	1,632	-	-	-
Total Non-Reviewable	**$10,705,870**	**-**	**22,376**	**22,376**	**-**	**-**	**-**
Subtotal New Construction	**$27,638,736**		**54,150**	**54,150**			

OTHER PROJECT COSTS	
Pre-Planning Costs	$751,528
Site Survey and Soil Investigation	$35,267
Site Preparation	$0
Off Site Work	$0
Contingencies	$1,934,712
A/E Fees	$1,753,229
Consultant Fees	$1,978,543
Movable Equipment	$13,847,988
Bond Issuance Expense	$404,644
FMV Leased Space	$0
Other Capital Costs	$2,640,531
Subtotal Other Project Costs	**$23,346,443**

TOTAL PROJECT COSTS	$50,985,179

ATTACHMENT 9

Background of the Applicant

The following information was previously submitted in Project 16-044 (see letter at Attachment 1):

- Listing of all health care facilities owned or operated by the applicant, including IDPH licenses and certifications.

An updated letter certifying that there have been no adverse actions and authorizing access to information is included in this Attachment.

Ann & Robert H. Lurie
Children's Hospital of Chicago®

December 8, 2016

Ms. Kathryn J. Olson
Chairperson
Illinois Health Facilities and
Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Re: Criterion 1110.230 – No Adverse Action Certification and Access to Information

Dear Ms. Olson:

I hereby certify that no adverse action has been taken against Children's Hospital of Chicago Medical Center (the "Medical Center") or Ann & Robert H. Lurie Children's Hospital of Chicago ("Lurie Children's"), or any facility owned or operated by the Medical Center or Lurie Children's, directly or indirectly, within three (3) 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 the Health Facilities and Services Review Board and the Illinois Department of Public Health ("IDPH") to access any information which it finds necessary to verify any documentation or information submitted, including but not limited to: official records of IDPH or other State agencies and records of nationally recognized accreditation organizations. I further authorize the Board and IDPH to obtain any additional documentation or information which the Board or IDPH deems necessary to process the application.

If you have any questions, please contact Nanette Bufalino, Associate General Counsel, Ann & Robert H. Lurie Children's Hospital of Chicago at 312-227-7468 or nbufalino@luriechildrens.org.

Sincerely,

Patrick M. Magoon
President and Chief Executive Officer
Ann & Robert H. Lurie Children's Hospital of Chicago
225 E. Chicago Avenue, Box 261
Chicago, IL 60611

Subscribed and sworn to before me
this 8th day of December, 2016.

Signature of Notary Public

Seal

Official Seal
Annel Hilgen
Notary Public State of Illinois
My Commission Expires 02/19/2018

ATTACHMENT 11

PURPOSE OF THE PROJECT

1. The addition of 44 Intensive Care Unit (ICU) beds to the existing complement of 92 authorized ICU beds, and the addition of 4 Neonatal Intensive Care Unit (NICU) beds to the existing complement of 60 authorized NICU beds will improve access to the population in northeastern Illinois in the following ways:

   a) *Assure the availability of intensive care at the Ann & Robert H. Lurie Children's Hospital of Chicago (Lurie Children's).* ICU patient days have risen from 12,707 in calendar year 2009 to 25,342 in calendar year 2016. This 99.4% increase over the 7 years is an annual average increase of 14.2%. ICU bed occupancy in 2015 was 75.5%, exceeding the State ICU occupancy standard of 60%. Ongoing growth is expected to continue, due to the expansion of referral relationships with hospitals throughout the metropolitan area for specialized pediatric care.

   Over the past 6 years, transports of pediatric cases to Lurie Children's increased by 43%, from 3556 in Fiscal Year (FY) 2012 to 5084 in FY 2016. This is an average increase of 7.2% per year. This trend is also expected to continue. Approximately 20% of these transports are directly to the ICU.

   When Lurie Children's relocated in June 2012 from Lincoln Park to the Streeterville area of Chicago, the new facility had an authorized capacity of 72 ICU beds. Increased patient volumes led to the conversion of 20 medical/surgical beds to 20 ICU beds in June, 2014, resulting in the current authorized ICU bed count of 92 ICU beds. The trends are evidence of the fact that physicians and hospitals in northeast Illinois increasingly refer to Lurie Children's as a regional resource for tertiary and quaternary pediatric inpatient care. The addition of 44 ICU beds and 4 NICU beds will assure the availability of pediatric intensive care services to meet the ongoing increase in referrals.

   b) *Assure the availability of neonatal intensive care at Lurie Children's.* Similar to the experience with intensive care, demand for NICU services at Lurie Children's has increased, from 15,070 patient days in calendar year 2009 to 18,338 in calendar year 2015. This 22% increase of 3268 patient days from year 2009 is an average annual increase of 3.6%. For the four years since 2011, the increase was 4011 patients, an average annual increase of 7.0%. Occupancy of the existing 60 NICU beds in year 2015 was 83.7%, exceeding the State standard of 75%. The addition of 4 NICU beds will help accommodate the increasing demand for neonatal services.

   Pressures on ICU and NICU bed capacity are driven by the role that Lurie Children's plays in the regional health care delivery system. Lurie Children's provides more pediatric patient care than any other hospital in Illinois in nearly every pediatric and surgical specialty. Its emergency room is a Level 1 trauma center, with more than 80,000 patient visits in 2015. Lurie Children's Level III Neonatal Nursery serves as a regional referral center for the State of Illinois' Perinatal network. This nursery has cared for more than twice the number of children with life-threatening conditions than any other pediatric hospital in Illinois. The hospital's ability to treat the most critically ill infants is demonstrated by the fact that in FY 2015, 53% of all transports into its neonatal intensive care unit were from other Level III nurseries in the Chicago metropolitan area.

During FY 2016, 112 requests for transports were denied due to lack of bed availability at times of peak census. 51% of these denials were due to lack of ICU bed availability; 24% were related to lack of NICU beds. The increasing annual average daily censuses in ICU and NICU are projected to continue, resulting in increased denials of requests for patient transport. This condition is not acceptable for providers and their patients in the region who need access for specialized care not available at other community hospitals and regional pediatric centers.

There are several factors that have contributed to the growth in referrals to Lurie Children's over the past decade. Lurie Children's now serves as the pediatric referral center for 15 outreach partner hospitals, 7 of which were added in the last 5 years. Another factor is the growth of specialty clinical programs at Lurie Children's, such as hematology/oncology (25% increase in inpatient medical/surgical days from 2011 to 2015) and fetal health services. At the same time, 15 facilities in Hospital Planning Area A have reduced pediatric beds since 2013, with a total of 140 beds taken out of the market (excluding the 20 Lurie Children's converted to ICU in 2014); in 7 cases, the result was the discontinuation of all pediatric beds at those facilities. As a result, many of the patients that would have been seen at these hospitals are now transferred to Lurie Children's or other pediatric centers in the Chicago area. A more complete analysis of these factors is included in section 1110.530 (c) (4) Service Demand – Expansion of an Existing Category of Service.

2. For purposes of this project, the Planning Area is composed of the 7 county SMSA, the source of 89.2% of inpatients cared for at Ann & Robert H. Lurie Children's Hospital of Chicago. The remaining 10.8% come from Illinois outside the SMSA (6.0 %), other States (4.4%) and foreign countries (46 patients, or 0.4%)

   The table on the next pages shows patient origin data for the zip codes in the SMSA. Also included is a map of the 7 county area.

3. Issues that need to be addressed by the development and implementation of this project are:

   a. *Quality of care.* Sufficient bed capacity needs to be available for pediatric patients requiring specialized care. The increasing daily census at Lurie Children's ICUs and NICU have resulted in bed occupancy levels exceeding State standards, and some occurrences of requests for patient transport being denied due to lack of bed availability. Occurrences of denials are likely to increase as past increasing census trends continue over the next several years. Quality of care is impaired when patients do not have access to the specialized expertise required to treat their health care conditions.

   b. *Patient satisfaction*. Patients and their families expect that care will be available when referral for pediatric specialty and subspecialty inpatient services is required. Bed availability should not be a limiting factor when immediate treatment is necessary. Parents of patients express frustration when admission to the new Lurie Children's, which opened in mid-2012, is blocked due to lack of bed capacity.

4. Sources of Information:

   - IDPH Annual Hospital Questionnaires and Hospital Profiles, year 2009 – 2015.
   - Internal Lurie Children's medical records, for patient origin tables.
   - Population Projections: Illinois, Chicago and Illinois Cook Counties, by Age and Sex, July 1, 2010 to July 1, 2025 (2014 Edition), released by IDPH, Office of Health Informatics, Illinois Center for Health Statistics.
   - Claritas (population estimates by zip code).
   - Lurie Children's financial data and information, on revenues, charity care and Medicaid information.

5. The project will improve access for patients by providing additional bed capacity needed to accommodate patients requiring specialized and subspecialized pediatric inpatient care.

6. Goals/measures for the project:

   a. Increase ICU bed capacity to accommodate projected level of 32,300 inpatient patient days by year 2021, two years after project completion.

   b. Increase NICU bed capacity to accommodate expected level of 19,660 inpatient days by year 2021, two years after project completion.

   c. Complete modernization of the 15th and 22nd floors to allow completion of the bed expansion project by January 31, 2019.

Inpatient Admissions Patient Origin, study, FY2016 (through August 31, 2016)

Zip Code	Municipality	FY2016 Inpatient Admissions	% of Total	Cumulative %	2015 Pediatric Population
60639	Chicago	429	3.5%	3.5%	26,766
60618	Chicago	283	2.3%	5.7%	22,080
60647	Chicago	275	2.2%	7.9%	19,938
60651	Chicago	261	2.1%	10.0%	17,608
60625	Chicago	218	1.8%	11.8%	17,908
60632	Chicago	217	1.7%	13.5%	29,332
60641	Chicago	207	1.7%	15.2%	17,346
60629	Chicago	181	1.5%	16.7%	35,350
60645	Chicago	179	1.4%	18.1%	12,367
60634	Chicago	177	1.4%	19.5%	15,941
60623	Chicago	169	1.4%	20.9%	29,482
60626	Chicago	166	1.3%	22.2%	10,134
60614	Chicago	157	1.3%	23.5%	9,689
60085	Waukegan	153	1.2%	24.7%	20,987
60804	Cicero	150	1.2%	25.9%	27,586
60630	Chicago	139	1.1%	27.0%	11,742
60640	Chicago	134	1.1%	28.1%	10,141
60644	Chicago	124	1.0%	29.1%	12,466
60608	Chicago	121	1.0%	30.1%	18,780
60622	Chicago	120	1.0%	31.1%	9,623
60659	Chicago	119	1.0%	32.0%	9,216
60609	Chicago	113	0.9%	32.9%	19,672
60624	Chicago	109	0.9%	33.8%	10,552
60616	Chicago	108	0.9%	34.7%	8,254
60617	Chicago	103	0.8%	35.5%	21,278
60657	Chicago	100	0.8%	36.3%	8,132
60660	Chicago	98	0.8%	37.1%	6,355
60402	Berwyn	97	0.8%	37.9%	16,878
60707	Elmwood Park	88	0.7%	38.6%	9,374
60613	Chicago	80	0.6%	39.2%	6,631
60638	Chicago	80	0.6%	39.9%	12,969
60610	Chicago	77	0.6%	40.5%	4,091
60615	Chicago	77	0.6%	41.1%	7,996
60035	Highland Park	72	0.6%	41.7%	6,700
60201	Evanston	72	0.6%	42.3%	7,883
60505	Aurora	72	0.6%	42.8%	25,040
60612	Chicago	69	0.6%	43.4%	8,345
60202	Evanston	67	0.5%	43.9%	6,948
60506	Aurora	67	0.5%	44.5%	13,785
60073	Round Lake	65	0.5%	45.0%	18,245
60411	Chicago Heights	65	0.5%	45.5%	16,149
60074	Palatine	62	0.5%	46.0%	10,051
60099	Zion	62	0.5%	46.5%	8,558
60620	Chicago	62	0.5%	47.0%	16,331
60653	Chicago	59	0.5%	47.5%	7,975
60076	Skokie	58	0.5%	48.0%	7,008

Inpatient Admissions Patient Origin, study, FY2016 (through August 31, 2016)

Zip Code	Municipality	FY2016 Inpatient Admissions	% of Total	Cumulative %	2015 Pediatric Population
60628	Chicago	58	0.5%	48.4%	16,919
60586	Plainfield	57	0.5%	48.9%	15,158
60440	Bolingbrook	55	0.4%	49.3%	13,539
60004	Arlington Heights	53	0.4%	49.8%	10,643
60636	Chicago	53	0.4%	50.2%	10,692
60087	Waukegan	52	0.4%	50.6%	7,441
60302	Oak Park	52	0.4%	51.0%	7,009
60090	Wheeling	51	0.4%	51.4%	8,784
60611	Chicago	51	0.4%	51.8%	2,286
60564	Naperville	50	0.4%	52.2%	12,167
60649	Chicago	50	0.4%	52.6%	10,222
60056	Mount Prospect	49	0.4%	53.0%	12,268
60435	Joliet	48	0.4%	53.4%	11,888
60077	Skokie	47	0.4%	53.8%	5,198
60091	Wilmette	47	0.4%	54.2%	6,870
60181	Villa Park	47	0.4%	54.6%	6,509
60025	Glenview	46	0.4%	54.9%	9,002
60067	Palatine	46	0.4%	55.3%	8,062
60101	Addison	46	0.4%	55.7%	9,931
60137	Glen Ellyn	46	0.4%	56.0%	9,440
60646	Chicago	46	0.4%	56.4%	5,964
60030	Grayslake	45	0.4%	56.8%	9,485
60123	Elgin	44	0.4%	57.1%	12,042
60126	Elmhurst	44	0.4%	57.5%	11,434
60631	Chicago	44	0.4%	57.8%	5,890
60169	Hoffman Estates	43	0.3%	58.2%	7,580
60441	Lockport	43	0.3%	58.5%	8,661
60619	Chicago	42	0.3%	58.9%	13,244
60045	Lake Forest	41	0.3%	59.2%	4,133
60048	Libertyville	41	0.3%	59.5%	6,717
60005	Arlington Heights	40	0.3%	59.8%	6,535
60103	Bartlett	40	0.3%	60.2%	10,850
60637	Chicago	40	0.3%	60.5%	11,871
60642	Chicago	40	0.3%	60.8%	3,070
60185	West Chicago	39	0.3%	61.1%	10,827
60607	Chicago	38	0.3%	61.4%	3,455
60014	Crystal Lake	37	0.3%	61.7%	11,440
60188	Carol Stream	37	0.3%	62.0%	10,146
60643	Chicago	36	0.3%	62.3%	10,696
60046	Lake Villa	35	0.3%	62.6%	8,958
60139	Glendale Heights	35	0.3%	62.9%	9,108
60540	Naperville	35	0.3%	63.2%	9,986
60031	Gurnee	34	0.3%	63.4%	9,539
60148	Lombard	34	0.3%	63.7%	11,058
60187	Wheaton	34	0.3%	64.0%	6,768
60107	Streamwood	33	0.3%	64.3%	10,430

Attachment 12

Inpatient Admissions Patient Origin, study, FY2016 (through August 31, 2016)

Zip Code	Municipality	FY2016 Inpatient Admissions	% of Total	Cumulative %	2015 Pediatric Population
60189	Wheaton	33	0.3%	64.5%	6,376
60010	Barrington	32	0.3%	64.8%	9,793
60015	Deerfield	32	0.3%	65.0%	6,247
60193	Schaumburg	32	0.3%	65.3%	8,184
60423	Frankfort	32	0.3%	65.5%	7,699
60467	Orland Park	32	0.3%	65.8%	5,507
60521	Hinsdale	32	0.3%	66.1%	5,048
60605	Chicago	32	0.3%	66.3%	3,322
60044	Lake Bluff	31	0.2%	66.6%	1,828
60093	Winnetka	31	0.2%	66.8%	5,066
60453	Oak Lawn	31	0.2%	67.1%	11,917
60462	Orland Park	31	0.2%	67.3%	7,475
60477	Tinley Park	31	0.2%	67.6%	8,033
60510	Batavia	31	0.2%	67.8%	6,774
60062	Northbrook	30	0.2%	68.1%	7,891
60120	Elgin	30	0.2%	68.3%	15,406
60515	Downers Grove	30	0.2%	68.5%	6,117
60652	Chicago	30	0.2%	68.8%	10,847
60110	Carpentersville	29	0.2%	69.0%	12,580
60432	Joliet	29	0.2%	69.2%	6,390
60504	Aurora	29	0.2%	69.5%	12,238
60002	Antioch	28	0.2%	69.7%	6,078
60064	North Chicago	28	0.2%	69.9%	4,547
60177	South Elgin	28	0.2%	70.2%	6,452
60466	Park Forest	28	0.2%	70.4%	5,065
60654	Chicago	28	0.2%	70.6%	1,678
60047	Lake Zurich	27	0.2%	70.8%	9,664
60089	Buffalo Grove	27	0.2%	71.0%	8,074
60621	Chicago	27	0.2%	71.3%	9,671
60016	Des Plaines	26	0.2%	71.5%	12,147
60050	Mchenry	26	0.2%	71.7%	7,177
60304	Oak Park	26	0.2%	71.9%	4,486
60446	Romeoville	26	0.2%	72.1%	11,343
60061	Vernon Hills	25	0.2%	72.3%	6,427
60108	Bloomingdale	25	0.2%	72.5%	4,439
60130	Forest Park	25	0.2%	72.7%	2,533
60160	Melrose Park	25	0.2%	72.9%	7,764
60448	Mokena	25	0.2%	73.1%	5,555
60563	Naperville	25	0.2%	73.3%	8,793
60565	Naperville	25	0.2%	73.5%	9,454
60656	Chicago	25	0.2%	73.7%	5,962
60068	Park Ridge	24	0.2%	73.9%	8,145
60102	Algonquin	24	0.2%	74.1%	7,716
60164	Melrose Park	24	0.2%	74.3%	5,335
60428	Markham	24	0.2%	74.5%	3,286
60436	Joliet	24	0.2%	74.7%	4,500

Inpatient Admissions Patient Origin, study, FY2016 (through August 31, 2016)

Zip Code	Municipality	FY2016 Inpatient Admissions	% of Total	Cumulative %	2015 Pediatric Population
60473	South Holland	24	0.2%	74.9%	4,745
60007	Elk Grove Village	23	0.2%	75.0%	6,155
60053	Morton Grove	23	0.2%	75.2%	4,316
60104	Bellwood	23	0.2%	75.4%	4,491
60491	Homer Glen	23	0.2%	75.6%	4,989
60525	La Grange	23	0.2%	75.8%	7,090
60527	Willowbrook	23	0.2%	76.0%	5,651
60706	Harwood Heights	23	0.2%	76.2%	3,585
60060	Mundelein	21	0.2%	76.3%	9,183
60084	Wauconda	21	0.2%	76.5%	4,316
60106	Bensenville	21	0.2%	76.7%	4,876
60133	Hanover Park	21	0.2%	76.8%	10,117
60134	Geneva	21	0.2%	77.0%	7,816
60153	Maywood	21	0.2%	77.2%	6,204
60516	Downers Grove	21	0.2%	77.3%	5,873
60543	Oswego	21	0.2%	77.5%	11,299
60544	Plainfield	21	0.2%	77.7%	7,434
60070	Prospect Heights	20	0.2%	77.8%	3,400
60119	Elburn	20	0.2%	78.0%	2,790
60136	Gilberts	20	0.2%	78.2%	2,237
60172	Roselle	20	0.2%	78.3%	5,197
60459	Burbank	20	0.2%	78.5%	6,791
60517	Woodridge	20	0.2%	78.6%	7,477
60661	Chicago	20	0.2%	78.8%	843
60008	Rolling Meadows	19	0.2%	79.0%	5,360
60175	Saint Charles	19	0.2%	79.1%	6,515
60445	Midlothian	19	0.2%	79.3%	5,632
60451	New Lenox	19	0.2%	79.4%	8,653
60559	Westmont	19	0.2%	79.6%	5,627
60013	Cary	18	0.1%	79.7%	6,540
60142	Huntley	18	0.1%	79.9%	6,296
60165	Stone Park	18	0.1%	80.0%	1,700
60173	Schaumburg	18	0.1%	80.1%	2,603
60176	Schiller Park	18	0.1%	80.3%	2,566
60406	Blue Island	18	0.1%	80.4%	7,452
60431	Joliet	18	0.1%	80.6%	6,203
60538	Montgomery	18	0.1%	80.7%	7,807
60601	Chicago	18	0.1%	80.9%	1,124
60426	Harvey	17	0.1%	81.0%	8,189
60433	Joliet	17	0.1%	81.1%	4,324
60438	Lansing	17	0.1%	81.3%	6,628
60447	Minooka	17	0.1%	81.4%	-
60156	Lake In The Hills	16	0.1%	81.5%	8,494
60171	River Grove	16	0.1%	81.7%	2,095
60305	River Forest	16	0.1%	81.8%	2,462
60409	Calumet City	16	0.1%	81.9%	9,192

Attachment 12

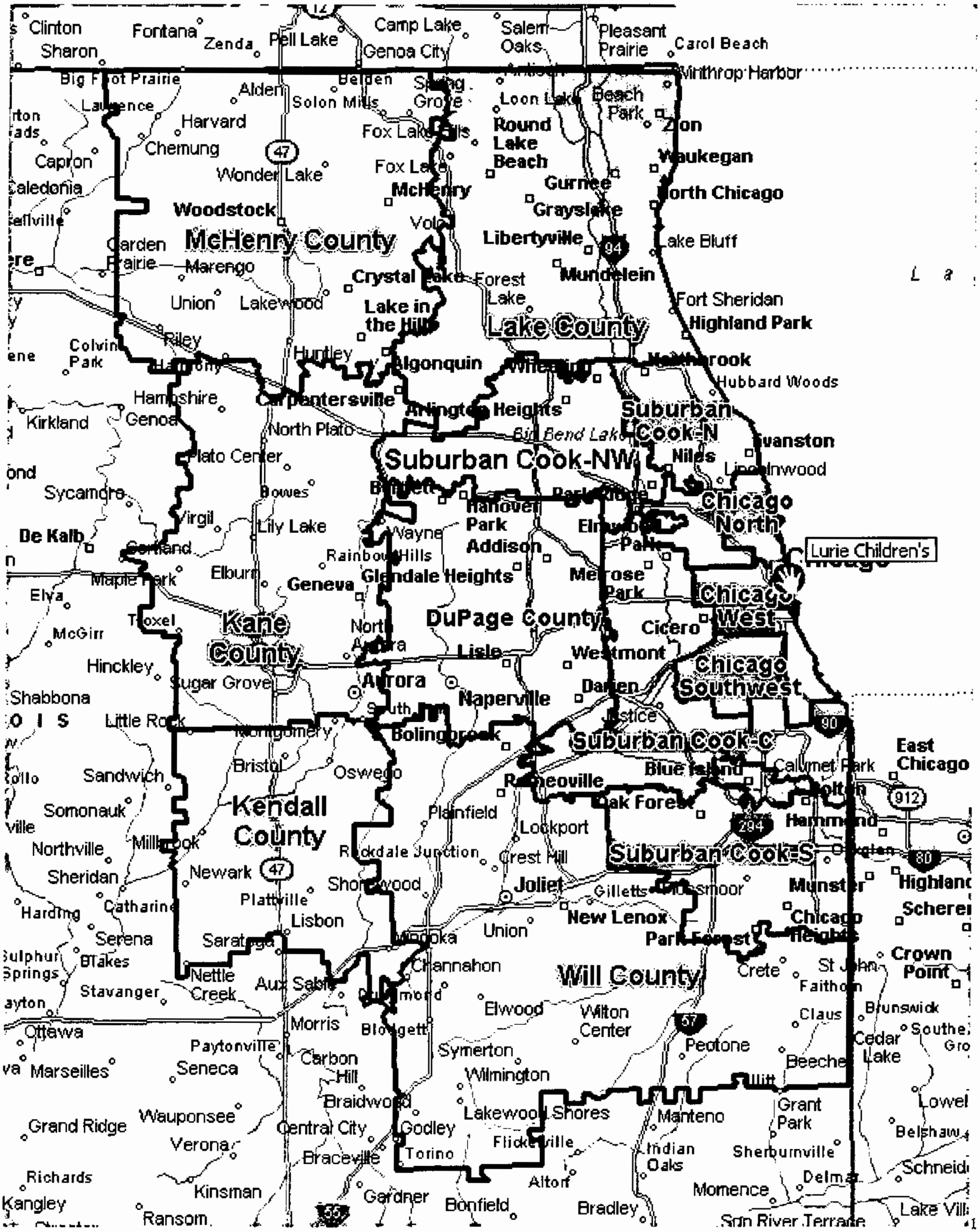
Inpatient Admissions Patient Origin, study, FY2016 (through August 31, 2016)

