

18-023

**ORIGINAL**

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT**

**RECEIVED**

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

**This Section must be completed for all projects.**

AUG 7 2018

**Facility/Project Identification**

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Facility Name:	Rush University Medical Center New Ambulatory Care Building		
Street Address:	NE corner of Ashland Ave. and West Harrison St. (legal description provided)		
City and Zip Code:	Chicago, IL 60612		
County:	Cook	Health Service Area:	VI Health Planning Area: A-02

**Applicant(s)** [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	Rush University Medical Center
Street Address:	1653 W. Congress Parkway
City and Zip Code:	Chicago, IL 60612
Name of Registered Agent:	Carl Bergetz
Registered Agent Street Address:	1700 W. Van Buren, Suite 301
Registered Agent City and Zip Code:	Chicago, IL 60612
Name of Chief Executive Officer:	Larry J. Goodman, MD
CEO Street Address:	1725 West Harrison St. Suite 364
CEO City and Zip Code:	Chicago, IL 60612
CEO Telephone Number:	312/942-5000

**Type of Ownership of Applicants**

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- Partnerships must provide the name of the state in which they are 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:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

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

Name:	Justin T. Johnson
Title:	Senior Corporate Counsel & Associate General Counsel
Company Name:	Rush University Medical Center
Address:	1700 W. Van Buren, Suite 301 Chicago, IL 60612
Telephone Number:	312/942-6886
E-mail Address:	Justin_T_Johnson@rush.edu

/

**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:	NE corner of Ashland Ave. and West Harrison St. (legal description provided)		
City and Zip Code:	Chicago, IL 60612		
County:	Cook	Health Service Area:	VI
		Health Planning Area:	A-02

**Applicant(s)** [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	Rush System for Health
Street Address:	1725 West Harrison St. Suite 364
City and Zip Code:	Chicago, IL 60612
Name of Registered Agent:	Carl Bergetz
Registered Agent Street Address:	1700 W. Van Buren, Suite 301
Registered Agent City and Zip Code:	Chicago, IL 60612
Name of Chief Executive Officer:	Larry J. Goodman, M.D.
CEO Street Address:	1725 West Harrison St. Suite 364
CEO City and Zip Code:	Chicago, IL 60612
CEO Telephone Number:	312/942-5000

**Type of Ownership of Applicants**

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
	<input type="checkbox"/> Other

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Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

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

Name:	Justin T. Johnson
Title:	Senior Corporate Counsel & Associate General Counsel
Company Name:	Rush University Medical Center
Address:	1700 W. Van Buren, Suite 301 Chicago, IL 60612
Telephone Number:	312/942-6886
E-mail Address:	Justin_T_Johnson@rush.edu

### 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:	Justin T. Johnson
Title:	Senior Corporate Counsel & Associate General Counsel
Company Name:	Rush University Medical Center
Address:	1700 W. Van Buren, Suite 301 Chicago, IL 60612
Telephone Number:	312/942-6886
E-mail Address:	Justin_T_Johnson@rush.edu
Fax Number:	312/942-4233

### Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Rush University Medical Center
Address of Site Owner:	1653 W. Congress Parkway Chicago, IL 60612
Street Address or Legal Description of the Site: legal description attached to Narrative Description <b>Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, 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.</b>	
APPEND DOCUMENTATION AS <b>ATTACHMENT 2</b> , 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:		Rush University Medical Center	
Address:		1653 W. Congress Parkway Chicago, IL 60612	
<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership		
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental		
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other	
<ul style="list-style-type: none"><li>Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li><li>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.</li><li><b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li></ul>			
APPEND DOCUMENTATION AS <b>ATTACHMENT 3</b> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

### Organizational Relationships

Provide (for each 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 #2006-5 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](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://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 #2006-5 (<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 1110.20 and Part 1120.20(b)]

Part 1110 Classification:

☐ Substantive

X Non-substantive

## 2. Narrative Description

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

The Applicants propose to construct an eleven-story building of approximately 530,000 square feet, for the provision of outpatient services, plus an attached parking deck, designed for approximately 1,000 cars.