Zip Code	Municipality	FY2016 Inpatient Admissions	% of Total	Cumulative %	2015 Pediatric Population
60419	Dolton	16	0.1%	82.1%	5,350
60429	Hazel Crest	16	0.1%	82.2%	3,662
60430	Homewood	16	0.1%	82.3%	4,213
60490	Bolingbrook	16	0.1%	82.5%	6,450
60018	Des Plaines	15	0.1%	82.6%	7,111
60022	Glencoe	15	0.1%	82.7%	2,199
60098	Woodstock	15	0.1%	82.8%	7,577
60118	Dundee	15	0.1%	82.9%	3,404
60478	Country Club Hills	15	0.1%	83.1%	3,891
60542	North Aurora	15	0.1%	83.2%	4,960
60546	Riverside	15	0.1%	83.3%	3,452
60655	Chicago	15	0.1%	83.4%	6,679
60051	Mchenry	14	0.1%	83.5%	5,476
60443	Matteson	14	0.1%	83.6%	5,005
60534	Lyons	14	0.1%	83.8%	2,600
60633	Chicago	14	0.1%	83.9%	3,147
60712	Lincolnwood	14	0.1%	84.0%	2,520
60714	Niles	14	0.1%	84.1%	4,948
60152	Marengo	13	0.1%	84.2%	2,794
60174	Saint Charles	13	0.1%	84.3%	6,528
60403	Crest Hill	13	0.1%	84.4%	3,905
60422	Flossmoor	13	0.1%	84.5%	1,940
60452	Oak Forest	13	0.1%	84.6%	6,204
60476	Thornton	13	0.1%	84.7%	471
60487	Tinley Park	13	0.1%	84.8%	6,241
60532	Lisle	13	0.1%	84.9%	5,066
60560	Yorkville	13	0.1%	85.0%	6,917
60585	Plainfield	13	0.1%	85.1%	8,270
60449	Monee	12	0.1%	85.2%	2,199
60471	Richton Park	12	0.1%	85.3%	3,521
60558	Western Springs	12	0.1%	85.4%	3,531
60561	Darien	12	0.1%	85.5%	3,975
60124	Elgin	11	0.1%	85.6%	5,249
60439	Lemont	11	0.1%	85.7%	4,972
60442	Manhattan	11	0.1%	85.8%	2,699
60502	Aurora	11	0.1%	85.9%	6,513
60514	Clarendon Hills	11	0.1%	86.0%	2,712
60194	Schaumburg	10	0.1%	86.0%	4,339
60404	Shorewood	10	0.1%	86.1%	4,824
60415	Chicago Ridge	10	0.1%	86.2%	3,467
60465	Palos Hills	10	0.1%	86.3%	3,274
60481	Wilmington	10	0.1%	86.4%	2,173
60526	La Grange Park	10	0.1%	86.4%	3,265
60555	Warrenville	10	0.1%	86.5%	3,168
Total SMSA Zips with <10 Admissions		**332**	2.7%	89.2%	
Total SMSA		**11,086**	89.2%	89.2%	1,998,938

Inpatient Admissions Patient Origin, study, FY2016 (through August 31, 2016)

Zip Code	Municipality	FY2016 Inpatient Admissions	% of Total	Cumulative %	2015 Pediatric Population
Other Illinois Counties w/10+ Admissions					
	Winnebago	138	1.1%	90.3%	
	De Kalb	86	0.7%	91.0%	
	Kankakee	81	0.7%	91.7%	
	Grundy	47	0.4%	92.0%	
	La Salle	43	0.3%	92.4%	
	Mclean	42	0.3%	92.7%	
	Lee	37	0.3%	93.0%	
	Champaign	31	0.2%	93.3%	
	Boone	26	0.2%	93.5%	
	Iroquois	23	0.2%	93.7%	
	Stephenson	21	0.2%	93.8%	
	Whiteside	18	0.1%	94.0%	
	Rock Island	16	0.1%	94.1%	
	Ogle	15	0.1%	94.2%	
	Bureau	13	0.1%	94.3%	
	Peoria	13	0.1%	94.4%	
	Livingston	12	0.1%	94.5%	
	Tazewell	12	0.1%	94.6%	
Other Illinois Counties with <10 Admissions		73	0.6%	95.2%	
Total Other Illinois Counties		**747**	6.0%	**95.2%**	
Total Indiana Admissions		341	2.7%	98.0%	
Total Wisconsin Admissions		45	0.4%	98.3%	
Total Admissions from Other US States		163	1.3%	99.6%	
Total International Admissions		46	0.4%	100.0%	
Total Admissions		**12,428**			

Planning Area



PROJECT ALTERNATIVES

Purpose: Accommodate a projected 5.5% average annual growth in ICU days from 25,342 in Year 2016 to 32,300 days in Year 2021, and a projected 1.2% annual average growth in NICU patient days over the same period of time. A significant amount of this growth is associated with partner hospital network development.

Proposed Project:

ICU: Expansion of ICU beds by 44 beds from current 92 to 136.
(addition of 44 beds on 22nd floor)

NICU: Expansion of NICU beds by 4 from current 60 to 64.
(addition of 4 beds on the 15th floor)

Alternatives that were considered and rejected:

Alternative 1: Expand the ICU by 66 beds. Add 44 ICU beds on 22nd floor and 4 NICU beds on the 15th floor, as requested in the proposed project. Construct an additional 22 ICU beds on 17th floor.

This alternative was considered to be the preferred option until late November. The 66 bed ICU expansion would respond to the demand reflected in the 99.4% experienced growth in ICU patient days from 2009 through 2016. (A 14.2% annual average increase in ICU patient days for the 7 year period.) The addition of 66 ICU beds to the existing 92 ICU beds at Lurie Children's would result in an ICU bed complement of 158 beds. A projected annual average increase of 7.1% (half the annual average experienced increase for the past 7 years) through 2021 would result in an estimated 34,340 patient days in Year 2021, for an occupancy of 60% of the 158 beds. This level would meet the State occupancy standard.

The cost of this larger project was estimated at $68.5 million.

The project was rejected because the higher capital cost would be a challenge for Lurie Children's at this time, so soon after the opening of the new hospital in June, 2012. The decision not to proceed with the 22 beds on the 17th floor also eliminates disruption to patient care on the 16th and 18th floors due to noise and facility system impacts related to construction on the 17th floor.

Alternative 2: As part of the 44 ICU beds on 22nd floor and the 4 NICU beds on the 15th floor, construct one or two rooms for biocontainment.

This alternative anticipates that Lurie Children's Hospital may be called upon as a significant midwest regional health care center to be part of a national response to biological threats such as Ebola and Zika. Chicago's O'Hare could likely receive patients from throughout North America. As a result, some specialized treatment rooms would be required to care for such patients.

The additive cost of constructing two bio-containment rooms is estimated at $4 million.

This alternative was rejected because more planning needs to be done to determine the optimal number, type and location of the biocontainment rooms.

Alternative 3: Build 44 ICU beds on 22nd floor and 4 NICU beds on the 15th floor. Convert an existing 24 bed med/surg unit on another floor to 22 ICU beds, resulting in an addition of 68 ICU beds (44 constructed, 24 converted from med/surg).

The capital cost of this alternative is estimated at $63 million.

To meet the growing need for ICU capacity, 20 med/surg beds were converted to 20 ICU beds at Lurie Children's hospital in Year 2014. This conversion reduced med/surg beds from 144 to 124, and increased ICU beds from 72 to 92. In part, this conversion was a response to the increased transports to Lurie Children's ICUs after the new hospital opened in June, 2012.

This alternative was rejected because converting a 24 bed med/surg unit would reduce med/surg bed complement from 124 to 100. That would be insufficient med/surg bed capacity. Inpatient med/surg patient days including observation cases totaled 31,236 patient days in Year 2015. For 100 med/surg beds, this would be an occupancy level of 86%. Peak census exceeds 100 beds regularly throughout the year, and reached 124 patients this year. 100 med/surg beds would be insufficient capacity.

Alternative 4: Increase ICU beds by 54 and med/surg beds by 12 (a total of 66 beds) as well as the 4 bed increase in NICU beds.

There has been sentiment by some of the specialists at Lurie Children's that some of the med/surg bed complement should be restored, in anticipation of further transports related to hospital partner network development and potential demand for increased medical/surgical beds.

The capital cost of this option is estimated at $63 million.

This alternative was rejected because current med/surg Average Daily Census and recent year trends do not justify an increase in med/surg beds above the current 124. In addition, the 66 bed ICU expansion is considered a minimum scale for adding ICU bed capacity.

Alternative 5: Utilize capacity at area community hospitals with pediatric intensive care units.

Over the past 15 years Lurie Children's has contracted with area hospitals in the City and suburbs, locating Lurie Children's pediatric specialists to expand pediatric capability and expertise geographically. The goal is to build clinical capability throughout the area and keep patients in their communities. New telemedicine capabilities further enhance care in distributed settings.

At the same time, a number of hospitals are closing or reducing the size of their pediatric units. Since 2013, fifteen hospitals in the metropolitan area have reduced their general pediatric bed complement by a total of 140 beds.

Benefits of dispersing pediatric expertise appears to apply more to medical/surgical services, and not to pediatric intensive care. ICU services requiring pediatricians specializing in oncology and cardiac care especially are better concentrated in regional centers than dispersed throughout the metropolitan area.

Tertiary pediatric care at Lurie Children's is enhanced by proximity to Prentice Women's Hospital and collaboration with our neonatologists there; concentration of expertise and development of close working relationships is enhanced by collaboration in specialized clinical areas.

This alternative was rejected because pediatric units at hospitals in the metropolitan area are not able to handle complex pediatric intensive care patients with high acuity conditions. Even with greater pediatric capability at some hospitals in northern Illinois, transports to Lurie Children's are increasing. There were 3556 transports in FY 2010 and 5084 in FY 2015.

The cost of further developing pediatric intensive care capability at area hospitals was not developed because it is better to concentrate such investments at regional centers. Concentration, rather than dispersion of ICU resources, is needed to meet requirements for expanded pediatric ICU services in the region.

Alternative 6: Add 44 ICU beds, but do not increase the bed complement of the NICU.

Not building out 4 NICU beds on the 15th floor would reduce the capital cost of the preferred project by $4.1 million, thereby reducing the total capital cost of the project from $51 million to $46.9 million.

This option was rejected because the utilization of the 60 bed NICU at Lurie Children's Hospital was 83.9% in 2014 and 83.7% in 2015, compared to the State standard of 75% for NICU occupancy. As a regional specialty pediatric hospital and part of a regional perinatal center, Lurie Children's must plan to accommodate annually increasing transports from community hospitals in the region.

Alternative 7: Add 44 ICU beds and 22 NICU beds.

Continued growth of the NICU at the historic 3.6% annual average growth for the past 6 years would result in a projected 22,300 patient days in Year 2021. This volume would yield an average daily census of 61 patients. At the standard occupancy rate of 75%, 82 NICU beds would be required, an addition of 22 above the current authorized 60 NICU beds.

Construction of an additional 22 NICU beds would require a capital expenditure of $15 million, compared to the $4.1 million cost associated with the four NICU beds in the proposed project. The total cost of the 44 ICU bed expansion and 22 NICU bed expansion would be $61 million.

This alternative is not being pursued in this project due to space limitations on the 15th floor. Only 4 additional beds can be constructed. The availability of NICU beds at the adjacent Prentice Women's Hospital allows the option of accommodating babies in the Prentice NICU during periods of high census. It is probable that additional NICU capacity will be needed in future years.

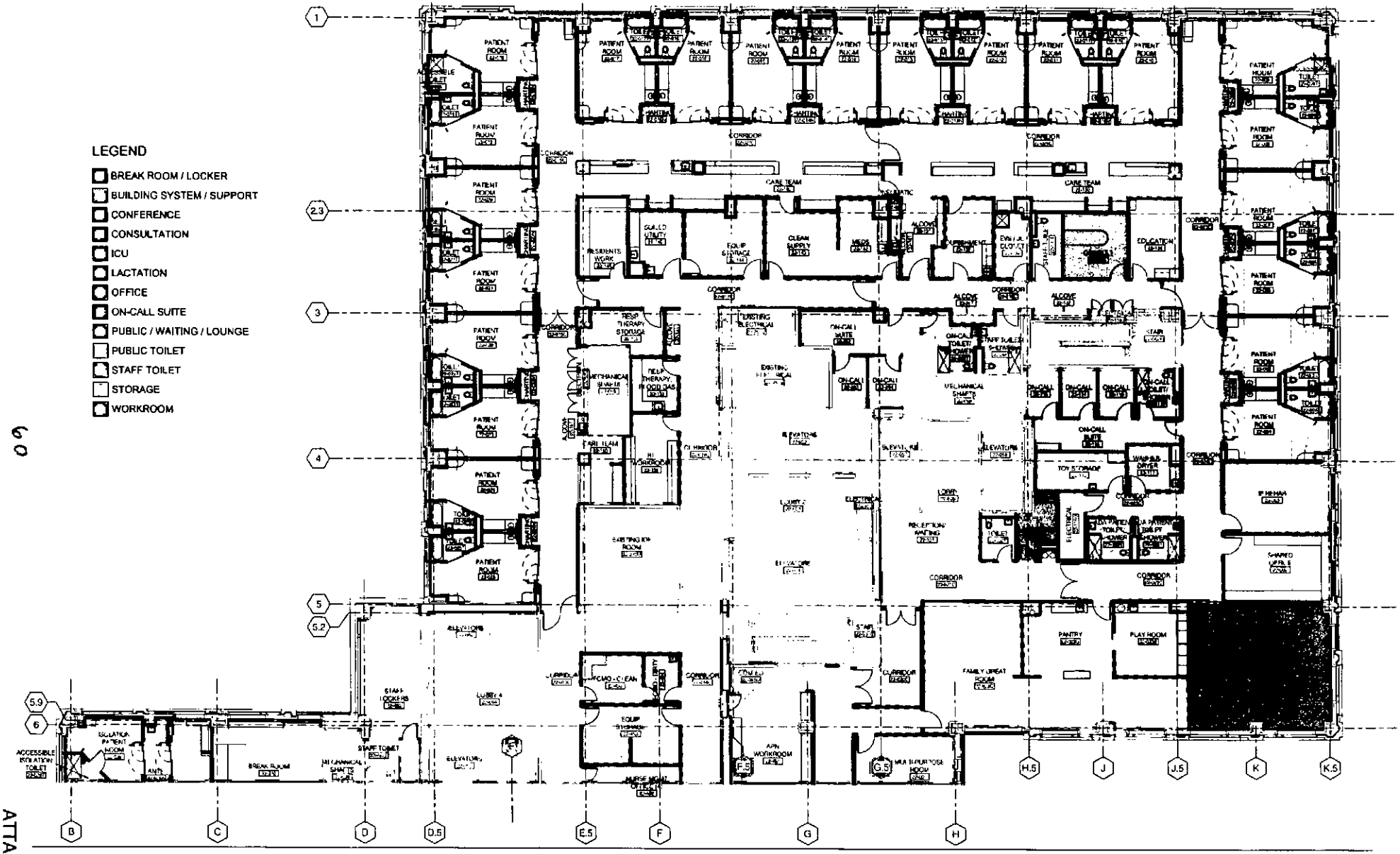
1110.234 Project Scope, Utilization and Unfinished/Shelled Space

SIZE OF THE PROJECT

The project is the construction of 44 ICU beds on the 22nd floor and 4 NICU beds on the 15th floor of the existing Ann & Robert H. Lurie Children's Hospital of Chicago. Total square foot of the project is 54,150 sq ft. Of the 54,150 sq ft, 31,774 dgsf is clinical; 22,376 dgsf is non-clinical.

Clinical space includes the ICU and neonatal bed rooms, physician and nurse work stations and work space, clean supply, medication storage, exam rooms and support functions. The floor plans on the next pages show the distribution of space. The first two pages show the north and south sections of the 22nd floors, with ICU bed rooms in blue color. The third page shows the 15th floor, with NICU rooms in orange.

Function	Proposed dgsf	State standard	Difference	Met standard?
ICU	30,077	685 dgsf per bed X 44 beds = 30,140 dgsf	63 dgsf	Yes
NICU	1,697	568 dgsf per bed X 4 beds = 2,272 dgsf	575 dgsf	Yes
Total clinical dgsf	31,774			



Stantec

ANN & ROBERT H. LURIE CHILDREN'S HOSPITAL OF CHICAGO
INPATIENT EXPANSION
225 E. CHICAGO AVE. | CHICAGO, IL 60611
PROJECT NUMBER 222781146

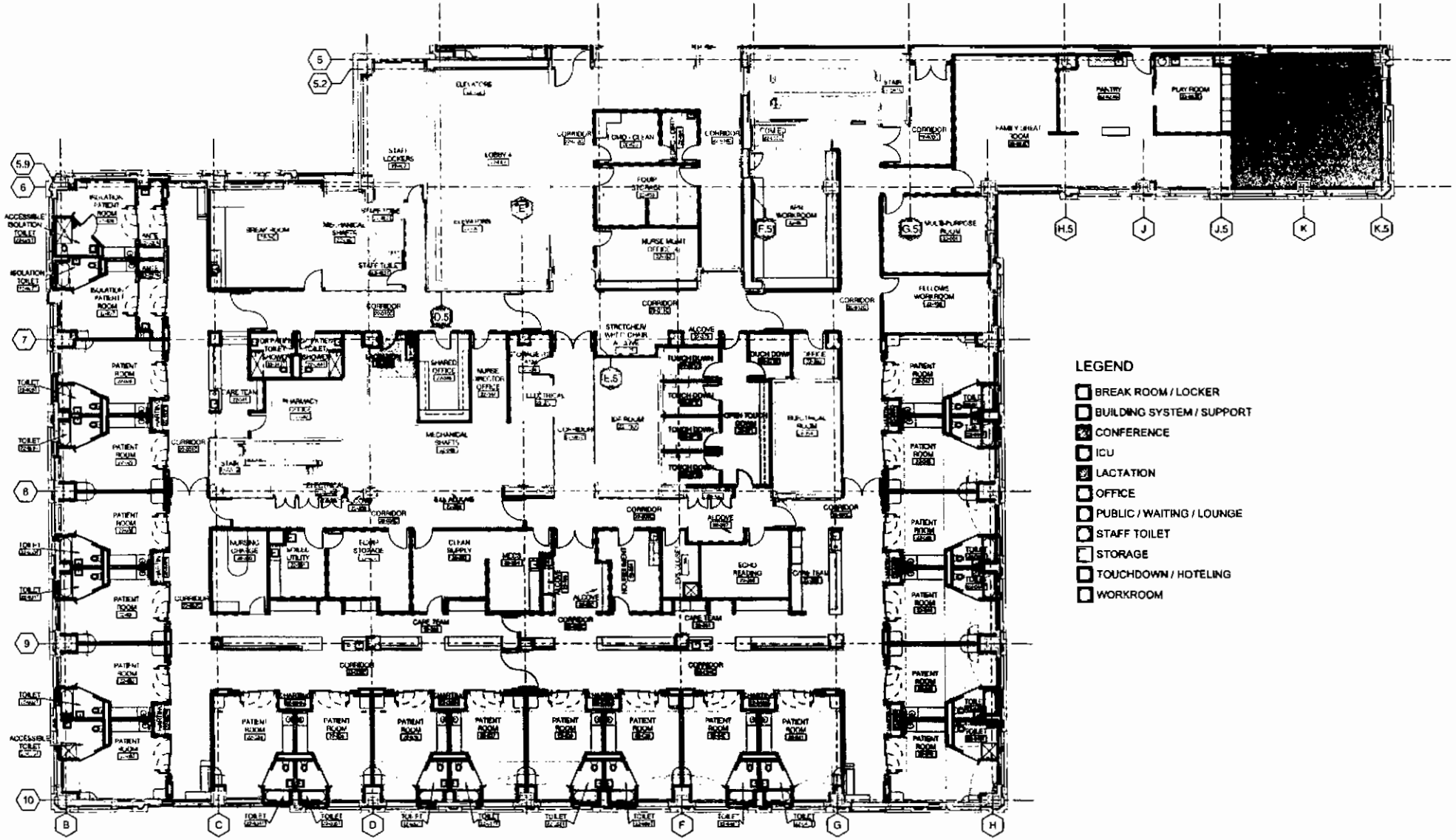
22ND FLOOR - NORTH

11/30/16

22-A

60

ATTACHMENT 14



61

ATTACHMENT 14

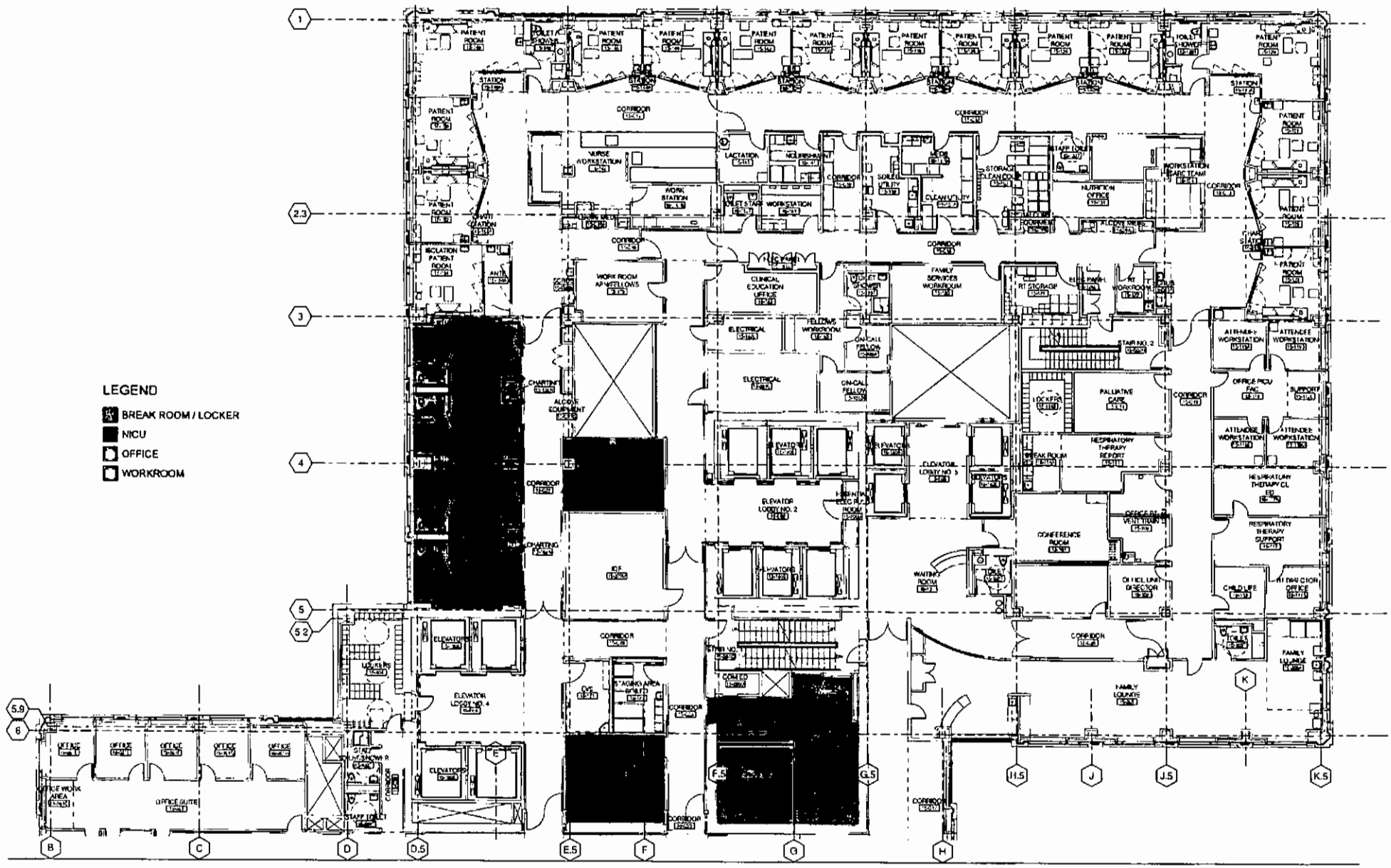
Stantec

ANN & ROBERT H. LURIE CHILDREN'S HOSPITAL OF CHICAGO
INPATIENT EXPANSION
225 E. CHICAGO AVE. | CHICAGO, IL 60611
PROJECT NUMBER: 222781145

22ND FLOOR - SOUTH

11/30/16

22-B



Stantec

ANN & ROBERT H. LURIE CHILDREN'S HOSPITAL OF CHICAGO
INPATIENT EXPANSION
225 E. CHICAGO AVE. | CHICAGO, IL 60611
PROJECT NUMBER: 222701145

15TH FLOOR - NORTH

11/30/16

15-A

62

ATTACHMENT 14

1110.234 Project Scope, Utilization and Unfinished/Shelled Space

PROJECT SERVICES UTILIZATION

The request to expand ICU bed capacity by 44 beds, from the current authorized bed complement of 92 to 136, and to expand NICU bed capacity from 60 to 64 is based on current utilization and historic growth over the past 7 years for ICU and 6 years for NICU.

For ICU, patient days increased from 12,707 in Year 2009 to 25,342 in 2016 (estimated). This increase of 12,635 patient days (99.4%) is an annual average increase of 14.2% (99.4% divided by 7 years). Projections for future years are based on a more conservative annual increase of 5.5%, to a year 2021 patient day projection of 32,300 ICU patient days.

For NICU, patient days increased from 15,070 in Year 2009 to 18,338 in 2015. (Estimated 2016 patient days are not yet available.) This increase of 3,268 patient days (21.7%) is an annual average increase of 3.6% over the 6 year period. Projections for future years are based on a very conservative annual increase of 1.2%, one third of the historic growth rate. This would yield a Year 2021 patient day projection of 19,660 NICU patient days.