The new ambulatory destination center for cancer and neurological care proposed for the campus of Rush University Medical Center ("RUMC") will further Rush's mission to improve the health of the individuals and diverse communities they serve through the integration of outstanding patient care, education, research and community partnerships. The building will be located on the northeast corner of Ashland Avenue and West Harrison Street, and will be connected to RUMC's inpatient tower via a bridge across and a tunnel under Ashland Avenue. The site is the former location of student housing, which has been relocated during the past year, and the site is temporarily being used for staff and student parking to alleviate traffic congestion during the City of Chicago's water main repair work along Harrison Street.

The services to be located in the building will focus on RUMC's cancer care and neurosciences programs. Offices for approximately 100 physicians' will be provided on seven floors of the building. Among the outpatient clinical services to be provided are radiation therapy, infusion therapy, integrative medicine and imaging. The building will also serve as a primary site for clinical research and the teaching programs offered through Rush University; with medical students, residents and fellows as well as nursing students, imaging and radiation therapy technology students and physicists actively engaged in the building's patient care and research activities. The clinical research and trial activities will typically take place in the physicians' offices and the diagnostic and treatment areas, such as imaging, radiation therapy and infusion therapy, rather than in "laboratory" settings; with physicians, nurses, and ancillary personnel being involved in the research.

The following is a "stacking" summary of the building, as anticipated at the current time:

- LL: equipment sterilization, mechanical
- 1<sup>st</sup> fl.: (2 stories) radiation therapy, physicians' offices, lobby, retail, canopy
- 2nd fl.: physicians' offices, mechanical, canopy
- 3rd fl.: phlebotomy, retail, tumor board, conference areas, pharmacy, women's board
- 4<sup>th</sup> fl.: imaging, breast center
- 5<sup>th</sup> fl.: physicians' offices
- 6<sup>th</sup> fl.: physicians' offices, infusion therapy
- 7<sup>th</sup> fl.: physicians' offices, infusion therapy, infusion pharmacy, integrative medicine
- 8<sup>th</sup> fl.: physicians' offices, infusion therapy
- 9<sup>th</sup> fl.: physicians' offices, infusion therapy, cancer retail
- 10<sup>th</sup> fl.: physicians' offices
- 11<sup>th</sup> fl.: administrative

Upon the project's approval, access to outpatient services on the RUMC campus, including the ability to park near the site of care, will be greatly improved, and the design of the new ambulatory care building will establish this project as a destination center for cancer and neurological care.

The project addressed in this *Application for Permit* is classified as "non-substantive" because it is limited to outpatient services, and it does not propose the establishment or discontinuation of any IDPH-designated category of service or facility, an increase in beds, a redistribution of beds among categories of service, or a relocation of beds.

PARCEL 1:

LOTS 1 THROUGH 26, BOTH INCLUSIVE, AND THAT PART OF LOTS 27 THROUGH 50, BOTH INCLUSIVE, AND LOTS 51 AND 52, IN BLOCK 33, IN LAFLIN AND LOOMIS'S RESUBDIVISION OF BLOCK 5, 18, 21, 30, 31, 32, 33 AND 41 AND SUBDIVISION OF BLOCKS 6, 9, 19 AND 20 IN CANAL TRUSTEES' SUBDIVISION OF THE WEST ½ AND THE WEST ½ OF THE NORTHEAST ¼ OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN; TOGETHER WITH ALL OF THE VACATED ALLEYS LYING WITHIN SAID BLOCK 33, VACATED BY ORDINANCE PASSED MAY 4, 1977 AND RECORDED JUNE 9, 1977 AS DOCUMENT NO. 2360779;

LYING NORTHERLY OF THE FOLLOWING DESCRIBED LINE, BEING THE NORTH LINE OF W. HARRISON STREET VACATED BY ORDINANCE PASSED JULY 13, 1977 AND RECORDED JULY 15, 1977 AS DOCUMENT NO. 24014033:

BEGINNING AT A POINT ON THE WEST LINE OF LOT 27 IN BLOCK 33 AFORESAID, SAID POINT BEING 25.97 FEET NORTH OF THE SOUTHWEST CORNER OF SAID LOT 27 (AS MEASURED ON SAID WEST LINE); THENCE SOUTHEASTERLY 244.08 FEET TO THE POINT OF INTERSECTION WITH A LINE WHICH IS 14 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF LOTS 36 TO 50, BOTH INCLUSIVE, IN SAID BLOCK 33; THENCE EAST ALONG SAID PARALLEL LINE TO ITS INTERSECTION WITH THE EAST LINE OF LOT 50 IN SAID BLOCK 33;

ALL IN COOK COUNTY, ILLINOIS.

AREA = 186, 284.6 SQUARE FEET OR 4.2765 ACRES.

PARCEL 2:

LOTS 1 THROUGH 16, BOTH INCLUSIVE, AND THAT PART OF LOTS 35 THROUGH 50, BOTH INCLUSIVE, AND LOTS 51 AND 52, IN BLOCK 32, IN LAFLIN AND LOOMIS'S RESUBDIVISION OF BLOCK 5, 18, 21, 30, 31, 32, 33, AND 41 AND SUBDIVISION OF BLOCKS 6, 9, 19, AND 20 IN CANAL TRUSTEES' SUBDIVISION OF THE WEST ½ AND THE WEST ½ OF THE NORTHEAST ¼ OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN; AND THAT PART OF LOTS 1 THROUGH 6, BOTH INCLUSIVE, IN ELLIS' RESUBDIVISION OF LOT 17 TO 34, INCLUSIVE, IN LAFLIN AND LOOMIS'S RESUBDIVISION OF BLOCK 32 AFORESAID; TOGETHER WITH ALL OF THE VACATED ALLEYS LYING WITHIN SAID BLOCK 32, VACATED BY ORDINANCE PASSED MAY 4, 1977 AND RECORDED JUNE 9, 1977 AS DOCUMENT NO. 23960779;

LYING NORTHERLY OF THE FOLLOWING DESCRIBED LINE, BEING THE NORTH LINE OF W. HARRISON STREET VACATED BY ORDINANCE PASSED JULY 13, 1977 AND RECORDED JULY 15, 1977 AS DOCUMENT NO. 24014033:

BEGINNING AT THE POINT OF INTERSECTION OF THE WEST LINE OF LOT 5 IN ELLIS' RESUBDIVISION AFORESAID AND A LINE 55.98 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF LOT 6 IN

SAID ELLIS' RESUBDIVISION; THENCE SOUTHEASTERLY ALONG A CURVE CONVEX TO THE SOUTHWEST AND HAVING A RADIUS OF 15 FEET TO A POINT OF TANGENCY WITH A LINE DRAWN 40.98 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID LOT 6 AND THE SOUTH LINE OF LOTS 35 TO 41, BOTH INCLUSIVE, IN LAFLIN AND LOOMIS'S RESUBDIVISION AFORESAID; THENCE EAST 307.37 FEET ALONG SAID PARALLEL LINE; THENCE SOUTHEASTERLY 240.88 FEET TO A POINT ON THE EAST LINE OF LOT 50 IN LAFLIN AND LOOMIS'S RESUBDIVISION AFORESAID, SAID POINT BEING 29.91 FEET NORTH OF THE SOUTH-EAST CORNER OF SAID LOT 50 (AS MEASURED ON SAID EAST LINE) IN BLOCK 32 AFORESAID;

EXCEPT THAT PART OF LOT 1 IN ELLIS' RESUBDIVISION AFORESAID LYING NORTHWESTERLY OF A LINE DRAWN FROM A POINT ON THE WEST LINE OF SAID LOT, SAID POINT BEING 75.00 FEET SOUTH OF THE NORTHWEST CORNER THEREOF TO A POINT ON THE NORTH LINE OF SAID LOT, SAID POINT BEING 13.00 FEET EAST OF THE NORTHWEST CORNER THEREOF;

ALL IN COOK COUNTY, ILLINOIS.

AREA = 161,365.0 SQUARE FEET OR 3.7044 ACRES.