ICU and NICU Patient Day Utilization and Projections

Year	Intensive Care Unit					Neonatal Intensive Care Unit				
	Historic Utilization	Projected Utilization	Occupancy (%)	Standard		Historic Utilization	Projected Utilization	Occupancy (%)	Standard	
2009	12,707		58.0	60%		15,070		68.8	75%	
2010	14,434		65.9	60%		14,782		67.5	75%	
2011	13,576		62.0	60%		14,327		65.4	75%	
2012	17,649		67.0	60%		15,154		69.2	75%	
2013	16,923		64.4	60%		16,773		76.6	75%	
2014	20,565		61.2	60%		18,372		83.9	75%	
2015	22,785		67.8	60%		18,338		83.7	75%	
2016	25,342		75.5	60%						
2016							18,560	84.7	75%	
2017		26,730	79.6	60%			18,780	85.8	75%	
2018		28,120	83.7	60%			19,000	86.8	75%	
2019		29,510	87.9	60%			19,220	87.8	75%	
2020		30,900	62.2	60%	Yes		19,440	83.2	75%	Yes
2021		32,300	65.1	60%	Yes		19,660	84.2	75%	Yes

Source of historic patient days: Annual Hospital Questionnaires

ICU beds complement:
- 2009 through 2011: 60
- 2012 and 2013: 72
- 2014 through 2019: 92
- 2020 and 2021: 136

NICU bed complement:
- 2009 through 2019: 60
- 2020 and 2021: 64

ATTACHMENT 15

The table shows that ICU and NICU utilization levels are and will remain above State occupancy standards in 2021, two years after project completion.

1110.530 (b) (1) and (b) (3)

The following information on Background of the Applicant was submitted in Project 16-044, Lurie Children's Outpatient Services and Surgical Center (see letter at Attachment 1). References below are to the relevant attachments included in the Project 16-044 application:

Identification of the Applicant:

Ann & Robert H. Lurie Children's Hospital of Chicago
Children's Hospital of Chicago Medical Center

Certificates of Good Standing (Attachment 1)

Organization Chart (Attachment 4)

Listing of all health care facilities owned or operated by the applicant (Attachment 11)

IDPH Licenses (Attachment 11)

1110.530 (c) (2) Planning Area Need – Service to Planning Area Residents

Ann & Robert H. Lurie Children's Hospital of Chicago identifies the 7 county metropolitan area as its primary service area, and the Planning Area for this project. The Planning Area is the source of 89.2% of its inpatient admissions, as referenced in the Purpose of the Project section of this permit application. That section includes the table showing patient origin of all admissions by zip codes in the Planning Area for Fiscal Year ending August 31, 2016. ICU and NICU patient admissions are slightly more concentrated than all inpatient admissions. As a result, more than 89.2% of ICU and NICU admissions (and therefore more than 50% of the projected planned patient volumes for the expanded ICU and NICU services) are from within the Planning Area.

1110.530 (c) (4) Service Demand – Expansion of an Existing Category of Service

A. Historical Service Demand – Pediatric Intensive Care Unit

ICU patient days at the Ann & Robert H. Lurie Children's Hospital of Chicago (Lurie Children's) have experienced dramatic growth in recent years, from 12,707 days in calendar year 2009 to 22,785 days in calendar year 2015 (source: Annual Hospital Questionnaire) and 25,342 patient days in year 2016. This 12,635 patient day increase is a 99.4% increase during the 7 year period, or an average annual increase of 14.2% per year. Historic annual volumes are as follows:

Year	Intensive Care patient days	ICU beds
2016	25,342[1]	92
2015	22,785	92
2014	20,656	92
2013	16,923	72
2012	17,649	72
2011	13,576	60
2010	14,434	60
2009	12,707	60

The requested increase of 44 ICU beds will be the third increase of ICU bed capacity this decade. The ICU bed complement increased from 60 to 72 with the opening of the new Ann & Robert H. Lurie Children's Hospital of Chicago in June, 2012. Rapid increases in ICU utilization in 2012 at Lurie Children's led to the decision to convert 20 medical/surgical beds to 20 ICU beds in 2014, as reported in the State hospital bed inventory. The addition of 44 beds with this project recognizes that short term incremental increases in ICU bed complement are not sufficient to address the ongoing growth in ICU capacity needed by Lurie Children's to serve pediatric needs in the region. The project will increase the existing 92 bed ICU to 136 beds.

The following table shows the projected increase in ICU patient days from 2016 through 2021 (2 years after project completion in 2019). 32,300 ICU patent days are projected for year 2021. This is an increase of 6,958 patient days (27.4%) over year 2016. For the 5 year period from 2016 through 2021,

[1] Calendar year 2016 patient days are based on 18,725 actual patient days for the 9 months through September. Annualized, this 9 months experience is expected to result in a year 2016 volume of 25,342 days. (Average patient days for the first 9 months in 2016 is 2081, with an increasing monthly trend throughout the year; 6617 patient days are projected for the three months of October through December, 2016; 18,725 + 6617 = 25,342 days)

this increase of 6,958 patient days is an average annual increase of approximately 5.5%, an increase of about 1,390 patients per year. The 5.5% increase is more conservative than the historic experienced annual average increase of 14.2%.

Year	Projected ICU Patient Days	ICU beds
2017	26,730	92
2018	28,120	92
2019	29,510	92/136
2020	30,900	136
2021	32,300	136

The factors that support the projected continued increase in ICU bed utilization at Lurie Children's are the same as those at play over the past decade. They include: expansion of affiliations with outreach partner hospitals, growth of Lurie Children's outpatient service facilities in the suburbs, growth in specialty clinical programs at Lurie Children's, and the applications of basic science and clinical research to pediatric clinical care.

Lurie Children's now has relationships with 15 outreach partner hospitals:

- Prentice Women's Hospital
- Northwest Community Hospital
- Silver Cross Hospital
- Adventist Hospital
- Northwestern Lake Forest Hospital
- Swedish Covenant Hospital
- West Suburban Hospital
- Central DuPage Hospital
- LaRabida Children's Hospital
- Delnor Hospital
- Norwegian American Hospital
- Presence Mercy Medical Center – Aurora
- Westlake Hospital
- Mercy Hospital & Medical Center of Chicago
- Centegra Health System

The last 7 in the list have been added in the past 5 years. These partner hospital relationships involve a collaborative effort between Lurie Children's and Lurie Children's employed physicians covering one or more of the following services at partner hospitals: neonatal intensive care unit, labor and delivery, pediatrics units, pediatric intensive care unit, emergency department, maternal-fetal medicine, and pediatric imaging. The partnerships bring services including: 24/7 in-house hospitalists/pediatric intensivists, on-site/on-call neonatology, clinical education, pediatric emergency/urgent care, sedation sessions for medical imaging, reading/interpreting pediatric medical imaging studies, limited

subspecialty inpatient consults, outpatient subspecialty clinics, and maternal-fetal medicine. As these relationships expand, Lurie Children's becomes more valued as a center for the referral of specialized cases that cannot be cared for at community hospitals.

In part as a result of these relationships, transports of pediatric cases to Lurie Children's increased by 43% from FY 2012 to FY 2016, from 3556 to 5084 patients. This trend is expected to continue as existing relationships develop and new relationships are formed.

A second factor contributing to the growth in ICU services at Lurie Children's is the expansion of Lurie Children's outpatient facilities in the suburbs. These facilities serve an important role in making Lurie Children's affiliated physician expertise available to families who prefer locations close to their homes, or who may be reluctant to commit to drive to the downtown congested campus. Significant outpatient facilities are located in Westchester (ambulatory surgery center), Northbrook (medical office building) and the proposed ASTC in Northbrook. These facilities are designed to serve patients in their communities, but do create referral links to downtown for patients requiring specialty inpatient pediatric care.

A third factor behind the growth in ICU utilization is the growth of some of the specialized programs at Lurie Children's. This is especially true for hematology/oncology, which includes: (1) fertility preservation services for young female and male cancer patients, one of the few of its kind in the United States; (2) the Adolescent & Young Adult Program, which offers organized cancer care for teenagers and young adults, and includes peer interaction and an easier transition to adult care; (3) one of the country's only pediatric stem cell transplantation programs; and (4) the region's most complete array of services for children with blood disorders, including Hemoglobin, Hemophilia and Thrombophilia Disorders and Sickle Cell Disease. Medical/surgical patient days on the hematology/oncology service increased by 25% from 2011 to 2015, from 6324 to 7932 patient days. This brings an associated increase in related ICU cases.

Highlighted below are a few of the other 70 subspecialty focused areas in pediatrics offered at Lurie Children's programs, which are leading to increased utilization of ICU beds:

- Cardiology and Cardiovascular Surgery - The Regenstein Cardiac Care Unit offers programs from fetal cardiology to adult congenital heart disease. Lurie Children's is nationally and internationally renowned for the diagnosis and treatment of irregular heart rhythms and for helping pioneer the treatment of pediatric congenital heart disease through procedures like the Fontan conversion. The Society of Thoracic Surgeons (STS) rated Lurie Children's as a 3-Star hospital, the highest rating level awarded, in their Spring 2016 Harvest Report of the STS Congenital Cardiac Surgery Database. Extra-corporeal Membrane Oxygenation (ECMO), Ventricular Assist Device (VAD), and SynCardia are just a few examples of the highly technical approach that is taken to bridge a patient to cardiac transplantation.
- Pediatric Neurosurgery - The neurosurgeons on staff at Lurie Children's care for more children with disorders of the brain and spinal cord (central nervous system) than any other hospital in Illinois. The Spina Bifida Center is internationally known for its expertise in spina bifida. Lurie Children's was the first children's hospital in Illinois, and among the first in the country, to acquire the NICO Myriad, a minimally invasive surgical device that makes removal of brain and spine tumors easier and faster.

- Siragusa Transplantation Center - Lurie Children's performed its first transplant in 1964 and has since become one of only 11 children's hospitals nationwide to have performed more than 1,000 organ transplants. The Lurie Children's Siragusa Transplantation Center ranks among the top pediatric transplant centers in the country, not just in volume, but in patient survival rates. The center is home to five outstanding transplant programs for children of all ages and for young adults with childhood diseases: heart, intestinal, kidney, liver, and stem cell.

In collaboration with the Northwestern University (NU) Feinberg School of Medicine, Lurie Children's is advancing research that will continue to lead to improvement in clinical care. NU is now constructing the 600,000 sq ft 14 story Louis A. Simpson and Kimberly K. Querrey Biomedical Research Center on its downtown Chicago campus. Four floors of the building will house the Stanley Manne Children's Research Institute, an affiliate of Lurie Children's. Research emanating from this facility will help Lurie Children's meet its responsibilities to be a leader in the improvement of pediatric health care in Illinois and beyond.

The expansion of pediatric ICU beds at Lurie Children's is part of a change in pediatric health care delivery. The major centers are increasingly providing advanced specialty and subspecialty care in their facilities, while at the same time providing care at suburban locations through outreach partnerships. Another trend is the decline in the number of general pediatrics beds in Hospital Planning Area A. Community hospitals are reducing the size of or, at 7 facilities, eliminating their general inpatient pediatric beds altogether. There are fewer and fewer options in these communities for even routine inpatient hospital care.

According to Health Facilities & Services Review Board data, 15 facilities in Hospital Planning Area A have reduced pediatric beds since 2013, with a total of 140 beds have been taken out of the market (excluding the 20 beds Lurie Children's converted from Med/Surg to ICU in 2014); the major reductions are noted below:

- Vista Medical Center East (Waukegan) (reduced by 14 beds)
- Franciscan St. James Health (Chicago Heights) (discontinued all 10 beds)
- Loretto Hospital (Chicago) (discontinued all 10 beds)
- South Shore Hospital (Chicago) (discontinued all 6 beds)
- Skokie Hospital (Skokie) (discontinued both beds)
- Advocate Good Samaritan Hospital (Downers Grove) (reduced by 9 beds)
- Presence St. Francis Hospital (Evanston) (discontinued all 12 beds)
- Advocate Good Shepherd (Barrington) (reduced by 4 beds)
- Northwestern Lake Forest Hospital (Lake Forest) (discontinued all 10 beds)
- John Stroger Hospital of Cook County (Chicago) (discontinued 14 beds)
- Mercy Hospital & Medical Center (Chicago) (discontinued all 37 beds)
- St. Bernard Hospital (Chicago) (reduced by 6 beds)

Collectively, these factors support the expectation that referrals to Lurie Children's for ICU care is likely to continue to increase over the next five years and more, as they have over the past 6 years reported in this section.

B. Projected Referrals
C. Projected Service Demand – Based on Rapid Population Growth

The case for expansion of the existing ICU service is based upon historic and experienced patient volumes and actual growth trends. It is not possible to document commitments by Lurie Children's physicians to refer patients now going to other locations, since their past growth has not been due to a redirecting of patient volumes from other hospitals and medical centers.

Nor is the anticipated growth due to rapid population growth in the metropolitan area. Growth is based solely on trends that reflect a shifting of subspecialty tertiary and quaternary pediatric care from community hospitals to major medical centers specializing in pediatric care.

1110.530 (f) Staffing - ICU

This expansion allows for an additional 44 ICU beds to be located on the 22nd floor. This expansion will require additional staffing to meet patient care demands. All ICU beds provide 24/7/365 coverage of expert physician and nursing specialists. The following charts show current and future bed numbers, bed locations and staffing.

Floor / Unit	Current Number of Beds	Future Number of Beds
15 ICU	20	20
16 ICU	40	40
19 ICU	32	32
22 ICU	0	44

Specialty	Current State FTE/# of people	Future State FTE/# of people
Cardiac Intensive Care Physician	5.7	5.7
Critical Care Medicine Physician	1.0	1.0
Heart Failure/Transplant Physician	4.0	4.0
CICU Advanced Practice Providers	7.0	11.0
CV Surgery Physician Assistants	2.0	2.0
Heart Failure/Transplant APNs	4.0	4.0
CICU Fellows	2.0	2.0
Residents	2.0	2.0
Registered Nurse	75.62/94	94.52/117
Respiratory Therapist	8.4/9	12.6/14
Certified Nursing Assistant	8.7/14	10.5/16
Child Life Specialist	1.0/1	1.5/2
Social Worker	1.0/1	1.5/2
Case Manager	1.0/1	2.0/2
Unit Secretary	4.5/6	4.5/6

Physician Recruitment:

This is a rigorous process that is an integral part of the expansion planning. Working closely with Data Analytics, the need for additional beds and staffing by position was determined to accommodate increasing service demand. A thorough review of resources to support each medical staff/faculty appointment is completed, with the plan presented to the Pediatric Faculty Foundation, Inc., the Lurie Children's affiliate that employs these physician specialists. Lurie Children's academic partner, the Northwestern University Feinberg School of Medicine, applies strict guidelines to assure that academic integrity is included in the recruitment process. These positions are hospital-based, requiring all candidates to be board eligible or board certified and demonstrate academic productivity as well as

clinical excellence and productivity. The recruitment period lasts approximately 1-2 years to attract and retain the best clinicians. A national search has begun which includes verbal communication to individual candidates, advertising on the Pediatric Cardiac Intensive Care Society (PCICS) website, exhibiting and recruitment at relevant conferences, and mass emails to leading centers in North America.

Advanced Practice Nurse/Physician Assistant Recruitment:

The APN/PA Council at Lurie Children's includes a diverse group of specialties in which all areas have advanced practice representation. The expansion provides the opportunity to recruit additional Advanced Practice Nurses and Physician Assistants. In the ICU, these are specialty trained individuals with both acute care and primary care certification.

Lurie Children's Human Resources Department has a recruiter who focuses specifically on ICU APN recruitment. After the position approval process is completed, the average recruitment process is 3-4 months, credentialing and privileges are an average of 90-120 days, and orientation is 4-6 months. This timeframe allows for recruitment and training to take place 1 year prior to the opening of the additional ICU beds. The current RN staff working at Lurie Children's that will be finishing their Master's Degree work and intend to sit for the APN licensing board constitute a great pool of talent and recruitment opportunity.

Registered Nurse Recruitment:

In the last 12 months Lurie Children's Human resources department has received 1068 RN applications with specific interest in the ICU's. There were 425 applicants for the NICU, 379 applicants for the PICU, and 264 applicants for the CCU. In addition to these formal applications, there are RN candidates now working in the hospital in other positions. When they complete their RN training, they approach Directors personally for interviews for these units.

Available positions are posted on the hospital website, and are advertised in professional journals and at national organization meetings and conferences. Lurie Children's also has a nationally respected nurse internship program which provides a 6 month orientation process to best prepare the new graduate in stepping into the role of a Lurie Children's Critical Care Nurse. As the department prepares for the expansion, a staffing plan will be developed. Once needed positions are approved, recruitment, hiring, and training will take place to assure that the nurses are prepared to fully and competently care for the needs of these children and families immediately upon the completion of the bed expansion project.

Respiratory Therapy Recruitment:

Recruitment for skilled pediatric and neonatal respiratory care providers can be difficult. In addition to positions being posted on the hospital website, positions are posted and advertised in the professional journals/magazines and at national organization websites. The positions are advertised at the American Association for Respiratory Care (AARC) International Congress and Lurie Children's has a physical presence at state meetings to actively recruit. An affiliation with an academic institution to improve

recruitment has been established. As with the plans for nursing, a staffing plan will be developed, positions approved, recruitment, hiring, and training will take place to assure that the respiratory care providers are prepared to care for the needs of the children and families as soon as the beds are available for use.

1110.530 (g) Performance Requirements – Bed Capacity Minimum

This project is an expansion of an existing Category of Service. The existing ICU and its planned expansion exceed the minimum size requirement for an ICU service.

1110.530 (h) Assurances

The letter on the following page acknowledges the applicant's understanding that the project will meet and maintain the occupancy standards for the expanded ICU and NICU bed services.

Ann & Robert H. Lurie
Children's Hospital of Chicago

December 8, 2016

Ms. Courtney Avery
Administrator
Illinois Health Facilities
And Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Re: Criterion 1110.530(h) Assurances

Dear Ms. Avery:

It is my understanding that Ann & Robert H. Lurie Children's Hospital of Chicago ("Lurie Children's) will achieve and maintain occupancy standards of 60% utilization for its intensive care units and 75% utilization for its neonatal intensive care unit by 2021, the second year of operation after project completion.

If you have any questions, please contact Nanette Bufalino, Associate General Counsel, Ann & Robert H. Lurie Children's Hospital of Chicago, at 312-227-7468 or nbufalino@luriechildrens.org.

Sincerely,

Patrick M. Magoon
President and Chief Executive Officer
Ann & Robert H. Lurie Children's Hospital of Chicago
225 E. Chicago Avenue
Chicago, IL 60611

Subscribed and sworn to before me
this 8th day of December, 2016.

Signature of Notary Public

Seal

Official Seal
Annel Hilgen
Notary Public State of Illinois
My Commission Expires 02/19/2018

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1110.930 Neonatal Intensive Care – Review Criterion

(a) Staffing

The Division of Neonatology at Lurie Children's provides the highest level of care to the most critically ill newborns in the region. The Neonatal Intensive Care Unit (NICU) at Lurie Children's is a Level III facility, which is the highest designation in Illinois for the specialty. As one of the top programs in the State and the region, Lurie Children's received transfers from 47 hospitals last year, and consistently receives the most referrals in Illinois from other Level III NICU facilities.

The 60 licensed NICU beds will expand to a total of 64 licensed NICU beds. Infants in these beds have immediate onsite access to 70 pediatric medical and surgical subspecialists, which allows Lurie Children's to treat a patient's every need, no matter how complex. Each newborn has his or her own room, which offers an optimal environment for sleep and recovery. Research shows infants in single-patient rooms may experience fewer complications than infants in multi-bed wards.

Neonatologists currently operate a total of 44 of the 60 licensed NICU beds on the 14th floor. Pediatric Cardiac Intensivists provide medical direction over 16 of the 60 licensed NICU beds on the 15th floor for cardiac neonates where neonatologists also consult on all neonatal cardiac infants. With the addition of the beds included in the project, the neonatologists will provide medical direction over all 60 licensed NICU beds, including the 44 NICU beds on the 14th floor and the 16 beds on the 15th floor, as well as the newly added 4 licensed NICU beds that will be added to the 15th floor. The neonatology care team staffing requirements described below demonstrate the transition to primary neonatology coverage for neonatal patients in all 64 NICU beds (the 44 NICU beds they currently direct on the 14th floor, the 16 NICU beds on the 15th floor now under the medical direction of pediatric cardiac intensivists (with neonatologists and other specialists also providing care) and the 4 new NICU beds requested in this permit application).

The neonatology care team includes highly experienced neonatologists, neonatal nurse practitioners, neonatal nurses, developmental care specialists, respiratory therapists, nutritionists, social workers and child life specialists. The family-centered approach to care involves the whole family in a patient's treatment plan. The Family Services team helps support our patients and their families mentally, emotionally and spiritually.

A. Full-time Neonatal Director is Aaron Hamvas, MD, Division Head, Neonatology and Professor of Pediatrics – Neonatology, Northwestern University Feinberg School of Medicine. Dr. Hamvas is the Raymond & Hazel Speck Berry Professor in Neonatology

Dr. Hamvas' specialty is Neonatology. He has a special interest in rare and/or inherited lung disease in infants and children and his research interests are in genomics, neonatology, respiratory disease and pulmonary surfactants.

His team consists of 28 Board Certified Neonatologists, a total of 9 Neonatology Fellows (3 First Year, 3 Second Year, and 3 Third Year with the plans to recruit 4 First Year Fellows beginning in

Academic Year 2018), and Pediatric Residents. In addition, the team has 14 Neonatal Nurse Practitioners who function as front line providers and a team of Hospital Based Medicine Specialists to round out the care team.

B. Full-time Subspecialty Obstetrical Director

This is not a birthing hospital and does not employ this specialist. All infants admitted to the NICU are transported to this institution.

C. Full-time Nursing Director: Michelle Arrizola MBA, BSN, RN, IBCLC

Michelle has 33 years' experience as a Neonatal Nurse and 30 years' experience as a nursing leader in neonatology. Michelle is certified by the International Board of Lactation Consultants as a Lactation Consultant. Her team consists of the following:

Registered Nurses, 111.9 FTE's which equates to 140 RN's 90% are Baccalaureate prepared, all hold Neonatal Resuscitation Recognition and 20% are Certified Breast Feeding Counselors.

4 full time Managers of Patient Care Operations, all are Baccalaureate prepared and hold neonatal certifications from the International Board of Lactation Consultants, Certified Breast Feeding Counselors, and RNC-NIC.

1 full time Clinical Nurse Specialist who is Master's prepared and holds neonatal certifications as RNC-NIC.

1 full time Developmental Specialist who is Master's prepared, certified as RNC-NIC, and holds Developmental Designation through the National Association of Neonatal Nurses and Newborn Individualized Developmental Care and Assessment Program.

Research Nurses, Clinical Educator, Certified Nursing Assistants, Unit Secretaries are all members of this team. Supportive roles in the care of the infants and families include child life specialists, music therapist, pharmacist, dietician, social workers, case managers, physical and occupational therapist, speech therapist, chaplains, interpreting services, Parent Wise, and volunteers.

The chart on the next page presents current state and future state NICU positions.

Specialty	Current FTE/# of people	Future FTE/# of people
Neonatologist	28	32
Neonatal Nurse Practitioner	14	28
Patient Care Operation Mgr	4	6
Registered Nurse	111.9 FTEs	139.7 FTEs
Clinical Nurse Specialist	1.0 FTEs	2.0 FTEs
Developmental Specialist	1.0 FTEs	1.5
Clinical Educator	1.0	2.0
Certified Nursing Assistant	4.6 FTEs	6.9 FTEs
Lactation Team	0	4.2 FTEs
Quality RN	0.5 FTE	1.0 FTE
Dietician	2.0 FTEs	3.0 FTEs
Pharmacist	2.0 FTEs	3.0 FTEs
Case Manager	2.0 FTEs	3.0 FTEs
Social Workers	2.0 FTEs	3.0 FTEs
Respiratory Therapists	6.3 FTEs	8.9 FTEs
Respiratory Therapy Family Educator	2.0 FTEs	2.0 FTEs

D. Board-Certified Anesthesiologist

There are 25 board certified anesthesiologists with subspecialty in Pediatric Anesthesia. All clinical staff are specially trained to care for neonatal patients. They are physically present in the building 24/7/365. These pediatric anesthesiologists treat pediatric/neonatal patients all day every day, not on an occasional basis. Because of the repetition of administering anesthesiology to infants, their familiarity with different conditions and their breadth of experience results in the safest anesthesia possible for all infants.

E. Licensed Social Workers

As noted in the table above, the number of licensed social workers that the current NICU utilizes is 2. The expansion to 64 beds will require an additional social worker to support the infant and family's needs.

F. Respiratory Therapists

As noted in the table above there are Registered Respiratory Therapists that have neonatal experience and participate in the neonatal resuscitation program.

G. Registered Dietitian

As noted in the table above there are Registered Dietitians with experience in perinatal nutrition that serve this department. Currently there are 2.0 FTE's and the expansion will require an additional FTE. The dietitian rounds daily with the provider and nurse teams on all patients, reviewing the current therapies, evaluates laboratory findings, and develops the daily nutrition plan based on these outcomes.

1110.930 Neonatal Intensive Care – Review Criterion

(b) Letter of Agreement with the Regional Perinatal Center

NORTHWESTERN PERINATAL CENTER
LETTER OF AGREEMENT
BETWEEN LEVEL III INSTITUTIONS

I. Introduction

In November of 1974 the Department of Public Health, State of Illinois, designated the McGaw Medical Center of Northwestern University, hereinafter referred to as the "Center," as a regional perinatal center. The Northwestern Perinatal Center is composed of the following Level III institutions:

1.) The Prentice Women's Hospital of Northwestern Memorial Hospital;

(2) Evanston Women's Hospital of Evanston Northwestern Healthcare; and

(3) Children's Memorial Medical Center

It is the goal of the Center to provide quality maternal-fetal and neonatal care services to the families in the Center's region of responsibility. It is the Center's belief that it can best affect the quality of perinatal outcomes by providing leadership within the framework of a regionally integrated system of perinatal services designed to maximize outcomes and to promote appropriate use of services and resources. It is further recognized that perinatal services must be provided in an environment which is both professionally challenging to those who chose to serve in this area, as well as cost-effective in its delivery for the benefit of all involved.