PARCEL 3: (PART OF S. LAFLIN STREET – "CLOSED TO VEHICULAR TRAFFIC")  
THAT PART OF S. LAFLIN STREET LYING EAST OF THE EAST LINE OF LOTS 1, 50, 51 AND 52 IN BLOCK 32, LYING EAST OF A LINE DRAWN FROM THE SOUTHEAST CORNER OF SAID LOT 1 TO THE NORTHEAST CORNER OF SAID LOT 52 AND LYING EAST OF A LINE DRAWN FROM THE NORTHEAST CORNER OF SAID LOT 50 TO THE SOUTHEAST CORNER OF SAID LOT 51; LYING WEST OF THE WEST LINE OF LOTS 24, 25, 26, AND 27 IN BLOCK 33, LYING WEST OF A LINE DRAWN FROM THE SOUTHWEST CORNER OF SAID LOT 24 TO THE NORTHWEST CORNER OF SAID LOT 25 AND LYING WEST OF A LINE DRAWN FROM THE SOUTHWEST CORNER OF SAID LOT 26 TO THE NORTHWEST CORNER OF SAID LOT 27; LYING SOUTH OF A LINE DRAWN FROM THE NORTHEAST CORNER OF LOT 1 IN BLOCK 32, TO THE NORTHWEST CORNER OF LOT 24 IN BLOCK 33 AND LYING NORTH OF A LINE DRAWN FROM A POINT ON THE EAST LINE OF LOT 50 IN BLOCK 32 WHICH IS 29.31 FEET NORTH OF THE SOUTHEAST CORNER OF SAID LOT 50 (AS MEASURED ON SAID EAST LINE) TO A POINT ON THE WEST LINE OF LOT 27 IN BLOCK 33 WHICH IS 25.97 FEET NORTH OF THE SOUTHWEST CORNER OF SAID LOT 27 (AS MEASURED ON SAID WEST LINE) ALL IN LAFLIN AND LOOMIS'S RESUBDIVISION OF BLOCKS 5, 18, 21, 30, 31, 32, 33, AND 41 AND SUBDIVISION OF BLOCKS 6, 9, 19 AND 20 IN CANAL TRUSTEES' SUBDIVISION OF THE WEST ½ AND THE WEST ½ OF THE NORTHEAST ¼ OF SECTION 17, TOWNSHIP 39 NORTH RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

AREA = 19,747.3 SQUARE FEET OR 0.4533 ACRES.

KNOWN AS: 1516 W. HARRISON STREET, CHICAGO, ILLINOIS.

SURVEY FOR: RUSH UNIVERSITY MEDICAL CENTER

## Project Costs and Sources of Funds

	Reviewable	Non-Reviewable	Total
<b>Project Cost:</b>			
Preplanning Costs	\$ 1,400,000	\$ 4,000,000	\$ 5,400,000
Site Survey and Soil Investigation			
Site Preparation	\$ 2,000,000	\$ 10,300,000	\$ 12,300,000
Off Site Work			
New Construction Contracts	\$ 41,481,060	\$ 225,267,970	\$ 266,749,030
Modernization Contracts			
Contingencies	\$ 1,908,480	\$ 15,206,000	\$ 17,114,480
Architectural/Engineering Fees	\$ 3,000,000	\$ 11,088,000	\$ 14,088,000
Consulting and Other Fees	\$ 8,306,250	\$ 47,068,750	\$ 55,375,000
Movable and Other Equipment	\$ 36,800,000	\$ 32,445,000	\$ 69,245,000
Net Interest Expense During Construction Period	\$ 1,106,035	\$ 8,948,827	\$ 10,054,862
Fair Market Value of Leased Space or Equipment			
Other Costs to be Capitalized	\$ 2,530,000	\$ 20,470,000	\$ 23,000,000
Acquisition of Building or Other Property			
<b>TOTAL USES OF FUNDS</b>	<b>\$ 98,531,825</b>	<b>\$ 374,794,547</b>	<b>\$ 473,326,372</b>
<b>Sources of Funds:</b>			
Cash and Securities	\$ 56,476,505	\$ 214,824,867	\$ 271,301,372
Pledges			
Gifts and Bequests			
Bond Issues (project related)	\$ 42,055,320	\$ 159,969,680	\$ 202,025,000
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$ 98,531,825</b>	<b>\$ 374,794,547</b>	<b>\$ 473,326,372</b>

### 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 \$ not applicable.

### 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): November 30, 2022

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

- ☐ Purchase orders, leases or contracts pertaining to the project have been executed.  
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies  
☒ Financial Commitment 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 [Section 1130.620(c)]

Are the following submittals up to date as applicable:

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

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

## Cost Space Requirements

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

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

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 the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is 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: Rush University Medical Center		CITY: Chicago			
REPORTING PERIOD DATES: From: January 1, 2017 to: December 31, 2017					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	342	18,620	87,692	None	342
Obstetrics	34	2,409	7,567	None	34
Pediatrics	20	942	3,477	None	20
Intensive Care	130	6,648	36,021	None	130
Comprehensive Physical Rehabilitation	59	751	9,978	None	59
Acute/Chronic Mental Illness	70	1,527	14,200	None	70
Neonatal Intensive Care	60	583	15,177	None	60
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
TOTALS:	715	31,480	174,112	None	715

## CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives 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 is filed on the behalf of Rush University 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 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 fee required for this application is sent herewith or will be paid upon request.

  
\_\_\_\_\_  
SIGNATURE  
Michael J. Dandolph  
\_\_\_\_\_  
PRINTED NAME  
President  
\_\_\_\_\_  
PRINTED TITLE

\_\_\_\_\_  
SIGNATURE  
Carl T. Bergetz  
\_\_\_\_\_  
PRINTED NAME  
General Counsel  
\_\_\_\_\_  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 3rd day of August, 2018

Notarization:  
Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_

  
\_\_\_\_\_  
Signature of Notary

\_\_\_\_\_  
Signature of Notary

Seal

OFFICIAL SEAL  
CYNTHIA L. IRWIN  
Notary Public - State of Illinois  
My Commission Expires 1/22/2021

Seal

\*Insert the EXACT legal name of the applicant

## CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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- 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);
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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 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 fee required for this application is sent herewith or will be paid upon request.

SIGNATURE

Michael J. Dandorph  
PRINTED NAME

President  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this \_\_\_\_ day of \_\_\_\_

Signature of Notary

Seal

\*Insert the EXACT legal name of the applicant

SIGNATURE

Carl T. Bergetz  
PRINTED NAME

General Counsel  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 1st day of August, 2018

Signature of Notary

Seal



## CERTIFICATION

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

This Application is filed on the behalf of Rush System for Health \*  
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 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 fee required for this application is sent herewith or will be paid upon request.

  
\_\_\_\_\_  
SIGNATURE

Michael J. Dandorff  
\_\_\_\_\_  
PRINTED NAME

President  
\_\_\_\_\_  
PRINTED TITLE

\_\_\_\_\_  
SIGNATURE

Carl T. Bergetz  
\_\_\_\_\_  
PRINTED NAME

Chief Legal Officer  
\_\_\_\_\_  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 3rd day of August, 2018

  
\_\_\_\_\_  
Signature of Notary

Seal

**OFFICIAL SEAL**  
**CYNTHIA L. IRWIN**  
Notary Public - State of Illinois  
My Commission Expires 1/22/2021

Notarization:  
Subscribed and sworn to before me  
this \_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Signature of Notary

Seal

\*Insert the EXACT legal name of the applicant

## CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives 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 is filed on the behalf of Rush System for Health \*  
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 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 fee required for this application is sent herewith or will be paid upon request.

\_\_\_\_\_  
SIGNATURE

Michael J. Dandorph  
PRINTED NAME

President  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this \_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Signature of Notary

Seal

\*Insert the EXACT legal name of the applicant

Carl T. Bergetz  
SIGNATURE

Carl T. Bergetz  
PRINTED NAME

Chief Legal Officer  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 1st day of August, 2018

Maritza Ramses  
Signature of Notary

Seal



### 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.

#### 1110.110(a) – Background of the Applicant

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 that the information was 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.**

#### Criterion 1110.110(b) & (d)

##### 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 relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the 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 the age and condition of the project site, as well as 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 Staff 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 1110.120 - 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 and it shall include the basis used for determining the space and the methodology applied.**
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 and certified by the facility's Medical Director.
  - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.
  - c. The project involves the conversion of existing space that results in excess square footage.
  - d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

**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:**

**not applicable—no shell space in project**

Provide the following information:

1. Total gross square footage (GSF) 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 is available; and
  - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

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

**ASSURANCES:**

**not applicable—no shell space in project**

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 V. MASTER DESIGN AND RELATED PROJECTS

This Section is applicable only to proposed master design and related projects.