The Illinois Department of Public Health's 1987 memorandum of Agreement with the Northwestern Perinatal Center states that "Where more than one Center provides services within a designated perinatal region, the Center shall develop a letter of agreement in conjunction with the other Center(s) describing how each Center will participate in the provision of services described in Section 640.40(c) of the rules for Regionalized Perinatal Care [77 Ill. Adm. Code 640] promulgated by the Department. The letter of agreement (s) shall be filed and kept current by the Department."

The institutions of Northwestern Memorial Hospital, Evanston Hospital, and Children's Memorial Medical Center have thereby agreed to enter into this Letter of Agreement.

II. Definitions

A. The Definitions contained in Section 640.20 of the Illinois Rules for Regionalized Perinatal Care dated August 2000 and the City of Chicago Hospital Regulations for Maternity and Newborn Nursing dated November 2000 apply to this Affiliation Agreement and to the activities of the Northwestern Perinatal System. The definitions described above are attached to and made a part of the Affiliation Agreement

B. Center. The Northwestern Perinatal Center includes the campuses of the three designated Level III institutions: Prentice Women's Hospital of Northwestern Memorial Hospital; Evanston Women's Hospital of Evanston Northwestern Healthcare; and Children's Memorial Medical Center. By definition, each of these separate campuses of the Northwestern Perinatal Center must meet the requirements for Level III designation.

C. Directors of the Perinatal Center. The Center Directors are the maternal-fetal medicine specialist and neonatologist who have been designated by the Chairman of the

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Department of Obstetrics an Gynecology and the Chairman of the Department of Pediatrics at the Northwestern University Medical School.

D. Referral Hospital. Each individual hospital which formally affiliates with the Northwestern Perinatal Center by execution of an Affiliation Agreement.

E. Network. The Northwestern Perinatal Network shall include the three Level III institutions that comprise the Center and all of the Referral Hospitals.

F. Perinatal Center Executive Committee. A committee composed of individuals representing the areas of Obstetrics, Pediatrics, Nursing, and Hospital Administration from the three designated Level III hospitals of the Center. The Perinatal Center Executive Committee reports to the President of the McGaw Medical Center.

G. Regional Quality Council (RQC). A council composed of at least one individual from each hospital and service related agency and organization within the Network. The Regional Quality Council reports to the Perinatal Center Executive Committee and is responsible for the implementation of a network continuous quality improvement program as defined by the Illinois Department of Public Health/Statewide Quality Council.

H. Network Nursing Leadership. A regional perinatal management group consisting of nursing leadership representatives from each hospital and service related agency and organization within the Network. The Network Nursing Leadership provides a forum for communication, education and collaboration in the establishment of Network priorities for system support activities and resources.

III. Northwestern Perinatal Center Organization

A. The Northwestern Perinatal Center shall have a Perinatal Center Executive Committee which will be responsible for the overall operations of the Network.

1. The Perinatal Center Executive Committee shall be composed of no more than twelve (12) voting members, with four (4) members from each of the respective Level III institutions. The four (4) members from each institution shall be appointed by that institution, and shall represent the areas of Maternal-Fetal Medicine, Neonatology, Nursing, and Hospital Administration. The four (4) members of Children's Memorial may include two pediatricians. The Administrative Coordinator of the Center and a designated individual representing the McGaw Medical Center shall also serve as ex-officio members of the Committee.

2. The chairman of the Perinatal Center Executive Committee shall be one of the Directors of the Center, as determined by the President of the McGaw Medical Center in consultation with the Dean, the Chairman of the Department of Obstetrics and Gynecology, and the Chairman of the Department of Pediatrics of the Northwestern University Medical School.

3. The Perinatal Center Executive Committee shall at the Committee's discretion form subcommittees as appropriate representing the areas of Obstetrics, Pediatrics, Nursing, and Hospital Administration. Each subcommittee should be responsible to the Executive Committee for issues that fall within their respective area of expertise.

4. The committee shall meet annually and as needed.

B. An Administrative Coordinator, reporting jointly to the Directors of the Perinatal Center, shall be responsible for ensuring Coordination of all Network related activities.

1. Each of the Level III institutions will designate an Outreach Education Coordinator who will be responsible for: coordinating the flow of perinatal information from and to that institution; maintaining a transport database; facilitating review of all perinatal moralities; as well as educational and quality improvement activities.
2. The Administrative Coordinator shall be responsible for all fiscal activities related to the administration of the State of Illinois Perinatal Agreement.

C. The Northwestern Perinatal System shall have a Regional Quality Council (RQC) committee responsible for implementation of a network continuous quality improvement program as defined by the Illinois Department of Public Health/ Statewide Quality Council.

1. The Regional Quality Council shall be composed of at least one individual from each hospital and service related agency and organization within the Network.
2. The co-chairman of the Regional Quality Council shall be appointed by the Perinatal Center Executive Committee and shall represent the specialties of maternal-fetal medicine and neonatology.
3. Meetings of the Perinatal System Advisory Council will be held at least annually at the call of the Chairman.
4. The Regional Quality Council shall meet quarterly and as needed.

IV. Patient Care Services

Within a structure coordinated by the Perinatal Center Executive Committee, each Level III institution shall be individually responsible for providing all services and activities described in Section 640.43 of the Illinois Rules for Regionalized Perinatal Care, with the exception that Children's Memorial Medical Center will provide these services and activities as applicable to neonatology only.

V. Amendments to the Letter of Agreement

Amendments to this Letter of Agreement may be recommended by an individual Level III institution, the Center Directors, or the Perinatal Center Executive Committee. Any amendments made to the agreement will require the recommendation of the Perinatal Center Executive Committee and the approval of the individual Level III institutions.

This agreement shall take effect when signed by all parties. This agreement will continue in effect through June 30, 1988 and shall continue in effect thereafter unless terminated by one of the institutions by giving 90 days advance written notice to the other institutions of its intention to terminate.

No portion of this agreement shall be construed to indicate that the Northwestern Perinatal Center is establishing the standard of care or responsible for the monitoring and performance of care in any of the affiliate institutions. These responsibilities remain vested with the Board of Directors and Professional Staff of each individual institution. The responsibility for provision of appropriate levels of malpractice and liability coverage rests with each affiliate institution.

For Northwestern Memorial Hospital:

~~Chief Executive Officer~~ Pres. COO

5-21-01
Date

For Children's Memorial Hospital:

Chief Executive Officer

5/6/01
Date

For Evanston Hospital:

Chief Executive Officer

6-6-01
Date

For Northwestern Perinatal Center:

President, McGaw Medical Center

4/12/01
Date

1110.930 Neonatal Intensive Care – Review Criterion

(c) Need for Additional Beds

Ann & Robert H. Lurie Children's Hospital of Chicago operates a 60 bed Neonatal Intensive Care Unit. For each of the past three years, the NICU has exceeded the State's target occupancy rate of 75%. Occupancy rates for the past three years are as follows:

Year	Historic Utilization (patient days)	Occupancy rate
2013	16,773	76.6%
2014	18,372	83.9%
2015	18,338	83.7%

1110.930 Neonatal Intensive Care – Review Criterion

(d) Obstetrics Service

This review criterion is not applicable. Ann & Robert H. Lurie Children's Hospital of Chicago is dedicated to the care of children. It does not have an obstetrics service, but is connected by bridge to Prentice Women's Hospital of Northwestern Memorial Hospital.

Audited Financial Statements

Children's Hospital of Chicago Medical Center and Affiliated Corporations

Consolidated Financial Statements
August 31, 2015 and 2014

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Children's Hospital of Chicago Medical Center and Affiliated Corporations
Index
August 31, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors of
Children's Hospital of Chicago Medical Center

We have audited the accompanying consolidated financial statements of Children's Hospital of Chicago Medical Center and Affiliated Corporations (the 'Medical Center') which comprise the consolidated balance sheets as of August 31, 2015 and 2014, and the related consolidated statements of operation and change in net assets and of cash flow for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Medical Center and its subsidiaries as of August 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information presented on pages 36-39 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies.

PricewaterhouseCoopers LLP

December 2, 2015

Children's Hospital of Chicago Medical Center and Affiliated Corporations
Consolidated Balance Sheets
August 31, 2015 and 2014

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	$ 27,695,157	$ 24,823,702
Current portion of self-insurance trust	8,600,000	16,685,000
Accounts receivable, net of allowance for uncollectible accounts of $15,918,000 and $12,846,000 in 2015 and 2014, respectively	85,799,395	64,741,849
Other current assets	51,182,355	52,658,099
Total current assets	173,276,907	158,908,650
Investments	1,102,969,535	1,039,944,962
Property and equipment, at cost		
Land	41,514,151	41,514,151
Buildings and improvements	1,109,963,591	1,104,962,956
Equipment	304,522,244	290,134,383
Construction in progress	8,438,812	5,005,708
Total property and equipment, at cost	1,464,438,798	1,441,617,198
Less: Accumulated depreciation	540,739,975	477,023,810
Property and equipment, net	923,698,823	964,593,388
Other assets		
Pledges receivable restricted by donors, net	36,389,805	58,325,462
Unamortized bond issuance costs	6,860,156	7,194,872
Other	18,853,221	19,266,129
Total other assets	62,103,182	84,786,463
Total assets	$ 2,262,048,447	$ 2,248,233,463
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 114,725,105	$ 109,533,047
Current portion of self-insurance liability	8,600,000	16,685,000
Due to third-party payors	13,509,265	11,290,133
Current portion of long-term debt	4,645,000	4,415,000
Total current liabilities	141,479,370	141,923,180
Other liabilities		
Self-insurance liability	98,532,410	88,431,074
Other noncurrent liabilities	44,688,715	41,074,890
Total other liabilities	143,221,125	129,505,964
Long-term debt	368,758,475	373,297,036
Total liabilities	653,458,970	644,726,180
Net assets		
Unrestricted	1,242,455,854	1,237,116,079
Temporarily restricted	203,100,374	209,535,724
Permanently restricted	163,033,249	156,855,480
Total net assets	1,608,589,477	1,603,507,283
Total liabilities and net assets	$ 2,262,048,447	$ 2,248,233,463

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

Children's Hospital of Chicago Medical Center and Affiliated Corporations
Consolidated Statements of Operation and Change in Net Assets
Years Ended August 31, 2015 and 2014

	2015	2014
Operating revenue		
Patient service revenue, net of contractual allowance and discounts	$ 737,265,139	$ 715,598,136
Provision for doubtful accounts	11,513,380	9,425,400
Net patient service revenue	725,751,759	706,172,736
Net assets released from restriction		
Contributions and philanthropy used for program purposes	26,318,098	23,114,193
Grants and other restricted income used for program purposes	38,436,659	35,268,080
Board-designated endowment income	6,752,643	4,056,384
Other operating revenue	57,597,477	57,230,630
Total operating revenue	854,856,636	825,842,023
Operating expenses		
Salaries, wages, and employee benefits	461,559,654	439,374,720
Supplies and services	269,100,714	262,012,556
Depreciation	63,898,878	63,410,817
Total operating expenses	794,559,246	764,798,093
Income from operations before interest and amortization	60,297,390	61,043,930
Interest and amortization of financing costs	22,434,061	23,464,070
Income from operations	37,863,329	37,579,860
Nonoperating income (expense)		
Investment return (loss) gains	(15,702,896)	90,822,951
Unrestricted contributions and bequests	17,030,587	17,561,946
Fund-raising expense	(16,209,674)	(15,403,210)
Loss on disposal of fixed assets	(175,023)	(137,284)
Other	(5,351,254)	(2,838,738)
Total nonoperating (loss) income	(20,408,260)	90,005,665
Excess of revenue over expenses	$ 17,455,069	$ 127,585,525

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

Children's Hospital of Chicago Medical Center and Affiliated Corporations
Consolidated Statements of Operation and Change in Net Assets
Years Ended August 31, 2015 and 2014

	2015	2014
Unrestricted net assets		
Excess of revenue over expenses	$ 17,455,069	$ 127,585,525
Net assets released from restriction used for purchase and construction of property and equipment	371,837	562,626
Retirement plan related change other than net periodic retirement plan expense	(12,581,851)	(7,065,378)
Net assets transferred from newly affiliated organization	-	1,897,480
Other	94,720	65,592
Increase in unrestricted net assets	5,339,775	123,045,845
Temporarily restricted net assets		
Contributions	20,131,702	33,115,611
Grants and other restricted income	41,386,422	37,964,364
Investment return	(28,464)	17,172,922
Pledge receivable write-offs, net of change in allowance	(2,233,200)	(247,042)
Net assets transferred from newly affiliated organization	-	149,449
Net assets released from restriction		
Contributions and philanthropy used for program purposes	(26,318,098)	(23,114,193)
Grants and other restricted income used for program purposes	(38,436,659)	(35,268,080)
Purchase of property and equipment	(371,837)	(562,626)
Transfers and other	(565,216)	(263,239)
(Decrease) increase in temporarily restricted net assets	(6,435,350)	28,947,166
Permanently restricted net assets		
Contributions	7,629,604	3,135,144
Net assets transferred from newly affiliated organization	-	1,691,424
Change in fair value of perpetual trusts	(2,017,051)	3,223,000
Transfers and other	565,216	263,239
Increase in permanently restricted net assets	6,177,769	8,312,807
Increase in net assets	5,082,194	160,305,818
Net assets		
Beginning of year	1,603,507,283	1,443,201,465
End of year	$ 1,608,589,477	$ 1,603,507,283

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

Children's Hospital of Chicago Medical Center and Affiliated Corporations
Consolidated Statements of Cash Flow
Years Ended August 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Increase in net assets	$ 5,082,194	$ 160,305,818
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized loss (gains) on investments	15,702,896	(90,822,951)
Restricted contributions and restricted investment return	(14,554,163)	(44,742,032)
Loss on disposal of fixed assets	175,023	137,284
Receipt of contributed securities	(8,012,109)	(8,938,776)
Retirement plan - related change other than net periodic retirement plan expense	12,581,851	7,065,378
Depreciation and amortization	64,340,034	64,408,206
Provision for bad debts	11,513,380	9,425,400
Net assets transferred from newly affiliated organization	-	(3,738,353)
Net changes in assets and liabilities		
Accounts receivable, net	(32,570,926)	(17,773,179)
Accounts payable and accrued expenses	5,521,599	1,218,340
Due to third-party payors	2,219,132	(91,164)
Self-insurance liability	2,016,336	8,054,321
Other assets and liabilities	14,856,282	1,669,153
Net cash provided by operating activities	78,871,529	86,177,445
Cash flows from investing activities		
Capital expenditures	(23,508,877)	(19,448,068)
Sale of investments	3,504,762,703	1,154,690,656
Purchases of investments	(3,570,912,719)	(1,164,803,148)
Cash received in conjunction with affiliation	-	241,003
Net cash used in investing activities	(89,658,893)	(29,319,557)
Cash flows from financing activities		
Principal payments under long-term debt obligations	(4,415,000)	(79,387,759)
Proceeds from restricted contributions and restricted investment income	18,073,819	25,772,970
Net cash provided (used) in financing activities	13,658,819	(53,614,789)
Increase in cash and cash equivalents	2,871,455	3,243,099
Cash and cash equivalents		
Beginning of year	24,823,702	21,580,603
End of year	27,695,157	24,823,702
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	$ 20,148,000	$ 21,001,000
Noncash additions to property and equipment	$ 4,308,000	$ 4,638,000

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

1. Organization and Nature of Operations

Children's Hospital of Chicago Medical Center, (the 'Medical Center'), an Illinois not-for-profit corporation, is the sole member of Ann & Robert H. Lurie Children's Hospital of Chicago (the 'Hospital'), a not-for-profit corporation. The Hospital, the first member of the Medical Center, was founded in 1882 by Julia Foster Porter to provide medical care for all children. Today, the Medical Center remains an independent, freestanding academic institution dedicated to the health and well-being of all children. The Medical Center is also the sole member of the Stanley Manne Children's Research Institute ('Research Center'), Ann & Robert H. Lurie Children's Hospital of Chicago Foundation (the 'Foundation'), Pediatric Faculty Foundation, Inc. ('PFF'), and Almost Home Kids ('AHK'), all Illinois not for-profit corporations. Lurie Children's Medical Group, LLC ('LCMG') and Lurie Children's Health Partners Care Coordination, LLC (the 'CCE'), controlled affiliates of the Medical Center, are Illinois limited liability corporations. The Medical Center is also the parent of CMMC Insurance Co. Ltd. ('CMMC Insurance'), a captive, offshore insurance entity under the laws of the Cayman Islands.

The Hospital owns and operates a pediatric hospital with a licensed capacity of 288 beds in Chicago, Illinois. The Hospital provides a complete range of pediatric health services, including pediatric inpatient medical and surgical care, tertiary care services, and emergency services. The Hospital also operates more than 50 specialty and primary care outpatient clinics at its main campus in the Streeterville neighborhood and other Chicago area locations, as well as two ambulatory care facilities and twelve outpatient specialty centers in the surrounding metro Chicago areas.

Ann & Robert H. Lurie Children's Hospital of Chicago Research Center was renamed the "Stanley Manne Children's Research Institute," effective June 30, 2014 in recognition of a philanthropic commitment. The Research Center was established to improve pediatric health and health services through research and education.

The Foundation carries out fund-raising and other related development activities in support of the Medical Center and its affiliated corporations.

PFF provides physician services to a broad pediatric population in Chicago and surrounding counties and across the State of Illinois totaling more than 440 pediatric care and subspecialty physicians. LCMG, with more than 55 employed physicians, provides pathology, medical imaging, psychiatry, and dentistry services to the Hospital and its patients.

AHK is a unique organization providing transitional and respite care for medically complex children outside the acute care setting.

CMMC Insurance is a captive, offshore insurance entity whose sole function is to purchase reinsurance for the purpose of reducing risk and cost. It does not retain risk. CMMC Insurance has no employees and is managed on behalf of the Hospital by an independent Cayman Islands based management company.

In June 2012, the Ann & Robert H. Lurie Children's Hospital of Chicago opened, moving the majority of hospital operations from Lincoln Park to the Streeterville facility in downtown Chicago. The Lincoln Park facility was closed as of June 2012 and is currently decommissioned and idle. The building is expected to be sold in the upcoming fiscal year.

In keeping with the Medical Center's mission and in response to the State of Illinois' mandate to have 50% of Medicaid recipients enrolled in coordinated care entities by January 1, 2015, the Medical Center is participating in two entities covering Medicaid lives. As of March 6, 2014, the Medical Center became the sole member of Lurie Children's Health Partners Care Coordination, LLC (the 'CCE'), which is a wholly owned entity. The CCE exists for the provision and coordination of medical care of medically complex children. The Medical Center is partnering with Federally Qualified Healthcare Facilities and other providers to optimize health outcomes and enhance the quality of life of this population in a cost effective manner. The CCE is a fully consolidated entity.

The State of Illinois is no longer supporting Care Coordination Entities ('CCEs') after December 31, 2015. The CCE will lose its State Medicaid contract as of that date. The approximately 2,000 enrollees the CCE attained during FY2015 will either self-enroll or be assigned by the State to one of the Medicaid Medical Care Organizations ('MCOs'). The CCE will continue to exist. It will contract with MCOs and commercial health plans to provide care coordination services to children within their plans that have complex medical needs.

As of April 24, 2014, the Medical Center became one of eleven partners of Accountable Care Chicago, LLC, doing business as MyCare Chicago ('MCC'). MCC is designed to provide care coordination to Medicaid adults and children, and facilitate care coordination through the use of data analytics and health IT infrastructure. MCC is under contract with the Illinois Department of Health and Family Services to provide a provider network and care coordination services to an enrolled Medicaid population and has achieved an enrollment of 61,000 to date. The Medical Center holds a minority position and does not have governance control. The Medical Center's investment in MyCare Chicago is $30,000 as of August 31, 2015.

In June 2014, the Medical Center, Children's Community Physicians Association ('CCPA'), and Children's Faculty Practice Plan ('FPP') began the Lurie Children's Health Partners Clinically Integrated Network, LLC (the 'CIN'). The CIN is an integrated healthcare network focused on creating value-based reimbursement programs with payors that support improving the health and well-being of children and their families. The CIN has a twelve member board of which CCPA appoints six, FPP appoints four, and the Medical Center appoints two. CCPA and FPP are committed to a 5% capital position and the Medical Center is committed to a 90% capital position of which $1.8 million was expensed during fiscal year 2015. As the Medical Center does not have governance control, the CIN is not a consolidating entity but rather accounted for under the Equity Method.

Consolidation
The accompanying consolidated financial statements of the Medical Center include the accounts of the Medical Center, the Hospital, the Research Center, the Foundation, PFF, LCMG, AHK, CCE, and CMMC Insurance. Intercompany transactions and accounts have been eliminated.

2. Summary of Significant Accounting Policies

Accounting Pronouncements
In October 2012, the FASB issued Accounting Standards Update No. 2012-05, *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. The amendments in this update require classifying cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any imposed limitations for sale and were converted nearly immediately into cash. This

update was adopted as of August 31, 2014. The updated guidance did not have a material impact on the Medical Center's financial statements.

In December 2013, the FASB issued Accounting Standards Update No. 2013-12, *Definition of a Public Business Entity.* This ASU defines a public business entity. The definition of a public business entity will be used in considering the scope of new financial guidance and will identify whether the guidance does or does not apply to public business entities. Not-for-profit entities are excluded from the definition of a public business entity. The FASB will consider user needs for not-for-profit entities on a standard-by-standard basis. As of August 31, 2015 this guidance did not impact the Medical Center's financial statements.

In May 2015, the FASB issued Accounting Standards Update No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share* (or its equivalent). This guidance removes the requirement to categorize within the fair value hierarchy investments whose fair values are measured at Net Asset Value (NAV) (or its equivalent) under the practical expedient in the FASB's fair value measurement guidance. The amendments under this update are effective for fiscal years beginning after December 15, 2016. The Medical Center did not early adopt the updates as of August 31, 2015.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Medical Center to make assumptions, estimates, and judgments that affect the amounts reported in the consolidated financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. The Medical Center considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net patient service revenue, which includes contractual allowances, third-party payor settlements, and provisions for bad debt; reserves for losses and expenses related to health care professional and general liabilities; valuation of alternative investments; and risks and assumptions in the measurement of pension liabilities. Management relies on historical experience, other assumptions believed to be reasonable under the circumstances, and recommendations made by the Medical Center external advisors and actuaries in making its judgments and estimates. Actual results could differ from these estimates.

Cash and Cash Equivalents
Cash and cash equivalents include unrestricted, undesignated marketable securities with original maturities of three months or less that are held for short-term cash management. Cash and cash equivalents are reported at their approximate fair value.

Other Current Assets
Other current assets for fiscal year 2015 and 2014 are as follows:

	2015	2014
Outreach Hospitals and Practice Plan Receivables	$ 15,310,825	$ 16,357,153
Prepaid expenses	13,432,126	12,506,932
Inventory	6,635,681	7,045,592
Insurance recoverables	11,272,266	11,494,379
Other	4,531,457	5,254,043
Total other current assets	$ 51,182,355	$ 52,658,099

Investments
The Medical Center pools its donor restricted, self-insurance, undesignated and board-designated investments. Investment returns are allocated among unrestricted, temporarily restricted, and permanently restricted net assets based on the pro-rata share of the balance in each fund to the total investment pool as of the end of each accounting period.

Investment income earned, at a fixed rate, on certain funds that are board-designated for patient care, education and the self-insurance trust are reported as other operating revenue. All other investment income and losses (including interest and dividends, realized gains and losses, and unrealized gains and losses) are reported as nonoperating income (loss) unless the income or loss is restricted by donor or law. Investment returns on permanently restricted net assets are allocated to the purposes specified by the donor or law, either as temporarily restricted or unrestricted, as applicable.

Fair Value of Financial Instruments
Financial instruments consist primarily of cash and cash equivalents, investments, accounts receivable, pledges receivable, accounts payable, accrued expenses, estimated third party payor settlements, and long-term debt. Except as otherwise disclosed, the fair value of financial instruments approximates their financial statement carrying amount.

Inventories
Inventories, which primarily consist of medical supplies and pharmaceuticals used for patient care, are stated at the lower of cost (first-in, first-out) or market value.

Property and Equipment
Property and equipment is recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. One-half year's depreciation is taken in the year of acquisition, except for significant asset additions such as the Lurie Children's facility, which is depreciated based on the actual date placed into service. The useful lives of the major asset classifications are as follows:

Buildings	40-80 years
Building improvements	15-20 years
Equipment	5-20 years
Computer hardware and software	3-5 years

In 2015 and 2014, the Medical Center disposed of approximately $397,000 and $298,000, respectively, of property, equipment and software that was no longer in use.

The Medical Center continually evaluates whether circumstances have occurred that would indicate the remaining estimated useful life of long-lived assets warrants revision or may not be recoverable. When factors indicate that such assets should be evaluated for possible impairment, the Medical Center uses an estimate of the undiscounted cash flows over the remaining life of the asset in measuring whether the asset is recoverable.

Pledges Restricted by Donors
As of August 31, 2015, approximately 36% of pledges restricted by donors are receivable within one year, 43% between two and five years, and 21% receivable beyond five years. Pledges are recorded at present value of estimated future cash flow, net of allowances for uncollectible pledges of approximately $3,255,000 and $1,527,000 at August 31, 2015 and 2014, respectively, and present value discounts of approximately $14,244,000 and $9,861,000 at August 31, 2015 and 2014, respectively. Estimated future cash flows due after one year are discounted using interest rates of 5% to 8% commensurate with estimated collection risks.

Unamortized Bond Issuance Costs
Bond issuance costs are deferred and amortized using the effective interest method over the life of the related debt as an increase to interest expense.

Self-Insurance Trust
The self-insurance trust and corresponding liability are reviewed annually by an independent actuary. The Medical Center contributes to the self-insurance trust estimated amounts determined by the actuary to be sufficient to pay for expected future losses. Provisions for the professional liability are based on an actuarial estimate of losses using the Medical Center's actual loss data adjusted for industry trends and current conditions. The provision includes estimates of costs for both reported claims and claims incurred but not reported.

Other Noncurrent Liabilities
Other noncurrent liabilities for fiscal year 2015 and 2014 are as follows:

	2015	2014
Accrued pension liabilities	$ 35,134,682	$ 30,779,440
Lease obligations	9,316,814	9,577,232
Other	237,219	718,218
Total other noncurrent liabilities	$ 44,688,715	$ 41,074,890

Net Assets
Net assets are classified based upon donor restrictions, if any, as follows:

Unrestricted
Unrestricted net assets represent net assets which are free of donor-imposed restrictions, including all revenue, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted
Temporarily restricted net assets represent net assets whose use is limited by donor-imposed stipulations, time restricted stipulations and those stipulations that can be fulfilled or otherwise removed by actions of the Medical Center.

Temporarily restricted net assets held outside the endowment fund primarily relate to pledges receivable, grants and program support.

Permanently Restricted
Permanently restricted net assets represent net assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Medical Center.

Refer to Note 6 for further disclosure on endowments and related investment and spending policies.

Net Patient Service Revenue
Substantially all of the Medical Center's net patient service revenue in fiscal 2015 and 2014 was derived from third-party payors that provide for payments to the Medical Center at various contracted rates. Payment arrangements include reimbursed costs (as contractually defined), discounted charges and per diem payments. Reimbursement from certain programs is subject to audit. Settlements under these programs are accrued on an estimated basis in the period the related services are rendered and adjusted in subsequent periods as final settlements are determined. Provision is made on a current basis for the difference between charges for services rendered and the expected payments under these agreements and programs and is adjusted in future periods as final settlements are determined. As a result of the complex laws and regulations governing third-party payor programs, recorded estimates are subject to change in the future.

Approximately 32% and 31%, respectively of the Medical Center's net patient service revenue in fiscal 2015 and 2014 was derived from the Illinois Medicaid program.

In December 2008, the Centers for Medicare and Medicaid Services approved the Illinois Hospital Assessment Program to improve Medicaid reimbursement for Illinois hospitals. Originally, the Provider Assessment and Medicaid Program payments were in effect for the state fiscal years ended June 30, 2009 through December 31, 2014.

In October 2013, the Centers for Medicare and Medicaid Services notified the Illinois Department of Healthcare and Family Services of its approval of the enhanced hospital assessment program. The assessment program was extended until June 30, 2018. Additionally the Affordable Care Act ('ACA') payments were approved and received by the Medical Center. During the Medical Center's fiscal year ended August 31, 2015, the Medical Center recorded a net benefit of $35,498,000 of which $32,066,000 related to state fiscal year 2015 and $3,431,000 related to the state fiscal year 2016. The state fiscal year is July 1 through June 30th. Included in the net benefit of $35,498,000 are ACA payments received of $11,922,000 of which $773,000 related to the prior fiscal year and $11,149,000 related to fiscal year 2015. According to ACA regulations the federal government will pay 100% of ACA funds for the first three years and 90% thereafter until 2022.

During the Medical Center's fiscal year ended August 31, 2014, the Medical Center recorded a net benefit of $30,889,000, of which $1,078,000 related to state fiscal year 2013, $25,552,000 related to state fiscal year 2014 and $4,259,000 related to state fiscal year 2015. Due to the tax assessment provisions contained in the legislation, implementation of the program affected both

operating revenues and expenses in the consolidated statements of operation and change in net assets. For the year ended August 31, 2015 the Medicaid payment of $52,401,000 was included in net patient service revenue and the tax assessment of $16,903,000 was included in supplies and services expense. For the year ended August 31, 2014, the Medicaid payment of $50,840,000 was included in net patient service revenue and the tax assessment of $19,951,000 was included in supplies and services expense.

The Medical Center also receives disproportionate share and add-on payments. The amount of disproportionate share and other special payments from Medicaid, if any, that will be made to hospitals in the future, is uncertain. The absence of such payments could have a material adverse effect on the Medical Center's operating results. Effective July 1, 2014, the Illinois Department of Healthcare and Family Services implemented a new reimbursement methodology shifting inpatient payments from a primarily per diem basis to an admission diagnosis basis, and shifting outpatient payments from fixed payments to activity based payments.

In fiscal 2015 and 2014, the Medical Center received approximately $7,352,000 and $8,717,000, respectively, in graduate medical education reimbursement. The Children's Hospital Graduate Medical Education ('CHGME') program provides federal funds to freestanding children's hospitals to help them maintain graduate medical programs that train resident physicians. The program is administered by the HealthCare Resource Service Administration, a branch of the U.S. Department of Health and Human Services. The amount of future graduate medical education reimbursement funding is uncertain.

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

The Medical Center recognizes changes in accounting estimates related to net patient service revenue reserves and third-party payor settlements in the year such changes are known. Adjustments to prior year estimates for these items resulted in an increase in net patient service revenues of approximately $986,000 and $2,381,000, respectively, in fiscal year 2015 and 2014.

The consolidated statements of operation and change in net assets include the excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from the excess of revenue over expenses, consistent with industry practice, include contributions of long-lived assets and pension benefit changes other than net periodic expense.

Grants and Contributions
Unrestricted contributions are included in nonoperating income (expense) when received. Unrestricted pledges of amounts to be received in future periods are recorded as temporarily restricted net assets and reflected as changes in unrestricted net assets when received. Grants and contributions restricted for a specific operating purpose are recorded as temporarily restricted net assets and reflected in unrestricted revenue when the funds are expended in accordance with the specifications of the grantor or donor. Contributions for capital expenditures, recorded as temporarily restricted net assets when received, are recorded as net assets released from restrictions when expended and placed into service.

Interest in Trustee-Held Funds
The Medical Center recognizes an interest in trustee-held funds held at various financial institutions in which the Medical Center has a beneficial interest. Annually, the financial institutions distribute a portion of the income earned on these funds to the Medical Center to be used in support of operations. At August 31, 2015 and 2014, the Medical Center's interests in these trustee-held funds at fair value totaled approximately $28,906,000 and $30,923,000, respectively, and are included in permanently restricted net assets. The change in fair value of these funds amounted to a loss of $2,017,000 and a gain of $3,223,000, for the years ended August 31, 2015 and 2014, respectively, which is included in permanently restricted net assets. In 2014, a perpetual trust valued at $1,691,000 was included as part of the acquisition of AHK and is reflected in permanently restricted net assets as net assets transferred from newly affiliated organization. In 2014 the $1,691,000 in addition to the $3,223,000 comprises the change in interest in trustee-held funds shown in Note 4.

Income Taxes
The Internal Revenue Service has determined that the Medical Center, the Hospital, the Research Center, the Foundation, PFF, and AHK are all not-for-profit organizations under Section 501(c) (3) of the Internal Revenue Code (the 'Code') and are exempt from federal income taxes on related income. LCMG and the CCE are described as disregarded entities and are treated as branches or divisions of the Medical Center, therefore, financial and other information applicable to LCMG and the CCE are reported under the Medical Center.

3. Community Benefit

Consistent with its mission, the Medical Center maintains a policy that sets forth the criteria pursuant to which health care services are provided free of charge or at a reduced rate to children whose families are unable to pay for the charges associated with their medical care. These services represent charity care. Charges are shown as revenue however they are netted down with a charity care discount.

The Medical Center also provides a broad range of services and activities to support its charitable mission. These services include the following:

- Participation in the Medicaid program at a loss (net reimbursement less allocated cost incurred);
- Support of community medical needs through a variety of outreach programs and educational programs;

- Comprehensive research programs specifically targeted toward pediatric health to advance knowledge about the causes, treatment and prevention of childhood diseases; and

- Training of medical students, pediatric residents, fellows and subspecialists.

Funding for these services comes from Hospital operating income, Foundation philanthropy, CHGME, and federal awards and grants. The Medical Center has an established charity care policy and maintains records to identify and monitor the level of charity provided. These records include the estimated cost of unreimbursed services provided under its charity care policy and the excess of cost over reimbursement for Medicaid patients. The Medical Center also monitors the unreimbursed cost of patient bad debts. Because the Illinois All Kids program provides coverage for most Illinois uninsured children, the Medical Center has a relatively low number of requests for charity care.

The Medical Center determines the costs associated with providing charity care by aggregating the overall cost to charge ratio, including salaries, wages, benefits, supplies, and other operating expenses. The cost to charge ratio is then applied to the charity care charges to calculate the charity care cost amount reported below.

Costs of unreimbursed charity care and community benefit programs for fiscal 2015 and 2014 are as follows:

	2015	2014
Excess of allocated cost over reimbursement for services provided to Medicaid patients	$ 118,710,166	$ 114,006,222
Net benefit under the Illinois Hospital Assessment Program	(35,497,615)	(30,888,947)
Excess of allocated cost over reimbursement for services provided to hospital Medicaid patients, net of benefit under the Illinois Hospital Assessment Program	83,212,551	83,117,275
Estimated costs and expenses incurred to provide charity care	1,900,397	1,604,032
Unreimbursed cost of charity care	85,112,948	84,721,307
Cost of patient bad debts	3,926,173	3,260,328
Funds allocated to research from unrestricted funds	7,413,176	7,655,594
Resident and fellows expense	16,691,919	16,760,223
Community clinic support	3,173,790	2,803,812
Child advocacy programs	2,042,693	1,683,676
Family support and interpretation services	9,087,852	7,936,412
Total cost of unreimbursed charity care and community benefit programs	$ 127,448,551	$ 124,821,352

The Medical Center also reports community benefits on the IRS Form 990 and the Beneficial Activities for the Property Affidavit. As a result of differences in definitions and criteria between these reports the amounts calculated will vary.

4. Investments

The Medical Center maintains a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

As of August 31, 2015 and 2014, investments consisted of the following, which includes the current portion of the self-insurance trust of $8,600,000 and $16,685,000, respectively:

	2015	2014
Short-term investments	$ 96,729,912	$ 75,930,320
Common and preferred stock	400,968,941	434,581,491
Alternative investments	379,453,836	369,265,260
U.S. Government and agency securities	58,647,327	63,937,300
Corporate and municipal bonds	175,048,869	112,279,010
Accrued interest	720,650	636,581
Total investments	$ 1,111,569,535	$ 1,056,629,962

Short-term investments include cash and cash equivalents, certificates of deposit, money market funds, and securities with short-term maturities.

Common and preferred stock include public equities traded in both domestic and international markets excluding those investments classified as alternatives.

Alternative investments include hedge funds, some publicly traded equities held in limited partnerships, and private equity investments. These include credit-oriented strategies, multi-strategy funds where the manager has a broad mandate to invest opportunistically, and event driven funds where managers seek opportunity in various forms of arbitrage strategies as well as in corporate activities such as mergers and acquisitions. The Medical Center's investment in private equity is committed under contract to periodically advance additional funding as capital calls are exercised (Note 14). At August 31, 2015, $23,941,000 had been advanced against a total commitment of $40,000,000.

All Medical Center investments are invested with external managers.

The Medical Center pools its unrestricted, board-designated and donor-restricted investments. As of August 31, 2015 and 2014, donor-restricted and unrestricted investments are as follows:

	2015	2014
Donor - restricted investments and other assets limited as to use		
Endowments	$ 133,129,087	$ 124,447,185
Specific purpose	167,864,622	153,020,983
Self-insurance trust	81,695,461	87,125,079
Interest in trustee-held funds	28,905,835	30,922,886
Interest in Accountable Care Entity and CIN	1,830,000	30,000
Total restricted investments	413,425,005	395,546,133
Unrestricted investments		
Undesignated and board-designated investments	698,144,530	661,083,829
Total unrestricted investments	698,144,530	661,083,829
Total investments	$ 1,111,569,535	$ 1,056,629,962

The composition and presentation of investment return as reflected in the accompanying consolidated statements of operation and change in net assets for the years ended August 31, 2015 and 2014 are as follows:

	2015	2014
Unrestricted investment return		
Interest and dividend income	$ 10,539,188	$ 8,650,939
Realized gains on sales of investments	28,602,299	23,749,430
Unrealized (loss) gains on investments	(56,364,693)	29,863,063
Alternative investment gains	12,059,498	37,208,711
Total unrestricted investment return	$ (5,163,708)	$ 99,472,143
Reported as		
Board-designated endowment income	$ 6,752,643	$ 4,056,384
Other operating investment return	3,786,545	4,592,808
Nonoperating investment return (loss) gains	(15,702,896)	90,822,951
Total unrestricted investment return	(5,163,708)	99,472,143
Temporarily and permanently restricted investment return		
Interest and dividend income	1,474,141	1,426,860
Net realized and unrealized (loss) gains on investments	(3,519,656)	18,969,062
Total restricted investment return	(2,045,515)	20,395,922
Total investment return	$ (7,209,223)	$ 119,868,065

Typical redemption terms by asset class and type of investments are shown below:

Investment	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions in Place at Year End
Short-term investments	Daily	None	None
Common and preferred stock	Daily to monthly with notice periods of 1 to 10 days	None	None
Alternative investments	Quarterly to annually with varying notice periods	Lock-up provisions ranging from 0 to 3 years, Private Equity investments and a portion of some hedge funds are in sidepockets with no redemptions permitted	Approximately $0.7 million of investments are in liquidating funds
U.S. Government and agency securities; Corporate and municipal bonds and Accrued interest	Daily	None	None

5. Fair Value Measurements

The Medical Center follows the provisions of the Financial Accounting Standards Board (FASB) official pronouncement on Fair Value Measurements for financial instruments. The pronouncement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Medical Center for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table presents the investments carried at fair value as of August 31, 2015, by caption, including the current portion of the self-insurance trust of $8,600,000, by the valuation hierarchy defined above:

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Short-term investments	$ 96,729,912	$ -	$ -	$ 96,729,912
Common and preferred stock	346,612,245	54,356,696	-	400,968,941
Alternative investments	-	46,017,141	333,436,695	379,453,836
U.S. Government and agency securities	-	58,647,327	-	58,647,327
Corporate and municipal bonds	17,481,216	157,567,653	-	175,048,869
Accrued interest	-	720,650	-	720,650
Total assets at fair value	$ 460,823,373	$ 317,309,467	$ 333,436,695	$ 1,111,569,535

The following table presents the investments carried at fair value as of August 31, 2014, by caption, including the current portion of the self-insurance trust of $16,685,000, by the valuation hierarchy defined above:

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Short-term investments	$ 75,930,320	$ -	$ -	$ 75,930,320
Common and preferred stock	376,135,003	58,446,488	-	434,581,491
Alternative investments	-	61,368,082	307,897,178	369,265,260
U.S. Government and agency securities	-	63,937,300	-	63,937,300
Corporate and municipal bonds	17,771,586	94,507,424	-	112,279,010
Accrued interest	-	636,581	-	636,581
Total assets at fair value	$ 469,836,909	$ 278,895,875	$ 307,897,178	$ 1,056,629,962

The following is a description of the Medical Center's valuation methodologies for assets and liabilities measured at fair value.

Fair value for cash equivalents, corporate stocks, international stocks, U.S. Government bonds, corporate bonds, municipal bonds and mortgage and asset backed securities are measured using quoted market prices at the reporting date multiplied by the quantity held.

Interests in trustee-held funds are valued at the fair value of the Hospital's interests at year-end based upon current market value of the underlying securities.

The Medical Center has certain investments, principally limited liability corporations, partnerships, and absolute return strategy funds for which a portion of quoted market prices are not available. These investments are considered alternative investments. Because of the inherent uncertainty of valuations, values may differ from the values that would have been used had a ready market existed. The value of these alternative investments represents the ownership interest in the net asset value of the respective partnership. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals, or other estimates that require varying degrees of judgment. Investments included in Level 3 consist of the Medical Center's ownership in alternative investments. Management has not developed quantitative inputs nor adjusted the fair values obtained from general partners for the alternative investments.

During 2015 and 2014, there were no transfers between investment Levels 1 and 2 which are material to the financial statements.

The following table is a rollforward of the August 31, 2015 balance sheet amounts for financial instruments classified by the Medical Center within Level 3 of the fair value hierarchy defined ri

	Level 3 Assets Alternative Investments
Assets	
Beginning balance September 1, 2014	$ 307,897,178
Reclassification from Level 2 to Level 3	20,201,991
Total net unrealized gains	16,216,909
Purchases	7,161,213
Sales	(18,040,596)
Ending balance August 31, 2015	$ 333,436,695

During fiscal year 2015, an alternative investment was reclassified from a Level 2 to a Level 3 due to changes in redemption restrictions.

Of the total net unrealized gains related to alternative investments reflected above, $12,211,000 represents the unrestricted portion. This is reflected in the accompanying statements of operation and change in net assets.

The following table is a rollforward of the August 31, 2014 balance sheet amounts for financial instruments classified by the Medical Center within Level 3 of the fair value hierarchy defined above:

	Level 3 Assets Alternative Investments
Assets	
Beginning balance September 1, 2013	$ 254,839,155
Total net unrealized gains	36,858,284
Purchases	22,416,283
Sales	(6,216,544)
Ending balance August 31, 2014	$ 307,897,178

Of the total net unrealized gains related to alternative investments reflected above, $28,108,000 represents the unrestricted portion. This is reflected in the accompanying statements of operation and change in net assets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value nor reflective of future fair values. Furthermore, while the Medical Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date.

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

6. Endowments

The Medical Center's endowment fund consists of individual donor-restricted endowment funds and funds designated by its Board to function as endowments. The net assets associated with endowment funds, including those funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

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

The Medical Center had the following board-designated and donor-restricted endowment balances during the year ended August 31, 2015 delineated by net asset class:

	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	$ 176,831,390	$ 76,965,142	$ 156,855,480	$ 410,652,012
Investment return				
Investment income	-	1,474,141	-	1,474,141
Realized and unrealized loss	-	(1,502,605)	(2,017,051)	(3,519,656)
Total investment return	-	(28,464)	(2,017,051)	(2,045,515)
Contributions	-	-	7,629,605	7,629,605
Spend rate allocation	5,226,268	-	-	5,226,268
Appropriation of endowment assets for expenditure	(3,580,345)	(5,372,529)	-	(8,952,874)
Other	(1,477,605)	247,687	565,216	(664,702)
Endowment net assets at end of year	$ 176,999,708	$ 71,811,836	$ 163,033,250	$ 411,844,794

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowments Only):

	Temporarily Restricted	Permanently Restricted	Total
Restricted for Research	$ 18,644,178	$ 13,658,383	$ 32,302,561
Restricted for Pediatric Programs	53,167,658	149,374,867	202,542,525
	$ 71,811,836	$ 163,033,250	$ 234,845,086

The Medical Center had the following board-designated and donor-restricted endowment balances during the year ended August 31, 2014 delineated by net asset class:

	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	$ 176,570,939	$ 65,155,997	$ 148,542,673	$ 390,269,609
Investment return				
Investment income	-	1,426,860	-	1,426,860
Realized and unrealized gains	-	15,746,062	3,223,000	18,969,062
Total investment return	-	17,172,922	3,223,000	20,395,922
Contributions	235,498	-	4,826,568	5,062,066
Spend rate allocation	5,250,079	-	-	5,250,079
Appropriation of endowment assets for expenditure	(3,324,051)	(5,214,380)	-	(8,538,431)
Other	(1,901,075)	(149,397)	263,239	(1,787,233)
Endowment net assets at end of year	$ 176,831,390	$ 76,965,142	$ 156,855,480	$ 410,652,012

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowments Only):

	Temporarily Restricted	Permanently Restricted	Total
Restricted for Research	$ 20,064,150	$ 13,658,383	$ 33,722,533
Restricted for Pediatric Programs	56,900,992	143,197,097	200,098,089
	$ 76,965,142	$ 156,855,480	$ 233,820,622

Investment and Spending Policies
The Medical Center has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of endowment assets. To achieve its long-term rate of return objectives, the Medical Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). An endowment spending rate is established annually by the Investment Committee of the Board, which considers the following factors, specified by the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"):

- The duration and preservation of the endowment
- The Medical Center's institutional mission and purposes of its endowed funds
- General economic conditions
- The possible effect of inflation or deflation

- The expected total return from income and appreciation of investments
- Other available resources of the Medical Center
- The investment policy of the Medical Center

The spending rate for endowment funds in fiscal 2015 and 2014 was 4%. Management and the Board have determined that excess investment return may be spent, consistent with the donor's intention, to support hospital and faculty practice plan growth and operations. Any spending of the excess reserve outside the normal annual spend rate must be approved by the Executive Committee of the Medical Center.

Substantially all temporarily and permanently restricted net assets are restricted for capital, research and programs. Substantially all net assets released from restrictions in fiscal 2015 and 2014 are related to expenses incurred for capital, research and programs.

7. Concentration of Credit Risk

The Medical Center grants credit without collateral to its patients, most of whom are local residents. The mix of receivables from patients and third-party payors at August 31, 2015 and 2014, was as follows:

	2015	2014
Managed care	47 %	53 %
Illinois Medicaid	23	34
Medicaid Managed Care	22	5
Other (Medicare, Tri-Care, out-of-state Medicaid)	2	2
Patient self-pay	4	4
Commercial insurance	2	2
	100 %	100 %

During fiscal year 2015, the Medical Center's mix of accounts receivable shifted primarily from traditional Medicaid to Medicaid Managed Care due to the changes in the State's Medicaid program.

As a result of the State of Illinois' financial condition, the state slowed Medicaid and Medicaid Managed Care payments to healthcare providers. Payments to the Medical Center have been delayed since the start of the State's 2016 fiscal year. To date, the State of Illinois' has yet to approve their 2016 fiscal year budget.

8. Retirement Plans

The Medical Center has retirement plans covering substantially all full-time employees, including employees of affiliated corporations. The Medical Center has two defined contribution plans available to eligible employees and a frozen noncontributory defined benefit plan, the Value Growth Plan ('VGP').

There is a 403(b) defined contribution plan available only to eligible pediatric faculty within PFF and a hospital plan available to all other eligible employees of the Medical Center. All nonPFF faculty employees, who have worked more than 1000 hours in a calendar year and elect to participate are considered participants of the Hospital plan.

Participants of the PFF plan are required to make mandatory contributions of 5 percent of compensation. Each year that a mandatory contribution is made by a participant, PFF will make a matching contribution equal to 10 percent of compensation.

All nonPFF employees, who have worked more than 1000 hours in a calendar year and elect to participate are considered participants of the Hospital plan. Participants of the Hospital plan may participate in a 403(b) deferred contribution plan by entering into a salary reduction agreement to contribute a percent of their compensation to the plan. The Hospital matches 100 percent of the employee's contribution up to 5 percent of compensation. Prior to January 2014, the maximum Hospital match was 2%.

The Medical Center's matching expense under both defined contribution plans totaled $18,843,000 and $15,258,000 in fiscal 2015 and 2014, respectively.

The VGP defined benefit plan is a cash balance plan and was frozen effective January 2014. The effect of the freeze on lowering service costs is shown in the table below. Previously accrued balances will continue to accrue interest; however, no further credits to these balances will be made. The interest, or earnings credit rate, is generally 4.5 percent annually.

The Medical Center also sponsors a nonqualified supplemental defined benefit retirement plan (SERP) for certain key executives. The plan is not funded and, therefore, has no plan assets. Benefits under the SERP are paid when incurred from the Medical Center's unrestricted net assets.

Pension expense for the VGP and SERP plans, as determined by an independent actuary, includes the following components:

	SERP		VGP	
	2015	2014	2015	2014
Service cost, benefits earned during the year	$ 142,607	$ 152,452	$ -	$ 3,231,093
Interest on projected benefit obligation	350,899	563,976	7,025,540	7,493,734
Expected return on assets	-	-	(12,028,436)	(10,402,087)
Amortization of actuarial loss	334,759	365,418	661,046	555,483
Amortization of prior service cost	177,565	177,565	109,660	109,660
Total pension related expense	$ 1,005,830	$ 1,259,411	$ (4,232,190)	$ 987,883

The funded status of the VGP and SERP plans at the end of the year was as follows:

	SERP		VGP	
	2015	2014	2015	2014
Funded status at end of year				
Projected benefit obligation	$ (6,709,050)	$ (10,930,602)	$ (175,589,136)	$ (177,028,059)
Plan assets at fair market value	-	-	148,518,459	155,976,199
Deficiency of plan assets over projected benefit obligation	$ (6,709,050)	$ (10,930,602)	$ (27,070,677)	$ (21,051,860)
Amounts recognized in the consolidated balance sheet consist of				
Current liability	$ (2,536,117)	$ (5,080,435)	$ -	$ -
Noncurrent liability	(4,172,933)	(5,850,167)	(27,070,677)	(21,051,860)
	$ (6,709,050)	$ (10,930,602)	$ (27,070,677)	$ (21,051,860)

All previously unrecognized actuarial gains and losses and prior service costs are reflected in the consolidated balance sheet. An estimate of $948,270 of this amount is included as a component of pension expense in fiscal 2015.

The change in the projected benefit obligation during fiscal 2015 and 2014 is summarized as follows:

	SERP		VGP	
	2015	2014	2015	2014
Projected benefit obligation at beginning of measurement year	$ 10,930,602	$ 12,179,400	$ 177,028,059	$ 155,299,967
Service cost	142,607	152,452	-	3,231,093
Interest cost	350,899	563,976	7,025,540	7,493,734
Actuarial loss (gain)	531,313	(18,384)	(3,301,480)	16,223,803
Benefits paid	(5,246,371)	(1,946,842)	(5,162,983)	(5,220,538)
Projected benefit obligation at end of measurement year	$ 6,709,050	$ 10,930,602	$ 175,589,136	$ 177,028,059

The accumulated benefit obligation for the VGP was $175,589,000 and $177,028,000 at August 31, 2015 and 2014, respectively. The accumulated benefit obligation for the SERP plan was $5,624,000 and $8,800,000 at August 31, 2015 and 2014, respectively.

The change in plan assets during fiscal 2015 and 2014 is summarized as follows:

	VGP	
	2015	2014
Plan assets, at fair value at beginning of measurement year	$ 155,976,199	$ 135,582,562
Actual return on plan assets	(4,194,757)	18,814,175
Employer contributions	1,900,000	6,800,000
Benefits paid	(5,162,983)	(5,220,538)
Plan assets, at fair value at end of measurement year	$ 148,518,459	$ 155,976,199

The following table presents the plan investments carried at fair value as of August 31, 2015, by caption, by the valuation hierarchy defined in Note 5:

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Short-term investments	$ 719,440	$ -	$ -	$ 719,440
Common and preferred stock	75,286,203	19,432,957	-	94,719,160
Alternative investments	-	-	3,358,278	3,358,278
Corporate and municipal bonds	49,504,732	-	-	49,504,732
Accrued interest	-	216,849	-	216,849
Total assets at fair value	$ 125,510,375	$ 19,649,806	$ 3,358,278	$ 148,518,459

Plan assets included in Level 3 consist of alternative investments. The following table is a rollforward of the pension assets classified by the Medical Center within Level 3 of the fair value hierarchy:

	Level 3 Assets Alternative Investments
Assets	
Beginning balance September 1, 2014	$ 4,953,740
Total net unrealized loss and redemptions	(1,595,462)
Ending balance August 31, 2015	$ 3,358,278

The following table presents the plan investments carried at fair value as of August 31, 2014, by caption, by the valuation hierarchy defined in Note 5:

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Short-term investments	$ 2,633,177	$ -	$ -	$ 2,633,177
Common and preferred stock	91,805,457	6,231,526	-	98,036,983
Alternative investments	-	-	4,953,740	4,953,740
Corporate and municipal bonds	50,187,467	-	-	50,187,467
Accrued interest	-	164,832	-	164,832
Total assets at fair value	$ 144,626,101	$ 6,396,358	$ 4,953,740	$ 155,976,199

Plan assets included in Level 3 consist of alternative investments. The following table is a rollforward of the pension assets classified by the Medical Center within Level 3 of the fair value hierarchy:

	Level 3 Assets Alternative Investments
Assets	
Beginning balance September 1, 2013	$ 5,192,838
Total net unrealized loss	(239,098)
Ending balance August 31, 2014	$ 4,953,740

The Medical Center's pension plan weighted-average asset allocations at August 31, 2015 and 2014, by asset category are as follows:

	2015	2014
Asset category		
Equity securities	64 %	63 %
Fixed income securities and cash	36	37
	100 %	100 %

The underlying investment strategy for the pension investment pool is to maintain a target balance of 60% equity securities and 40% fixed-income securities designed to achieve the target investment return of the consumer price index plus 5%. The minimum and maximum allocations are reflected below:

	Target	Minimum	Maximum
Equity securities	60 %	52 %	67 %
Fixed income securities and cash	40	33	48

The Medical Center investments are invested with external managers according to an asset allocation that relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) over a long-term time horizon.

Equity securities include public equities traded in both domestic and international markets. The purpose of equities is to provide access to liquid markets and serve as a long-term hedge against inflation.

Fixed income securities and cash includes cash and cash equivalents, fixed income securities issued by both domestic and international issuers, and an investment in a fixed income arbitrage strategy that seeks to earn a return over treasury bills. The purpose of fixed income securities is to provide a stable income stream and greater certainty of nominal cash flow relative to equities. Given the low correlation to other asset classes, fixed income assets also enhance diversification.

There are no plans to contribute to the pension plan in fiscal year 2016.

Estimated future pension benefit payments for the next ten years are as follows:

	SERP	VGP	Total
Years Ending August 31,			
2016	$ 2,536,117	$ 12,567,914	$ 15,104,031
2017	782,400	9,506,013	10,288,413
2018	1,084,989	9,289,321	10,374,310
2019	398,595	8,813,848	9,212,443
2020	1,348,424	10,314,692	11,663,116
2021-2025	5,388,691	49,221,615	54,610,306
	$ 11,539,216	$ 99,713,403	$ 111,252,619

Weighted-average assumptions used to determine benefit obligations at August 31, 2015 and 2014 are as follows:

	SERP		VGP	
	2015	2014	2015	2014
Discount rate	4.4%	4.1%	4.4%	4.1%
Rate of compensation increase	4.0	4.0	n/a	n/a

Weighted-average assumptions used to determine net periodic pension benefit cost in fiscal 2015 and 2014 are as follows:

	SERP		VGP	
	2015	2014	2015	2014
Discount rate	4.1%	4.9%	4.0%	4.9%
Expected return on plan assets	n/a	n/a	8.0	8.0
Rate of compensation increase	4.0	4.0	n/a	4.0

The discount rate was determined by constructing hypothetical yield curves based on yields of corporate bonds rated AA quality. The expected rate of return on plan assets was determined by using the historical return on the various asset classes in which the plan invests.

9. Long-Term Debt

In May 2008, the Illinois Finance Authority issued $553,490,000 of Series 2008 Bonds on behalf of the Hospital. The issue included $212,000,000 of Insured Revenue Bonds Series 2008A ('Series 2008A'), $168,000,000 of Revenue Bonds Series 2008B ('Series 2008B'), $86,745,000 of Variable Rate Demand Revenue Bonds Series 2008C ('Series 2008C'), and $86,745,000 of Variable Rate Demand Revenue Bonds Series 2008D ('Series 2008D'), (collectively, the 'Series 2008 Bonds'). The proceeds of the Series 2008A and Series 2008B bonds were primarily for the construction of the Ann & Robert H. Lurie Children's Hospital of Chicago.

The proceeds of the Series 2008C and 2008D bonds were used to (a) refund the $62,050,000 outstanding principal amount of IHFA Variable Rate Demand Revenue Bonds and Series 1999B Periodic Auction Reset Securities (PARS); (b) refund the $30,750,000 outstanding principal amount of IHFA Variable Rated Demand Revenue Bonds, Series 2003A Periodic Auction Reset Securities and the $24,975,000 outstanding principal amount of IHFA Variable Rate Demand Revenue Bonds, Series 2003B Periodic Auction Reset Securities (PARS); (c) refund the $54,725,000 outstanding principal amount of the Authority's Variable Rate Demand Revenue Bonds, Series 2004 Periodic Auction Reset Securities (PARS); and (d) pay certain expenses in connection with the issuance of the Series 2008C/D Bonds. The final amounts outstanding of the 2008C and 2008D bonds were redeemed in January 2014.

The Medical Center's long-term debt is issued under a Master Trust Indenture ('Indenture') dated May 1, 2008, as amended and restated. Obligations under the Indenture are collateralized by a pledge of the unrestricted receivables of the Obligated Group, which consists of the Hospital and the Foundation (the 'Obligated Group').

In connection with the sale of existing bond financed property and completion of the new hospital project, the Medical Center exercised options to call portions of its Series 2008C and Series D bonds for redemption and payment prior to maturity. The related amounts in the JP Morgan Chase Bank letter of credit agreements described above were reduced accordingly.

In February 2012, the Illinois Finance Authority issued $60,000,000 of Series 2012 Bonds directly placed with JPMorgan Chase Bank, NA on behalf of the Hospital. The issue included $30,000,000 variable rate Demand Revenue Bonds Series 2012A ('Series 2012A') and $30,000,000 of fixed rate Revenue Bonds Series 2012B ('Series 2012B'). The proceeds of the Series 2012A and 2012B bonds were used primarily to provide support for the construction of the Ann & Robert H. Lurie Children's Hospital of Chicago.

There were no redemptions during fiscal year 2015. During fiscal year 2014, the Medical Center had a full redemption of the JPMorgan Chase Bank, NA Revolving Credit Agreement, Series 2012A & Series B and partial redemptions for the Series 2008C and Series D as follows:

Date	Series	Principal Redeemed
January 28, 2014	2008C	$ 9,694,000
January 28, 2014	2008D	9,694,000
Total 2008C Series Redeemed		19,388,000
August 22, 2014	2012A	30,000,000
January 28, 2014	2012B	10,000,000
August 22, 2014	2012B	20,000,000
Total 2008D Series Redeemed		60,000,000
Total Long Term Debt Redeemed		$ 79,388,000

Long-term debt at August 31, 2015 and 2014 consisted of the following:

	2015	2014
Illinois Finance Authority insured revenue bonds, Series 2008A, fixed interest rate ranging from 5.00% to 5.25%, maturing annually in principal amounts ranging from $3,235,000 in August 2028 to $23,340,000 in August 2047.	$ 212,000,000	$ 212,000,000
Illinois Finance Authority revenue bonds, Series 2008B, fixed interest rate ranging from 5.25% to 5.50%, maturing annually in principal amounts ranging from $4,415,000 in August 2015 to $15,555,000 in August 2039.	163,585,000	168,000,000
Total debt outstanding	375,585,000	380,000,000
Less: Unamortized discount	(2,181,525)	(2,287,964)
Long-term debt	$ 373,403,475	$ 377,712,036

The estimated fair value of the Medical Center's total debt outstanding was approximately $393,984,000 as of August 31, 2015. This estimate is based on market interest rates and other relevant information and input from financial advisors.

Future maturities of total outstanding debt at August 31, 2015, are as follows:

Years Ending August 31,	
2016	$ 4,645,000
2017	4,890,000
2018	5,150,000
2019	5,430,000
2020	5,730,000
Thereafter	349,740,000
	$ 375,585,000

The Obligated Group is subject to various nonfinancial and financial covenants. The Obligated Group was in compliance with its debt covenants as of August 31, 2015 and 2014.

As of August 31, 2015, the Medical Center had line of credit agreements with three commercial banks for $45,000,000, $25,000,000 and $30,000,000. One outstanding letter of credit supporting the Hospital requirements totaling $1,710,000 reduces this available balance. There were no amounts outstanding or borrowings made under the lines of credit during 2015 or 2014. The Medical Center also has a letter of credit outstanding for the debt service reserve fund of $14,534,000.

10. Operating Leases

The Medical Center leases certain buildings, office space, and equipment under noncancelable operating leases. Payments associated with these leases were approximately $7,190,000 and $6,676,000 in 2015 and 2014, respectively, including minimum monthly payments and additional usage charges under equipment leases.

Approximate minimum future payments under noncancelable lease obligations at August 31, 2015, are as follows:

Years Ending August 31,	
2016	$ 7,160,919
2017	7,146,036
2018	7,409,032
2019	6,270,019
2020	5,147,675
Thereafter	53,384,611
	$ 86,518,292

11. Professional and General Liability Insurance

The Medical Center maintains a program of self-insurance for professional and general liability risks. This program is maintained on behalf of all Medical Center affiliates and employees including the employed physicians of PFF and LCMG and the nonemployed affiliated physicians in the Children's Hospital of Chicago Faculty Practice Plan who are members of Children's Surgical Foundation and Pediatric Anesthesia Associates. More than 500 hospital-based physicians are covered by this program.

The Medical Center self-insures the first losses for both professional and general liability claims. The estimated liability for self-insured claims and the required funding for the trust are determined annually by an independent actuary and are based upon case reserves and actuarial estimates for claims that have been incurred but not yet reported. The self-insured portion of the program is administered by an independent trustee.

The Medical Center incurred approximately $20,602,000 and $30,765,000 in expense for fiscal 2015 and 2014, respectively, for self-insured professional and general liability risks. The Medical Center's self-insurance liability has been discounted at 5% in fiscal 2015 and 2014. The effect of discounting the value of estimated liabilities was approximately $15,115,000 and $19,883,000 at August 31, 2015 and 2014, respectively.

In addition to the self-insured portion, the Medical Center purchases commercial insurance for claims in excess of the self-insurance limits. These excess insurance policies, which are claims-made, are purchased through CMMC Insurance.

CMMC Insurance writes the professional and general liability insurance for the Hospital and its affiliates. CMMC Insurance, in turn, purchases reinsurance equal to 100 percent of its exposure and, therefore, holds no risk on its own books. For the years ended August 31, 2015 and 2014, premiums ceded to reinsurers were $1,420,000 and $1,714,000, respectively, and reinsurance recoveries on unpaid losses on an undiscounted basis, were $11,272,000 and $11,494,000, respectively. CMMC Insurance is operated to break even after all expenses.

12. Transactions With Related Parties

Certain of the Hospital's affiliated physicians participate in independent physician faculty practice plan corporations. At August 31, 2015 and 2014, amounts due from the physician practice groups totaled approximately $1,582,000 and $1,635,000, respectively, a portion of which is included in other current assets and other assets.

The Hospital paid approximately $5,100,000 and $5,068,000 in fiscal 2015 and 2014, respectively, for administration, supervision, teaching, and patient care services provided by these independent physicians, which is included in supplies and services expense.

The Hospital billed such independent physician group practice corporations $7,391,000 and $7,267,000 in fiscal 2015 and 2014, respectively, for certain expenses, such as personnel expenses, supplies and services, and professional liability insurance, incurred on their behalf, which is included in other operating revenue.

13. Functional Expenses

The Medical Center provides health care services to children and conducts research and programs within its geographic region. Expenses, excluding interest expense and including fundraising expenses which are reported as nonoperating activities, related to providing these services and research and programs were as follows:

	2015	2014
Patient care services	$ 601,950,155	$ 581,371,731
General and administrative	117,245,994	110,003,414
Research and programs	58,460,113	53,472,305
Fundraising	16,209,674	15,403,210
Illinois Hospital Assessment Program	16,902,984	19,950,643
	$ 810,768,920	$ 780,201,303

14. Commitments and Contingencies

Health Care Regulation

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations create a possibility of repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Management believes that the Medical Center is in compliance, in all material respects, with fraud and abuse statutes, as well as with other applicable government laws and regulations. While no regulatory inquiries have been made, that are expected to have a material effect on the consolidated financial statements, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Litigation
There are several lawsuits, pending claims, and incidents that occurred in the past whereby claims have been made and may be asserted against the Medical Center for which the ultimate liability, if any, cannot be reasonably estimated. Management believes that the ultimate settlement of these claims will not have a material adverse effect upon the Medical Center's consolidated financial position or results of operations.

Investments
The Medical Center has contractual commitments totaling $40,000,000 with its private equity investment funds. As of August 31, 2015, the Medical Center's remaining capital commitments are $16,059,000. Future capital calls are expected to occur over the next several years and will be initiated by the general partner of the investment as investments are made by the funds.

Asset Retirement Obligation
An asset retirement obligation represents a legal obligation associated with the retirement of a tangible long-lived asset that is incurred upon the acquisition, construction, development, or normal operation of that long-lived asset. The asset retirement obligations are accreted to their present value at the end of each reporting period. The associated estimated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over its useful life.

The Medical Center has evaluated its leased and owned properties for potential asset retirement obligations. Based on this review, the Medical Center identified obligations primarily related to the removal of certain materials previously utilized in the construction process. The total retirement obligation recognized as of August 31, 2015 and 2014, was $3,597,000 and $3,588,000, respectively, which is recorded as accrued expenses in the consolidated balance sheets.

15. Subsequent Event

Management has evaluated subsequent events through December 2, 2015.

Supplemental Information

ATTACHMENT 36

Children's Hospital of Chicago Medical Center and Affiliated Corporations
Consolidating Balance Sheet
August 31, 2015

	Ann & Robert H. Lurie Children's Hospital of Chicago	Ann & Robert H. Lurie Children's Hospital of Chicago Foundation	Eliminating Entries	Obligated Group	Stanley Manne Children's Research Institute	Pediatric Faculty Foundation	Lurie Children's Medical Group LLC	Almost Home Kids	Children's Hospital of Chicago Medical Center	CMMC Insurance Co. Ltd	Lurie Children's Health Partners Care Coordination	Eliminating Entries	Total
Assets													
Current assets													
Cash and cash equivalents	$ 22,871,672	$ -	$ -	$ 22,871,672	$ -	$ -	$ 4,822,491	$ 2,141	$ -	$ 198,853	$ -	$ -	$ 27,895,157
Current portion of self-insurance trust	8,600,000	-	-	8,600,000	-	-	-	-	-	-	-	-	8,600,000
Accounts receivable, net of allowance	-	-	-	-	-	-	-	-	-	-	-	-	-
for uncollectible accounts of $15,818,000	73,246,092	-	-	73,246,092	-	9,950,502	1,047,890	1,121,606	-	-	433,305	-	85,799,395
Other current assets	32,301,462	578,102	-	32,879,564	179,897	4,599,533	517,029	230,137	78,025	12,700,370	-	-	51,182,355
Total current assets	136,819,226	578,102	-	137,397,328	179,897	14,550,035	6,387,410	1,353,884	78,025	12,899,223	433,305	-	173,278,907
Investments	1,102,969,535	-	-	1,102,969,535	-	-	-	-	120,000	-	-	(120,000)	1,102,969,535
Property and equipment, at cost	1,415,782,694	1,614,953	-	1,417,377,647	45,171,618	-	-	1,889,533	-	-	-	-	1,464,438,798
Less: Accumulated depreciation	511,217,215	1,614,953	-	512,832,168	27,714,829	-	-	192,978	-	-	-	-	540,739,975
Total property and equipment, net	904,545,479	-	-	904,545,479	17,456,789	-	-	1,696,555	-	-	-	-	923,698,823
Other assets	82,103,182	-	-	82,103,182									82,103,182
Total assets	$ 2,206,437,422	$ 578,102	$ -	$ 2,207,015,524	$ 17,636,486	$ 14,550,035	$ 6,387,410	$ 3,050,439	$ 198,025	$ 12,899,223	$ 433,305	$ (120,000)	$ 2,282,048,447
Liabilities and Net Assets													
Current liabilities													
Accounts payable and accrued expenses	$ 82,530,893	$ 3,014,325	$ -	$ 85,545,218	$ 1,060,034	$ 10,253,090	$ 4,517,848	$ 360,446	$ -	$ 12,758,383	$ 232,088	$ -	$ 114,725,105
Current portion of self-insurance liability	8,600,000	-	-	8,600,000	-	-	-	-	-	-	-	-	8,600,000
Due to third-party payors	13,509,265	-	-	13,509,265	-	-	-	-	-	-	-	-	13,509,265
Current portion of long-term debt	4,645,000	-	-	4,645,000	-	-	-	-	-	-	-	-	4,645,000
Total current liabilities	109,285,158	3,014,325	-	112,299,483	1,060,034	10,253,090	4,517,848	360,446	-	12,758,383	232,088	-	141,479,370
Other liabilities	142,983,906	-	-	142,983,906	-	-	-	237,219	-	-	-	-	143,221,125
Long-term debt	368,758,475	-	-	368,758,475	-	-	-	-	-	-	-	-	368,758,475
Total liabilities	621,027,539	3,014,325	-	624,041,864	1,060,034	10,253,090	4,517,848	597,665	-	12,758,383	232,088	-	653,458,970
Stockholder's equity													
Common stock	-	-	-	-	-	-	-	-	-	120,000	-	(120,000)	-
Additional paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	22,840	-	(22,840)	-
Total stockholder's equity	-	-	-	-	-	-	-	-	-	142,840	-	(142,840)	-
Net assets													
Unrestricted	1,219,278,280	(2,436,223)	-	1,216,840,057	16,576,452	4,296,945	1,869,562	2,452,774	198,025	-	201,219	22,840	1,242,455,854
Temporarily restricted	203,100,374	-	-	203,100,374	-	-	-	-	-	-	-	-	203,100,374
Permanently restricted	163,033,249	-	-	163,033,249	-	-	-	-	-	-	-	-	163,033,249
Total net assets	1,585,409,883	(2,436,223)	-	1,582,973,680	16,576,452	4,296,945	1,869,562	2,452,774	198,025	-	201,219	22,840	1,608,589,477
Total liabilities and net assets	$ 2,206,437,422	$ 578,102	$ -	$ 2,207,015,524	$ 17,636,486	$ 14,550,035	$ 6,387,410	$ 3,050,439	$ 198,025	$ 12,899,223	$ 433,305	$ (120,000)	$ 2,282,048,447

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

Children's Hospital of Chicago Medical Center and Affiliated Corporations
Consolidating Balance Sheet
August 31, 2014

	Ann & Robert H. Lurie Children's Hospital of Chicago	Ann & Robert H. Lurie Children's Hospital of Chicago Foundation	Eliminating Entries	Obligated Group	Stanley Manne Children's Research Institute	Pediatric Faculty Foundation	Lurie Children's Medical Group LLC	Almost Home Kids	Children's Hospital of Chicago Medical Center	CMMC Insurance Co. Ltd	Lurie Children's Health Partners Care Coordination	Eliminating Entries	Total
Assets													
Current assets													
Cash and cash equivalents	$ 19,768,457	$ -	$ -	$ 19,768,457	$ -	$ -	$ 4,760,528	$ 72,411	$ -	$ 202,308	$ -	$ -	$ 24,823,702
Current portion of self-insurance trust	16,685,000	-	-	16,685,000	-	-	-	-	-	-	-	-	16,685,000
Accounts receivable, net of allowance for uncollectible accounts of $12,846,000	53,482,214	-	-	53,482,214	-	7,641,252	2,917,270	701,113	-	-	-	-	64,741,849
Other current assets	34,546,289	658,471	-	35,104,740	213,110	2,995,046	431,258	622,688	76,025	13,215,232	-	-	52,658,099
Total current assets	124,481,940	658,471	-	125,040,411	213,110	10,636,298	8,129,056	1,396,212	76,025	13,417,538	-	-	158,909,650
Investments	1,039,944,962		-	1,039,944,962					120,000			(120,000)	1,039,944,962
Property and equipment, at cost	1,394,748,344	1,614,953	-	1,396,361,297	43,506,996	-	-	1,748,905	-	-	-	-	1,441,617,198
Less: Accumulated depreciation	448,684,016	1,614,953	-	450,298,969	26,660,535	-	-	64,306	-	-	-	-	477,023,810
Total property and equipment, net	946,062,328	-	-	946,062,328	16,846,461	-	-	1,684,599	-	-	-	-	964,593,388
Other assets	84,786,463	-	-	84,786,463	-	-	-	-	-	-	-	-	84,786,463
Total assets	$ 2,195,275,693	$ 658,471	$ -	$ 2,195,834,164	$ 17,059,571	$ 10,636,298	$ 8,129,056	$ 3,080,811	$ 196,025	$ 13,417,538	$ -	$ (120,000)	$ 2,248,233,463
Liabilities and Net Assets													
Current liabilities													
Accounts payable and accrued expenses	$ 70,071,669	$ 2,423,057	$ -	$ 81,494,726	$ 1,235,123	$ 8,781,547	$ 4,428,269	$ 322,763	$ (1)	$ 13,270,820	$ -	$ -	$ 109,533,047
Current portion of self-insurance liability	16,685,000	-	-	16,685,000	-	-	-	-	-	-	-	-	16,685,000
Due to third-party payors	11,290,133	-	-	11,290,133	-	-	-	-	-	-	-	-	11,290,133
Current portion of long-term debt	4,415,000	-	-	4,415,000	-	-	-	-	-	-	-	-	4,415,000
Total current liabilities	111,461,802	2,423,057	-	113,884,859	1,235,123	8,781,547	4,428,269	322,763	(1)	13,270,820	-	-	141,923,180
Other liabilities	126,787,745	-	-	126,787,745	-	-	-	718,219	-	-	-	-	129,505,964
Long-term debt	373,297,036	-	-	373,297,036	-	-	-	-	-	-	-	-	373,297,036
Total liabilities	613,546,583	2,423,057	-	615,969,640	1,235,123	8,781,547	4,428,269	1,040,982	(1)	13,270,820	-	-	644,726,180
Stockholder's equity													
Common stock	-	-	-	-	-	-	-	-	-	120,000	-	(120,000)	-
Additional paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	26,918	-	(26,918)	-
Total stockholder's equity	-	-	-	-	-	-	-	-	-	146,918	-	(146,918)	-
Net assets													
Unrestricted	1,215,337,908	(1,864,586)	-	1,213,473,320	15,824,448	1,854,751	3,700,787	2,039,829	196,026	-	-	26,918	1,237,116,079
Temporarily restricted	209,535,724	-	-	209,535,724	-	-	-	-	-	-	-	-	209,535,724
Permanently restricted	156,855,480	-	-	156,855,480	-	-	-	-	-	-	-	-	156,855,480
Total net assets	1,581,729,110	(1,864,586)	-	1,579,864,524	15,824,448	1,854,751	3,700,787	2,039,829	196,026	-	-	26,918	1,603,507,283
Total liabilities and net assets	$ 2,195,275,693	$ 658,471	$ -	$ 2,195,834,164	$ 17,059,571	$ 10,636,298	$ 8,129,056	$ 3,080,811	$ 196,025	$ 13,417,538	$ -	$ (120,000)	$ 2,248,233,463

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

Children's Hospital of Chicago Medical Center and Affiliated Corporations
Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Year Ended August 31, 2015

	Ann & Robert H. Lurie Children's Hospital of Chicago	Ann & Robert H. Lurie Children's Hospital of Chicago Foundation	Eliminating Entries	Obligated Group	Stanley Manne Children's Research Institute	Pediatric Faculty Foundation	Lurie Children's Medical Group LLC	Almost Home Kids	Children's Hospital of Chicago Medical Center	CMMC Insurance Co. Ltd	Lurie Children's Health Partners Care Coordination	Eliminating Entries	Total
Operating revenue													
Patient service revenue, net of contractual allowances and discounts	$ 633,020,620	$ -	$ -	$ 633,020,620	$ -	$ 85,915,887	$ 15,151,061	$ 3,893,068	$ -	$ -	$ -	$ (715,497)	$ 737,265,139
Provision for doubtful accounts	7,519,588	-		7,519,588	-	3,406,432	552,310	35,050					11,513,380
Net patient service revenue	625,501,032	-	-	625,501,032	-	82,509,455	14,598,751	3,858,018	-	-	-	(715,497)	725,751,759
Net assets released from restrictions													
Contributions and philanthropy used for program purposes	26,318,098	-	-	26,318,098	-	8,321,882	-	-	-	-	-	(8,321,882)	26,318,098
Grants and other restricted income used for program purposes	38,436,859	-	-	38,436,859	-	5,356,967	-	-	-	-	-	(5,356,967)	38,436,859
Board-designated endowment income	6,752,643	-	-	6,752,643	-	-	-	-	-	-	-	-	6,752,643
Other operating revenue	34,330,556	-	-	34,330,556	11,588,051	23,039,553	5,988,777	81,677	-	73,694	1,702,923	(19,187,754)	57,597,477
Total operating revenue	731,338,988	-	-	731,338,988	11,588,051	119,227,837	20,587,528	3,939,715	-	73,694	1,702,923	(33,582,100)	854,856,836
Operating expenses													
Salaries, wages, and employee benefits	338,973,539	9,385,640	(9,385,640)	338,973,539	10,564,809	111,433,756	17,932,643	4,932,424	389,516	-	587,103	(23,244,138)	461,559,654
Supplies and services	238,781,397	6,648,921	(6,648,921)	238,781,397	7,358,087	25,792,429	4,150,760	741,066	80,011	77,770	3,302,870	(11,183,686)	269,100,714
Depreciation	61,867,453	-	-	61,867,453	1,058,321	-	-	127,380	-	-	-	845,724	63,898,878
Total operating expenses	639,622,389	16,032,561	(16,032,561)	639,622,389	18,981,227	137,226,185	22,083,403	5,800,870	479,529	77,770	3,889,973	(33,582,100)	794,559,246
Income (loss) from operations before interest and amortization	91,716,599	(16,032,561)	16,032,561	91,716,599	(7,413,176)	(17,998,348)	(1,495,875)	(1,861,155)	(479,529)	(4,076)	(2,187,050)	-	60,297,390
Interest and amortization of financing costs	22,434,061	-	-	22,434,061	-	-	-	-	-	-	-	-	22,434,061
Income (loss) from operations	69,282,538	(16,032,561)	16,032,561	69,282,538	(7,413,176)	(17,998,348)	(1,495,875)	(1,861,155)	(479,529)	(4,076)	(2,187,050)	-	37,863,329
Nonoperating income (expense), net	(21,299,794)	16,322,501	(16,032,561)	(21,009,854)	-	-	-	801,594	-	-	-	-	(20,408,260)
Excess (deficiency) of revenue over expenses	47,982,744	289,940	-	48,272,684	(7,413,176)	(17,998,348)	(1,495,875)	(1,259,561)	(479,529)	(4,076)	(2,187,050)	-	17,455,069
Net assets released from restrictions used for purchase of property and equipment	371,837	-	-	371,837	-	-	-	-	-	-	-	-	371,837
Retirement plan-related change other than net periodic retirement plan expense	(12,561,851)	-	-	(12,561,851)	-	-	-	-	-	-	-	-	(12,561,851)
Other	94,720	-	-	94,720	-	-	-	-	-	-	-	-	94,720
Transfers (to) from affiliates	(31,929,096)	(861,577)	-	(32,790,673)	8,165,180	20,440,542	(335,350)	1,672,506	479,529	-	2,368,266	-	-
Increase (decrease) in unrestricted net assets	$ 3,938,354	$ (571,637)	$ -	$ 3,366,717	$ 752,004	$ 2,442,194	$ (1,831,225)	$ 412,945	$ -	$ (4,076)	$ 201,216	$ -	$ 5,338,775

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

Children's Hospital of Chicago Medical Center and Affiliated Corporations
Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Year Ended August 31, 2014

	Ann & Robert H. Lurie Children's Hospital of Chicago	Ann & Robert H. Lurie Children's Hospital of Chicago Foundation	Eliminating Entries	Obligated Group	Stanley Manne Children's Research Institute	Pediatric Faculty Foundation	Lurie Children's Medical Group LLC	Almost Home Kids	Children's Hospital of Chicago Medical Center	CNMC Insurance Co. Ltd	Lurie Children's Health Partners Care Coordination	Eliminating Entries	Total
Operating revenue													
Patient service revenue, net of contractual allowances and discounts	$ 613,238,772	$ -	$ -	$ 613,238,772	$ -	$ 85,673,139	$ 14,520,404	$ 2,987,635	$ -	$ -	$ -	$ (821,814)	$ 715,598,136
Provision for doubtful accounts	5,649,422	-	-	5,649,422	-	3,361,899	414,079	-	-	-	-	-	9,425,400
Net patient service revenue	607,589,350	-	-	607,589,350	-	82,311,240	14,106,325	2,987,635	-	-	-	(821,814)	706,172,736
Net assets released from restrictions													
Contributions and philanthropy used for program purposes	23,114,193	-	-	23,114,193	-	6,874,548	-	-	-	-	-	(6,874,548)	23,114,193
Grants and other restricted income used for program purposes	35,268,080	-	-	35,268,080	-	5,477,433	-	-	-	-	-	(5,477,433)	35,268,080
Board-designated endowment income	4,056,384	-	-	4,056,384	-	-	-	-	-	-	-	-	4,056,384
Other operating revenue	40,269,365	-	-	40,269,365	10,328,558	19,051,324	6,304,471	70,872	-	73,200	-	(18,888,160)	57,230,630
Total operating revenue	710,297,372	-	-	710,297,372	10,328,558	113,714,545	20,410,796	3,058,507	-	73,200	-	(32,038,955)	825,842,023
Operating expenses													
Salaries, wages, and employee benefits	328,936,543	8,753,328	(8,753,328)	328,936,543	10,220,928	100,546,013	16,811,781	4,120,094	481,153	-	123,421	(21,865,213)	439,374,720
Supplies and services	238,597,203	8,552,673	(8,552,673)	238,597,203	8,617,429	24,318,882	4,175,317	556,284	28,985	73,925	862,017	(11,219,468)	282,012,556
Depreciation	61,357,076	-	-	61,357,076	1,143,711	-	-	84,306	-	-	-	845,724	63,410,817
Total operating expenses	628,890,822	16,306,001	(16,306,001)	628,890,822	17,982,068	124,864,895	20,787,098	4,742,684	510,138	73,925	985,438	(32,038,955)	784,798,093
Income (loss) from operations before interest and amortization	83,406,550	(16,306,001)	16,306,001	83,406,550	(7,655,510)	(11,150,350)	(376,302)	(1,684,157)	(510,138)	(725)	(985,438)	-	61,043,930
Interest and amortization of financing costs	23,464,070	-	-	23,464,070	-	-	-	-	-	-	-	-	23,464,070
Income (loss) from operations	59,942,480	(16,306,001)	16,306,001	59,942,480	(7,655,510)	(11,150,350)	(376,302)	(1,684,157)	(510,138)	(725)	(985,438)	-	37,579,860
Nonoperating income (expense), net	87,814,818	17,076,399	(16,306,001)	89,585,216	(64)	-	-	420,507	-	26			90,005,665
Excess (deficiency) of revenue over expenses	147,757,298	1,770,398	-	149,527,696	(7,655,594)	(11,150,350)	(376,302)	(1,263,650)	(510,138)	(699)	(985,438)	-	127,585,525
Net assets released from restrictions used for purchase of property and equipment	562,628	-	-	562,628	-	-	-	-	-	-	-	-	562,628
Net assets transferred from newly affiliated organization	-	-	-	-	-	-	-	1,897,480	-	-	-	-	1,897,480
Retirement plan-related change other than net periodic retirement plan expense	(7,065,378)	-	-	(7,065,378)	-	-	-	-	-	-	-	-	(7,065,378)
Contribution	235,498	(235,498)	-	-	-	-	-	-	-	-	-	-	-
Other	61,931	(340)	-	61,591	-	-	-	4,001	-	-	-	-	65,592
Transfers (to) from affiliates	(19,907,013)	(1,156,575)	-	(21,065,588)	7,218,410	9,527,403	1,424,192	1,401,988	510,138		985,438		-
Increase (decrease) in unrestricted net assets	$ 121,644,962	$ 375,985	$ -	$ 122,020,947	$ (439,175)	$ (1,622,947)	$ 1,047,890	$ 2,029,629	$ -	$ (699)	$ -	$ -	$ 123,045,645

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

RATING AGENCY REPORTS

FITCH RATINGS

S&P GLOBAL

ATTACHMENT 37

FITCH AFFIRMS LURIE CHILDREN'S HOSPITAL (IL) REVS AT 'AA-'; OUTLOOK STABLE

Fitch Ratings-Chicago-03 March 2016: Fitch Ratings has affirmed the 'AA-' rating on approximately $375.6 million of bonds issued by the Illinois Finance Authority on behalf of the Ann & Robert H. Lurie Children's Hospital of Chicago (Lurie Children's, formerly known as Children's Memorial Hospital).

The Rating Outlook is Stable.

SECURITY

Bond payments are secured by a pledge of the gross receipts of the obligated group.

KEY RATING DRIVERS

LEADING MARKET POSITION: Lurie Children's is a nationally recognized children's hospital and is the leading provider of complex quaternary pediatric services in the Chicagoland area. The hospital's competitive position was bolstered by the completion of its new hospital in 2012 and is enhanced by its close affiliation with and proximity to Northwestern Memorial Hospital (NMH) and Northwestern University's Feinberg School of Medicine (FSM).

STRONG OPERATING PROFITABILITY: Operating profitability remains strong with operating EBITDA margin equal to 14.5% in fiscal 2015 and 18.7% in the three month interim period ending November 30, 2015 (the interim period), exceeding Fitch's 'AA' category median of 11.5%.

MODERATING DEBT BURDEN: The hospital's debt burden moderated significantly with the payoff of $79.4 million of bonds in 2014. Maximum annual debt service (MADS) decreased to $24.6 million from $35.3 million, decreasing to 2.9% of fiscal 2015 revenue.

SOLID LIQUIDITY METRICS: Despite spending $79.4 million to retire outstanding bonds in 2014, liquidity metrics remain solid with 426.9 days cash on hand, 28.9x cushion ratio and 190.2% cash to debt at Nov. 30, 2015.

RATING SENSITIVITIES

MAINTENANCE OF CURRENT PROFILE: Fitch expects Lurie Children's Hospital to maintain liquidity metrics and coverage metrics consistent with the rating category.

CREDIT PROFILE

Lurie Children's (formerly known as Children's Memorial Hospital) operates a 288 bed pediatric hospital in Chicago. Additional operations include 11 outpatient centers, a medical group with over 500 employed physicians, a research center and a philanthropic foundation. Total consolidated operating revenues equaled $855 million in fiscal 2015. Fitch's analysis is based upon consolidated results for fiscal year ends and obligated group results for the interim period.

LEADING MARKET POSITION

Lurie Children's is a nationally recognized children's hospital and the leading provider of pediatric services in the seven-county Chicago metropolitan area. Lurie Children's is ranked as the eleventh best children's hospital by U.S. News and World Report and is nationally ranked in ten pediatric specialties. The leading market position was further bolstered by the opening of its new replacement hospital in 2012 on the campus of NMH and adjacent to FSM in Chicago's affluent Streeterville neighborhood.

Reflecting its strong reputation, Lurie Children's market share more than doubled from 12% in 2003 to 28.8% in 2014. No other hospital in the service area holds a market share greater than 11% in pediatric discharges. Additionally, the hospital maintains a leading inpatient market share in nearly every pediatric specialty and sub-specialty.

The hospital's market position is enhanced by its affiliations with NMH and FSM. The affiliation strengthens Lurie Children's physician recruiting and alignment initiatives. As FSM's primary pediatric teaching hospital, virtually all of Lurie Children's hospital-based physicians hold faculty appointments at the medical school. In addition to its affiliation with Northwestern, Lurie Children's has extended its geographic reach through strategic partnerships with 14 hospitals and Lurie Children's 11 outpatient centers located throughout the Chicago metropolitan area.

STRONG OPERATING PROFITABILITY

Operating profitability has been consistently strong. Operating EBITDA margins averaged 12.6% since fiscal 2009 and equaled 14.5% in fiscal 2015, exceeding Fitch's 'AA' category median of 11.5%. The strong profitability in fiscal 2015 reflects continued expense management initiatives as well as increased outpatient visits, surgical procedures and emergency department visits. Additionally, Lurie Children's received $11.9 million of enhanced revenue related to the PPACA which will be recurring. Profitability was also bolstered by $4.0 million of net provider tax payments that were attributable to fiscal 2014 and $1.8 million of enhanced primary care payments related to the PPACA that will be discontinued going forward. Excluding those amounts, operating EBITDA margin remained strong at 13.9%. Strong operations continued in the interim period with operating EBITDA margin increasing to 18.7%. Management is budgeting for operating EBITDA margin to equal 14.6% in fiscal 2016.

MODERATING DEBT BURDEN

Lurie Children's leverage and debt burden metrics have moderated significantly since issuing its series 2008 bonds to finance construction of the new hospital. Debt to capitalization has decreased from 51% at Aug. 31, 2009 to 23.4% at Nov. 30, 2015. The moderation has been due to a combination of revenue growth and the planned accelerated pay down of principal. Lurie Children's repaid its outstanding series 2008C/D and series 2012A/B bonds in 2014, decreasing total debt outstanding by $79.4 million.

In conjunction with the repayment of the bonds in 2014, MADS decreased from $35.3 million in fiscal 2013 to $24.6 million. At the current level, MADS as a percent of revenue decreased from 3.9% in fiscal 2009 to 2.9% in fiscal 2015, reflecting Lurie Children's revenue growth, but remains slightly elevated relative to Fitch's 'AA' category median of 2.4%. Reflecting the decreasing debt burden and strong cash flows, MADS coverage by EBITDA increased to 6.0x in fiscal years 2014 and 2015 and 6.1x in the interim period, exceeding Fitch's 'AA' category median of 5.7x.

SOLID LIQUIDITY METRICS

Liquidity metrics remain solid for the rating category despite paying $79.4 million to retire the bonds fiscal 2014. Unrestricted cash and investments increased from $657.6 million at November

30, 2013 to $710.3 million at November 30, 2015, equating to a solid 426.9 days cash on hand, 28.9x cushion ratio and 190.2% cash to debt.

After a period of decreased capital spending following the completion of the new hospital, capital spending is expected to increase in fiscal years 2016 and 2017, averaging approximately $74 million per year. However, capital spending remains manageable relative to Lurie Children's historical cash flows and is not expected to negatively impact liquidity or leverage metrics. The increase is primarily due to a new research facility. Fitch views the project favorably as it will further strengthen Lurie Children's market position.

DEBT PROFILE

Lurie Children's had $373.4 million of total debt outstanding at Nov. 30, 2015. The debt portfolio currently consists of 100% underlying fixed-rate bonds. The system is not counterparty to any swap agreements.

DISCLOSURE

Lurie Children's covenants to provide annual disclosure within 150 days of fiscal year end and quarterly disclosure within 60 days of each fiscal quarter-end. Disclosure is provided through the Municipal Securities Rule Making Board's EMMA website.

Contact:

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Additional information is available at 'www.fitchratings.com'.

Applicable Criteria
Revenue-Supported Rating Criteria (pub. 16 Jun 2014)
https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=750012
U.S. Nonprofit Hospitals and Health Systems Rating Criteria (pub. 09 Jun 2015)
https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=866807

S&P Global
Ratings

130 East Randolph Street
Suite 2900
Chicago, IL 60601
tel 312-233-7000
reference no.:793924

May 27, 2016

Ann & Robert H. Lurie Children's Hospital of Chicago
225 East Chicago Avenue
Box 268
Chicago, IL 60611
Attention: Mr. Ron Blaustein, Chief Financial Officer

Re: ***Illinois Finance Authority (Annual & Robert H. Lurie Children's Hospital Of Chicago), Illinois, Fixed Rate Bonds***

Dear Mr. Blaustein:

S&P Global Ratings hereby affirms its rating of "A+" for the above-referenced obligations and changed the outlook to positive from stable. A copy of the rationale supporting the rating and outlook is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above rating to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

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Please send hard copies to:
S&P Global Ratings

Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings
a division of Standard & Poor's Financial Services LLC

jk
enclosure
cc: Ms. Jessica Strausbaugh, Assistant Treasurer
Ann & Robert H. Lurie Children's Hospital of Chicago

S&P Global
Ratings

S&P Global Ratings
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No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

Criterion 1120.130 - Financial Viability Waiver

The applicant is not required to submit financial viability ratios 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).

The financial viability data is not required because Lurie Children's has an "A-" Bond rating or better from Fitch and Standard & Poor, issued within the latest 18 month period:

Fitch Ratings "AA-" (March 3, 2016)

S&P Global Ratings "A+" (May 27, 2016)

Copies of the most recent rating agency reports are provided at Attachment 37.

1120.140 Economic Feasibility

A. Reasonableness of Project and Related Costs

B. Conditions of Debt Financing

See letter on the next page

Ann & Robert H. Lurie
Children's Hospital of Chicago

December 8, 2016

Ms. Kathryn J. Olson
Chairperson
Illinois Health Facilities
And Services Review Board
525 W. Jefferson Street, 2nd floor
Springfield, IL 62761

Re: Criterion 1120.140(a) and (b) – Reasonableness of Financing Arrangements and Conditions of Debt Financing

Dear Ms. Olson:

Ann & Robert H. Lurie Children's Hospital of Chicago plans to fund the capital cost of the proposed bed expansion project with cash, securities and bonds. This strategy recognizes that the market is remarkably favorable for issuing bonds with low rates.

Terms and conditions of financing have not yet been determined. I hereby certify that the selected form of debt financing will be at the lowest net cost available.

If you have any questions, please contact Nanette Bufalino, Associate General Counsel, Ann & Robert H. Lurie Children's Hospital of Chicago, at 312-227-7468 or nbufalino@luriechildrens.org.

Sincerely,

Ron Blaustein
Chief Financial Officer
Ann & Robert H. Lurie Children's Hospital of Chicago
225 E. Chicago Avenue
Chicago, IL 60611

Subscribed and sworn to before me
this 8th day of December, 2016.

Signature of Notary Public

Seal

Official Seal
Annel Hilgen
Notary Public State of Illinois
My Commission Expires 02/19/2018

ATTACHMENT 39

1120.140 Economic Feasibility

C. Reasonableness of Project and Related Costs

Reasonableness of Project and Related Costs
12/12/2016

Cost and Square Ft. by Department									
Dept / Area	A	B	C	D	E	F	G	H	I
	Cost/SF		New Const. DGSF		Modernization DGSF		New Const $	Mod $	Total Cost
	New	Mod	New	Circ (%)	Mod	Circ (%)	(A x C)	(B x E)	(G + H)
CLINICAL									
ICU	$516	-	30,077	29	-	-	$15,534,514	-	$15,534,514
NICU	$824	-	1,697	0	-	-	$1,398,351	-	$1,398,351
Total Clinical	**$533**	**-**	**31,774**	**27**	**-**	**-**	**$16,932,866**	**-**	**$16,932,866**
Clinical Contingency	**$37**	**-**	**31,774**	**27**	**-**	**-**	**$1,185,301**	**-**	**$1,185,301**
Clinical + Clinical Contingency	**$570**	**-**	**31,774**	**27**	**-**	**-**	**$18,118,166**		**$18,118,166**
NON-CLINICAL									
Break Room/Locker	$558	-	1,337	0	-	-	$745,858	-	$745,858
Building System/Support	$447	-	8,500	19	-	-	$3,795,372	-	$3,795,372
Conference	$436	-	754	0	-	-	$329,089	-	$329,089
Consultation	$473	-	184	0	-	-	$86,958	-	$86,958
Lactation	$431	-	232	0	-	-	$99,921	-	$99,921
Office	$489	-	1,306	0	-	-	$638,048	-	$638,048
On-Call Suite	$431	-	1,004	0	-	-	$432,416	-	$432,416
Public Toilet	$727	-	67	0	-	-	$48,685	-	$48,685
Public/Waiting/Lounge	$474	-	3,928	41	-	-	$1,861,221	-	$1,861,221
Staff Toilet	$528	-	318	0	-	-	$167,843	-	$167,843
Touchdown/Hoteling	$431	-	677	0	-	-	$291,579	-	$291,579
Workroom	$605	-	2,437	0	-	-	$1,475,491	-	$1,475,491
Storage	$449	-	1,632	0	-	-	$733,388	-	$733,388
Total Non-Clinical	**$478**	**-**	**22,376**	**15**	**-**	**-**	**$10,705,870**	**-**	**$10,705,870**
Non-Clinical Contingency	**$33**	**-**	**22,376**	**15**	**-**	**-**	**$749,411**		**$749,411**
Non-Clinical + Non-Clinical Contingency	**$512**	**-**	**22,376**	**15**	**-**	**-**	**$11,455,281**	**-**	**$11,455,281**
TOTAL	**$546**	**-**	**54,150**	**22**	**-**	**-**	**$29,573,448**	**-**	**$29,573,448**

Project Costs and Sources of Funds
12/12/2016

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Pre-planning Costs	$460,424	$291,105	$751,528
Site Survey and Soil Investigation	$21,607	$13,661	$35,267
Site Preparation	$0	$0	$0
Off Site Work	$0	$0	$0
Modernization Contracts	$0	$0	$0
New Construction Contracts	$16,932,866	$10,705,870	$27,638,736
Contingencies	$1,185,301	$749,411	$1,934,712
A/E Fees	$1,074,116	$679,114	$1,753,229
Consultant Fees	$1,212,154	$766,389	$1,978,543
Movable Equipment	$8,483,967	$5,364,021	$13,847,988
Bond Issuance Expense	$247,905	$156,739	$404,644
Net Interest Expense During Construction	$0	$0	$0
FMV Leased Space	$0	$0	$0
Other Capital Costs	$1,617,721	$1,022,810	$2,640,531
Acquisition of Building	$0	$0	$0
TOTAL USES OF FUNDS	**$31,236,059**	**$19,749,120**	**$50,985,179**

SOURCE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Cash and Securities	$6,445,536	$4,075,215	$10,520,751
Pledges	$0	$0	$0
Gifts and Bequests	$0	$0	$0
Mortgages/Bonds	$24,790,523	$15,673,905	$40,464,428
Leases	$0	$0	$0
Governmental Appropriations	$0	$0	$0
Grants	$0	$0	$0
Other	$0	$0	$0
TOTAL SOURCES OF FUNDS	**$31,236,059**	**$19,749,120**	**$50,985,179**

List of Items and Cost

Pre-Planning Costs - $751,528

The pre-planning costs include the preconstruction services provided by the general contractor.

Of the amount, $460,424 is the clinical pre-planning cost. This amount represents 1.73% of the clinical new construction, contingency and moveable equipment costs.

Site Survey and Soil Investigation - $35,267

The site survey and soil investigation costs includes the baseline testing of building mechanical systems, wireless internet coverage, and distributed antenna system coverage.

Of the total amount, $21,607 is the clinical site survey cost. This amount represents 0.12% of the clinical new construction and contingency costs.

New Construction Contract - $27,638,736

The new construction contract includes the cost of the construction contract to complete the project, including the general contractor's overhead and profit.

The new construction project consists of the demolition of current office spaces followed by the build out of additional patient rooms, clinical support spaces and faculty offices. This work includes the necessary mechanical, electrical, plumbing, fire protection, telecommunications, and security infrastructure to support such additions.

Of the total new construction contract amount, $16,932,866 is the clinical new construction cost. The total clinical DGSF of the project is 31,774 square feet. The clinical cost/square foot is $533.

Contingencies - $1,934,712

The contingencies are an allowance for unforeseen conditions.

Of the total amount, $1,185,301 is the clinical contingency cost. This amount is 7.0% of the clinical new construction cost.

Together, the clinical new construction and contingency costs are $18,118,166. The total clinical DGSF of the project is 31,774 square feet. The clinical new construction cost + contingency cost/square foot is $570.

Of the $570, approximately $110.51/SF is attributed to construction requirements that aren't associated with a typical project, as outlined below.

1. Added Phasing and Enabling Premium
   The proposed project is planned to be constructed in the existing Lurie Children's hospital facility. This provides limitations regarding timing and availability of the construction areas, which in turn requires a detailed phasing plan requiring the construction team to complete the project in a series of phases to limit the disruption to adjacent floors and patient rooms. This phasing-plan has an associated cost of $346,137 for the 22nd/21st floors and $32,634 for the 15th/14th floors. See comments in items 4 and 5 below for 21st and 14th floor work.

   Total Enabling Costs: $346,137 + $32,634 = $378,771

   $378,771 ÷ 31,774 Clinical DGSF = $11.92/SF

2. Elevator Operator and Re-Programming Premium
   The current elevator system in Lurie Children's does not have a built-in solution to allow for construction crews to isolate a given car for material deliveries and construction activities. This requires re-programming of the system by the elevator contractor, daily clean-up of the elevator to allow it to serve hospital needs during non-construction times and the use of an elevator operator to facilitate construction usage. The cost associated with this additional work includes $70,000 for elevator re-programming and modifications, $168,501 for clean-up, and $269,576 for elevator operators.

   Total Elevator Costs = $70,000 + $168,501 + $269,576 = $508,077

   $508,077 ÷ 31,774 Clinical DGSF = $15.99/SF

3. 22nd Floor Demolition Premium
   The current office space slated for the expansion requires significant demolition prior to the build out of the new clinical areas. This demolition is in excess of what is typically part of a new construction project due to the complete re-configuration of walls, ceiling, flooring, and mechanical systems. In addition, transportation of materials to the 1st floor dock/dumpster will be completed on a 2nd shift basis to minimize disruption of the surrounding floors and allow for the contractors to complete demolition continuously. The cost associated with this work includes $403,994 for the demolition of existing walls, ceilings, floors, and mechanical system and $339,970 for 2nd shift labor and demolition material disposal. In addition, demolition costs can be considered as site preparation, which in-turn would take the cost out of construction and lower the total cost per square foot.

   Total Demolition Costs: $403,994 + $339,970 = $743,964

   $743,964 ÷ 31,774 Clinical DGSF = $23.41/SF

4. 22nd Floor Under-Slab Plumbing Premium
   Plumbing runs for the current 22nd floor reside under the concrete flooring slab in the 21st floor ceiling cavity. The result of this requires extensive demolition and eventual re-installation of interior finishes on the 21st floor in order to access and construct the plumbing that will serve the floor above. The cost associated with this additional work includes $127,037 for selective building demolition, $466,057 for infection prevention and control measures, $291,945 for interior

finishes and re-construction, $110,250 for the removal of exterior glass for ventilation, and $631,407 for the plumbing work that will serve the 22nd floor.

Total Plumbing Costs: $127,037 + $466,057 + $291,945 + $110,250 + $631,407 = $1,626,696

$1,626,696 ÷ 31,774 Clinical DGSF = $51.20/SF

5. 15th Floor Under-Slab Plumbing Premium
   The same issues arise with the work on the 15th and 14th floors. The cost associated with this additional work includes $11,977 for selective building demolition, $43,940 for infection prevention and control measures, $27,524 for interior finishes and re-construction, and $69,923 for the plumbing work that will serve the 15nd floor.

   Total Plumbing Costs: $11,977 + $43,940 + $27,524 + $69,923 = $153,364

   $153,364 ÷ 31,774 Clinical DGSF = $4.83/SF

6. Additional Exhaust Fan Premium
   To accommodate the addition of toilet rooms and a laundry facility on the 22nd floor, the exhaust fan system will receive an upgrade. This work is above what is typically provided in an existing building expansion. The costs associated with this additional work includes $88,200 for profiling metal panels and the support structures to conceal the ductwork, and $12,275 for cutting and patching of the existing roof.

   Total Exhaust Fan Costs: $88,200 + $12,275 = $100,475

   $100,475 ÷ 31,774 Clinical DGSF = $3.16/SF

Summary of Additional Justified Costs

Added Phasing and Enabling Premium: $11.92/SF
Elevator Operator and Re-Programming Premium: $15.99/SF
22nd Floor Demolition: $23.41
22nd Floor Under-Slab Plumbing Premium: $51.20/SF
15th Floor Under-Slab Plumbing Premium: $4.83/SF
Additional Exhaust Fan Premium: $3.16/SF

Total: $110.51/SF

Architectural and Engineering Fees - $1,753,229

The architectural and engineering fees include the design services for preliminary programming, schematic design, design development, the execution of construction documents, and construction administration services. The architectural fees represent $1,141,057 of the total A/E cost and include design services for the architecture, interior design, engineering coordination, and architectural project management. The engineering fees represent $612,172 of the total A/E cost and include design of all

building systems including electrical, mechanical, plumbing, fire protection, telecommunications, and security.

Of the total amount, $1,074,116 is the clinical Architectural/Engineering Fee. This amount represents 5.93% of the clinical new construction and contingency costs.

Consultant Fees - $1,978,543

The consultant and other fees include services for various types of consulting and professional expertise plus the application costs associated with the required regulatory reviews.

The consulting fees include:

- Project Management Services
- Medical Equipment Planning
- FF&E Design
- IT/IM Project Management Services
- CON Advisory Services

The application costs include the cost associated with the following reviews and permits:

- CON Filing Fee
- IDPH Application Cost
- City of Chicago Permit Application Fee

Of the total amount, $1,212,154 is the clinical consultant and other fee costs. This amount represents 4.39% of the clinical modernization cost.

Movable Equipment - $13,847,988

The movable equipment cost includes all the equipment, furniture, artwork and fixtures to equip the new additions.

Of the total amount, $8,483,967 is the clinical movable equipment costs. This cost includes the medical equipment for the clinical space.

The remainder of the total amount, $5,364,021, is associated with non-clinical movable equipment costs and is outlined below:

- Medical Equipment for Non-Clinical Space: $3,560,814
- Furniture: $1,122,091
- Artwork: $89,041
- Signage: $84,033
- Security: $508,042

Other Capital Costs - $2,640,531

The other capital costs include the fees for commissioning, furniture removal, moving costs and IT/AV equipment.

Of the total amount, $1,617,721 is the clinical, other capital cost.

D. Projected Operating Costs

Provide for the first full fiscal year at target utilization, but no more than two years after project completion. For CON, 2 years after project completion is 2021.

Project Direct Operating Expenses - FY2021

	Project
Total Operating Costs*	$ 54,277,139
Equivalent Patient Days**	51,960
Direct Cost per Equivalent Patient Day	$ 1,045

*includes all direct, incremental and indirect expenses for incremental NICU and PICU beds, excludes depreciation

**see 1110.234 for patient day projection detail

E. Total Effect of the Project on Capital Costs

	Project, FY2021	Total Lurie Children's, FY2021
Equivalent Patient Days (all Lurie)*	51,960	395,658
Total Project Cost	50,985,179	-
Useful Life**	18	-
Total Annual Depreciation	4,008,717	91,000,000
Depreciation Cost per Equiv Pt Day	77	230

*see 1110.234 for patient day projection detail

**calculated using weighted average for each type of capital x useful life

APPLICATION SECTION XI. SAFETY NET IMPACT STATEMENT

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.

Ann & Robert H. Lurie Children Hospital of Chicago ("Lurie Children's") provides more pediatric patient care than any other hospital in Illinois in nearly every pediatric and surgical specialty. Lurie Children's is the largest provider of Medicaid pediatric services in the State of Illinois. Lurie Children's is one of the 19 "safety net hospitals" in Illinois as defined in statute. The hospital provides the same access to all patients at all locations where services are offered.

For the fiscal year ended August 31, 2015, Lurie Children's total unreimbursed care and community benefit was $127.4 million, including: $85.1 million for charity care and the unreimbursed cost of providing Medicaid services; $16.7 million for education; $7.4 million for research; $1.3 million for language assistance / translation services; $13 million for subsidized health services and $3.9 million for bad debt that was not able to be collected.

As access to healthcare remains a challenge for patients, the intent of Lurie Children's expansion of inpatient services furthers the commitment to our patients by ensuring that we have adequate capacity to provide a high quality level of care to our patients. This expansion comes at a time when fewer and fewer hospitals provide pediatric inpatient services at all, and only a handful provide for the tertiary and quaternary needs of pediatric inpatients.

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.

Other area hospitals provide emergency care, inpatient psychiatry and other services they consider safety net services. None are dedicated to the unique and specialized needs of children. Fewer and fewer hospitals provide pediatric inpatient services at all, and only a handful provide for the tertiary and quaternary needs of pediatric inpatients. The proposed expansion of pediatric intensive care and neonatal intensive care beds is not designed to, and to our knowledge, will not prevent another provider from providing essential safety net services.

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

Non applicable; this project does not involve discontinuation of a facility or service.

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

Patient care related safety net services

In FY 2015, Lurie Children's cared for 173,000 individual children from every county in Illinois, 50 states and 46 countries. Lurie Children's is dedicated to making health care services accessible to pediatric patients without discrimination based on race, religion, gender, national origin, sexual orientation, or ability to pay.

As the premier pediatric Level 1 trauma center in the Chicago area, Lurie Children's Kenneth & Anne Griffin Emergency Care Center provides acute care for all sick and injured children, with more than 80,000 patient visits in FY 2015. The Emergency Care Center is staffed 24 hours a day by board-certified pediatric emergency medicine specialists and fellows and is supported by a broad range of pediatric

medical and surgical subspecialties and state-of-the-art diagnostic services. Experienced physicians and nurses are appointed around-the-clock to handle even the most complicated, life-threatening cases. Lurie Children's received a 2014-2017 Lantern Award from the Emergency Nurses Association in recognition of exceptional practice and innovative performance in the core areas of leadership, practice, education, advocacy and research.

Many of the children Lurie Children's serves are transferred from other hospitals by Lurie Children's Transport Team, a Midwest leader in neonatal and pediatric transport. The Transport Team recently received accreditation from the Commission on Accreditation of Medical Transport Systems (CAMTS), making Lurie Children's the first neonatal-pediatric specialty transport team in Illinois and the region, and one of only 13 in the country, to obtain this prestigious recognition of quality.

Lurie Children's also operates a Level III Neonatal Nursery that serves as a regional referral center for the State of Illinois' Perinatal Network. This nursery has cared for more than twice the number of children with life-threatening conditions than any other pediatric hospital in Illinois. The hospital's ability to treat the most critically ill infants is demonstrated by the fact that in FY 2015, 53 percent of all transports into its neonatal intensive care unit were from other Level III nurseries in the Chicago metropolitan area.

For almost 60 years, the Department of Child and Adolescent Psychiatry at Lurie Children's has provided psychiatric and psychological services to families and children of all ages, from every social and economic background. This year, Lurie Children's specialists provided mental health evaluation and care during more than 28,000 outpatient visits; 490 inpatient psychiatric admissions; and served 254 children in the Partial Hospitalization Program. In addition, Lurie Children's provided more than 500 psychiatric consultations in the emergency department and the hospital inpatient pediatric and surgical services.

Patient demographics are diverse and include a large number of families whose primary language is not English, as demonstrated by the fact that Lurie Children's spent over $1.3 million in translation services in FY 2015. In addition, Lurie Children's provides comprehensive family support services to patients and their families. An interdisciplinary team of social workers, chaplains and child life specialists are available 24 hours a day, seven days a week. Most of these services are funded through philanthropic support.

Lurie Children's also operates numerous outpatient specialty clinics in various locations throughout the Chicago metropolitan area, increasing convenient access to the scarce pediatric specialty and subspecialty services that would not otherwise be immediately available. Lurie Children's also provides physician coverage through neonatologists, pediatric intensivists, pediatric hospitalists and pediatric emergency care medicine physicians at 15 other hospitals located in Chicago and suburban areas. Due to these partnerships, in 2015, Lurie Children's experts were on-site and available at more than 30 percent of the live births in the seven county region.

Lurie Children's is consistently recognized for providing the highest level of safe and quality care. For example:

- Lurie Children's was ranked by U.S. News & World Report as the top children's hospital in Illinois and #6 in the country in 2016.
- In 2015, Lurie Children's earned the American Nurses Credentialing Center's Magnet Recognition for Nursing Excellence and Quality Patient Care for the fourth time; less than 1 percent of hospitals in the country have been recognized four times.

- In 2016, Lurie Children's was named a level I pediatric surgery center by the American College of Surgeons, becoming the first children's hospital in Illinois and the fourth in the country to earn this status.
- In December, 2016, Lurie Children's was one of 9 children's hospitals named as one of The Leapfrog Organization's 2016 Top Hospitals, an elite national distinction given to hospitals with the highest quality in the nation. The Leapfrog Hospital Survey compares hospitals' performance on national standards of patient safety, quality, efficiency and management structures that prevent errors, providing the most comprehensive picture of how patients fare at individual institutions.
- Lurie Children's is certified by the Illinois Department of Public Health and the Emergency Medical Services for Children program as both a Pediatric Critical Care Center (PCCC) and an Emergency Department Approved for Pediatrics (EDAP). Together, these certifications signify that Lurie Children's has the essential resources and capabilities in place to meet the emergency and critical care needs of seriously ill and injured children.

Education related safety net services

Lurie Children's is a major academic tertiary care medical center. It serves as the primary pediatric practice site for the Northwestern University Feinberg School of Medicine (NUFSM) and provides the clinical training for NUFSM's resident physicians, fellows and medical students in pediatric specialties and subspecialties. Each year, the Lurie Children's Department of Pediatrics trains approximately 200 physicians, almost half are pediatric residents and the remainder are fellows in various pediatric subspecialties including cardiology, hematology/oncology and neonatology. In addition, the Lurie Children's Department of Surgery provides formal resident education to NUFSM in each of its 10 divisions and trains rotating residents from various other medical schools. Lurie Children's invested more than $16.7 million in these educational programs in FY 2015.

Among the training opportunities for residents, supervised by attending physicians, is to provide pediatric primary care at the Uptown Clinic in Chicago. This clinic is a medical home for more than 3,000 children who speak 19 different languages. More than 200 of these children have conditions that the State considers "medically complex" or "highly medically complex." These conditions include spina bifida, cystic fibrosis, spastic quadriplegia cerebral palsy, seizure disorder, Down syndrome, chronic lung disease, neuromuscular scoliosis, hypo/hyperthyroidism and obstructive sleep apnea. In 2015, this clinic was recognized as a Patient-Centered Medical Home Program by the National Committee for Quality Assurance. These primary care services would not otherwise be available to the patients treated at the site. The operating costs attributable to the primary care and dentistry clinics in FY 2015 are more than $3 million. Both programs are operated despite financial losses to the organization. The clinics provide healthcare to a largely underserved community.

In addition to training medical students, residents and fellows of NUFSM and other institutions, Lurie Children's offers clinical experiences in pediatrics to nursing students and students in other allied health fields. Students in clinical placements must be candidates for a degree in their particular field of study. Lurie Children's is affiliated with 20 nursing training programs. In academic year 2014-15 there were 1,563 student placements including 310 third and fourth year medical students, 910 nursing students, and 351 allied health students studying in the fields of respiratory therapy, exercise physiology, rehabilitation services, social work, nutrition, radiology, pharmacy, child life, art therapy, and psychiatry-related studies. Students training to be operating room technicians and cardiac perfusion technicians also have clinical placements at Lurie Children's.

Research related safety net

Advances in research lead to better outcomes for all children, regardless of their family income or demographics. Lurie Children's has been committed to generating new knowledge about the prevention and treatment of disease since its founding in 1882. In FY 2016, more than 160 Lurie Children's researchers received more than $31 million in external funding to advance their discoveries. More than $17 million of these awards were from the National Institutes of Health (NIH) or other federal government sources. Researchers are currently participating in approximately 175 industry-sponsored clinical trials to uncover new cures and treatments to childhood diseases.

In addition to clinical and fundamental laboratory-based research, Lurie Children's conducts population-based and public health research that drives policy and community-based interventions that has garnered in excess of $5 million in grants and contracts. These studies address the most pressing issues faced by our city's most vulnerable children. Lurie Children's Mary Ann & J. Milburn Smith Child Health Research Program researchers focus on issues including violence, obesity, and unintentional injury.

Community outreach related safety net services

The vision statement of Lurie Children's declares that "we are guided by the belief that all children need to grow up in a protective and nurturing environment, where each child is given the opportunity to reach his or her potential." These words call Lurie Children's to extend its expertise and resources beyond the confines of the hospital buildings. For decades, Lurie Children's experts have gone out into communities throughout Illinois to understand the social, economic and environmental factors that threaten children's health and wellbeing.

A Public Policy Committee of Lurie Children's Board of Directors considers institutional positions on key child health issues to help guide the hospital's advocacy in Washington, D.C., Springfield and Chicago. These positions include improving access to healthcare and mental health services for children, preventing childhood injury, abuse and obesity, and encouraging safe childhood immunizations. In addition, in collaboration with local community leaders, Lurie Children's experts develop and implement targeted initiatives and programs to help create a healthier future for every child throughout the Chicago area.

Since 2013, Lurie Children's community outreach has been guided by its Community Health Needs Assessment and Implementation Plan. These reports were created by a committee comprised of key Lurie Children's staff, representatives of public health agencies, organizations that serve communities in Chicago that experience health disparities and Lurie Children's patient population. Below is a summary of how Lurie Children's is addressing 11 of the top barriers to child health:

Firearm Injuries

In 2012, Lurie Children's launched Strengthening Chicago Youth (SCY) to build capacity among numerous public and private stakeholders to connect, collaborate and mobilize around a public health approach to violence prevention. With more than 5,000 partners, SCY efforts focus on policy development, providing technical assistance and training to community organizations, encouraging conversations about how every individual can play a role in the prevention of violence and fostering connections between community organizations and researchers.

Motor Vehicle Injuries

Lurie Children's has been a vocal advocate for motor vehicle safety and has helped pass legislation to expand car seat use to children through age 8, seat belt use for all passengers, expanded use of bicycle

helmets, and graduated licensure for adolescent drivers. As a result of these types of efforts, hospitalizations and deaths due to motor vehicle injuries have dropped by approximately 20% since 2000. In addition, Lurie Children's has provided free and reduced price car seats to parents in need for more than 20 years. Each year, approximately 800 car seats are distributed and 500 car seats are checked for safety. Lurie Children's experts also have trained staff members at 14 hospitals and community agencies to be Child Passenger Safety Technicians to serve their clients.

Sports & Outdoor Activities

In response to a growing number of injuries related to sports, Lurie Children's has developed the Knee Injury Prevention Program (KIPP), a neuromuscular training program designed to reduce the risk of anterior cruciate ligament (ACL) injuries among female adolescent athletes. Since 2006, this program has provided education at no cost to over 2,000 athletes in the Chicago Public School system.
Lurie Children's is also home to national experts in concussion policy and procedures. They have worked with legislators to pass critical legislation about when children with concussions can return to both sports and school. They also train Chicago Park District coaches and others who supervise children's sports on the prevention and treatment of concussions. In addition, Lurie Children's experts periodically evaluate the safety of the Chicago Park District's 500 playgrounds, Chicago Public School playgrounds and child care play lots.

Unintentional Poisoning

Lurie Children's Safe at Home program prepares home safety bags for new parents that include educational materials and tools for at risk families. These bags include important educational information about poison prevention. Each month approximately 100-200 safety bags are distributed. Lurie Children's is also an Urban Pediatric Satellite of the Illinois Poison Control Center and as a result has trained over 200 staff as Poison Educators for the Illinois Poison Center.

Falls

Stop the Falls is a Lurie Children's collaboration with Chicago Transit Authority and Chicago Department of Public Health to raise awareness about window falls. This is an annual education campaign which is launched each spring as the weather warms, instructing parents to open their windows only four inches. Since the campaign began in 2001, window fall injuries in very young children have decreased significantly in Chicago.

Sleep Related Infant Deaths

Through the Illinois Violent Death Reporting Systems (IVDRS), maintained by Lurie Children's Child Health Data Lab, the issue of sleep-related infant death has received increased visibility. Lurie Children's experts provide evidence-based interventions and training to families on safe sleep habits. For example, in April 2016, Lurie Children's and Kids In Danger hosted a crib bumper exchange event at Lurie Children's Uptown Clinic. Families who attended exchanged their new or used crib bumper pad(s) for a safe sleep kit and a safety resource bag.

Child Abuse

Lurie Children's award-winning Protective Services Team (PST) identifies and treats children that are victims of abuse and neglect. The team's goal is to ensure that all children served by the hospital are in a safe and healthy environment. They also train professionals, parents and the community about the prevention, identification and treatment of child abuse and neglect, including recognizing common triggers of maltreatment and stressors that may lead to child abuse. Each year, Lurie Children's PST sponsors a Child Maltreatment Symposium for first responders, social workers, teachers and police

officers in Chicago. In addition, Coping with Crying, a program spearheaded by Lurie Children's, is now in seven area hospitals. It provides free education on how to cope with a crying infant to 12,900 parents per year.

Suicide & Depression

In addition to the mental health patient care services the hospital provides children, Lurie Children's is deeply engaged in efforts to help more children in the State access the mental health services they need. Building on decades of leadership in the community in pediatric mental health, in 2014, the hospital created the Center for Childhood Resilience, a regional organization promoting access to mental healthcare through clinical service, research, training, advocacy and policy reform. The Center's efforts include training educators and other community leaders about how to build better access to mental health services, teaching trauma-informed best practices to professionals who work with children, researching and disseminating best practices, and training new generations of clinical professionals in the public health approach to mental health.

Asthma and Other Ambulatory Care Sensitive Conditions (ACS)

Sustained efforts have been in place with the creation and continuance of the Lurie Children's Care Coordination Entity, which has expanded the medical home network for children with chronic complex conditions. Lurie Children's has also sponsored a case worker to provide free asthma management support as part of the Asthma CarePartners Program, which allows patients to receive six home visits per year and one monthly phone call to ensure proper management of asthma is in place. Lurie Children's has also advocated for the passage of the Emergency Epinephrine Act to increase access to epinephrine auto-injectors in Illinois schools.

Complex Chronic Conditions

Lurie Children's Care Coordination Entity provides medical homes for children and adolescents with medical complexity. This furthers the partnerships with providers within the community, offering intensive care coordination, IT integration and support for home-based services. There has been an ongoing commitment to expanding case management services to support families during and after discharge, assuring a smooth transition to home after hospitalization. Lurie Children's also piloted a program to provide paid internships for young adults with medical complexity who are transitioning to adulthood. Lurie Children's has also worked in advocating for legislation to better address the complex care coordination needs for children on Medicaid.

Obesity, Nutrition and Physical Activity

The Consortium to Lower Obesity in Chicago Children (CLOCC), a nationally recognized childhood obesity prevention coalition, was founded by Lurie Children's in 2002. With more than 3,000 participants representing over 1,200 organizations, CLOCC is data-driven and evidence-based, committed to building capacity among partners. The Institute of Medicine, the US Surgeon General, the American Medical Association, and the Centers for Disease Control and Prevention have recognized CLOCC as an outstanding community obesity prevention model. CLOCC's obesity prevention strategies include environmental change, public education, advocacy, research, outcome measurement, and program evaluation.

Safety Net Impact Statement			
	FY13	FY14	FY15
Charity Care			
Charity (# of patients)			
Inpatient	243	253	257
Outpatient	1,922	2,780	3,294
Total	2,165	3,033	3,551
Charity (cost in dollars)			
Inpatient	518,510	383,188	526,014
Outpatient	1,021,880	1,005,290	1,008,446
Total	1,540,390	1,388,478	1,534,460
Medicaid			
Medicaid (# of patients)			
Inpatient	4,299	4,574	4,412
Outpatient	50,896	50,203	56,086
Total	55,195	54,777	60,498
Medicaid (cost in dollars)			
Inpatient	154,696,002	167,973,638	157,675,579
Outpatient	80,736,952	80,803,510	89,669,177
Total	235,432,954	248,777,148	247,344,756

XII. CHARITY CARE INFORMATION

Since 1882, Lurie Children's mission has been to improve the health and well-being of all children. Lurie Children's is the State of Illinois' primary partner in bringing high-quality and accessible healthcare to the most vulnerable children. As the State's only freestanding, acute care children's hospital, Lurie Children's treats more children insured by Medicaid than any other Illinois hospital.

Lurie Children's is steadfast in its commitment to care for all children and families, despite reimbursment the Medicaid program provides the hospital and its physicians. In FY 2015, Lurie Children's was reimbursed $83.2 million less than the actual cost of providing Medicaid services to children.

Lurie Children's has a robust financial assistance program that is widely publicized and available to patients at any time. In FY 2015, 1,353 individuals applied for financial assistance. More than 96 percent of these applicants received financial assistance. Eligibility for financial assistance from Lurie Children's is based upon a family's income as compared to national poverty levels. In general, the few applicants who were not approved for such assistance failed to provide documentation of income and financial resources to demonstrate eligibility.

The primary reason Lurie Children's does not receive more requests for financial assistance is that the State of Illinois has established nearly universal health coverage for all children who reside in the State through its Medicaid/All Kids programs. Lurie Children's assists the Illinois Department of Healthcare and Family Services by enrolling children who require inpatient services and who qualify for Medicaid/All Kids.

In FY 2015, Lurie Children's provided $1,534,460 in charity care.

	FY13	FY14	FY15
Net Patient Rev	571,695,543	622,825,298	645,272,675
Amount of Charity Care (charges)	4,339,126	4,197,334	4,832,946
Cost of Charity Care	1,540,390	1,388,478	1,534,460