### Criterion 1110.130(a) - System Impact of Master Design

Read the criterion and provide documentation that addresses the following:

1. The availability of alternative health care facilities within the planning area and the impact that the proposed project and subsequent related projects will have on the utilization of such facilities;
2. How the services proposed in future projects will improve access to planning area residents;
3. What the potential impact upon planning area residents would be if the proposed services were not replaced or developed; and
4. The anticipated role of the facility in the delivery system, including anticipated patterns of patient referral, any contractual or referral agreements between the applicant and other providers that will result in the transfer of patients to the applicant's facility.

### Criterion 1110.130(b) - Master Plan or Related Future Projects

Read the criterion and provide documentation regarding the need for all beds and services to be developed, and document the improvement in access for each service proposed. Provide the following:

1. The anticipated completion date(s) for the future construction or modernization projects;
2. Evidence that the proposed number of beds and services is consistent with the need assessment provisions of Part 1100; or documentation that the need for the proposed number of beds and services is justified due to such factors, but not limited to:
  - a. limitation on government funded or charity patients that are expected to continue;
  - b. restrictive admission policies of existing planning area health care facilities that are expected to continue;
  - c. the planning area population is projected to exhibit indicators of medical care problems such as average family income below poverty levels or projected high infant mortality.
3. Evidence that the proposed beds and services will meet or exceed the utilization targets established in Part 1100 within two years after completion of the future construction or modernization project(s), based upon:
  - a. historical service/beds utilization levels;
  - b. projected trends in utilization (include the rationale and projection assumptions used in such projections);
  - c. anticipated market factors such as referral patterns or changes in population characteristics (age, density, wellness) that would support utilization projections; and
  - d. anticipated changes in delivery of the service due to changes in technology, care delivery techniques or physician availability that would support the projected utilization levels.

### **Criterion 1110.130 (c) - Relationship to Previously Approved Master Design Projects**

READ THE CRITERION which requires that projects submitted pursuant to a master design permit are consistent with the approved master design project. Provide the following documentation:

1. Schematic architectural plans for all construction or modification approved in the master design permit;
2. The estimated project cost for the proposed projects and also for the total construction/modification projects approved in the master design permit;
3. An item by item comparison of the construction elements (i.e. site, number of buildings, number of floors, etc.) in the proposed project to the approved master design project; and
4. A comparison of proposed beds and services to those approved under the master design permit.

**APPEND DOCUMENTATION AS ATTACHMENT 18, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**M. Criterion 1110.270 - Clinical Service Areas Other than Categories of Service**

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

Service	# Existing Key Rooms	# Proposed Key Rooms
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

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

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) – Need Determination – Establishment
Service Modernization	(c)(1) – Deteriorated Facilities
	AND/OR
	(c)(2) – Necessary Expansion
	PLUS
	(c)(3)(A) – Utilization – Major Medical Equipment
	OR
	(c)(3)(B) – Utilization – Service or Facility
APPEND DOCUMENTATION AS <u>ATTACHMENT 31</u> , 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)

## VII. 1120.120 - AVAILABILITY OF FUNDS

### Not applicable as a result of bond ratings

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable [Indicate the dollar amount to be provided from the following sources]:

_____	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5) For any option to lease, a copy of the option, including all terms and conditions.

_____	e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
<b>TOTAL FUNDS AVAILABLE</b>	

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

## SECTION VIII. 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 35, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**not applicable, proof of "A" bond rating provided**

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.

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 36, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

## SECTION IX. 1120.140 - ECONOMIC FEASIBILITY

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

### A. Reasonableness of Financing Arrangements

not applicable, proof of "A" bond rating provided

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

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
  - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
  - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

### B. Conditions of Debt Financing

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

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

### C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
TOTALS									

\* Include the percentage (%) of space for circulation

#### D. Projected Operating Costs

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

#### E. Total Effect of the Project on Capital Costs

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

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

## SECTION X. SAFETY NET IMPACT STATEMENT

### NOT APPLICABLE, NON-SUBSTANTIVE PROJECT WITHOUT DISCONTINUATION

**SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:**

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:**

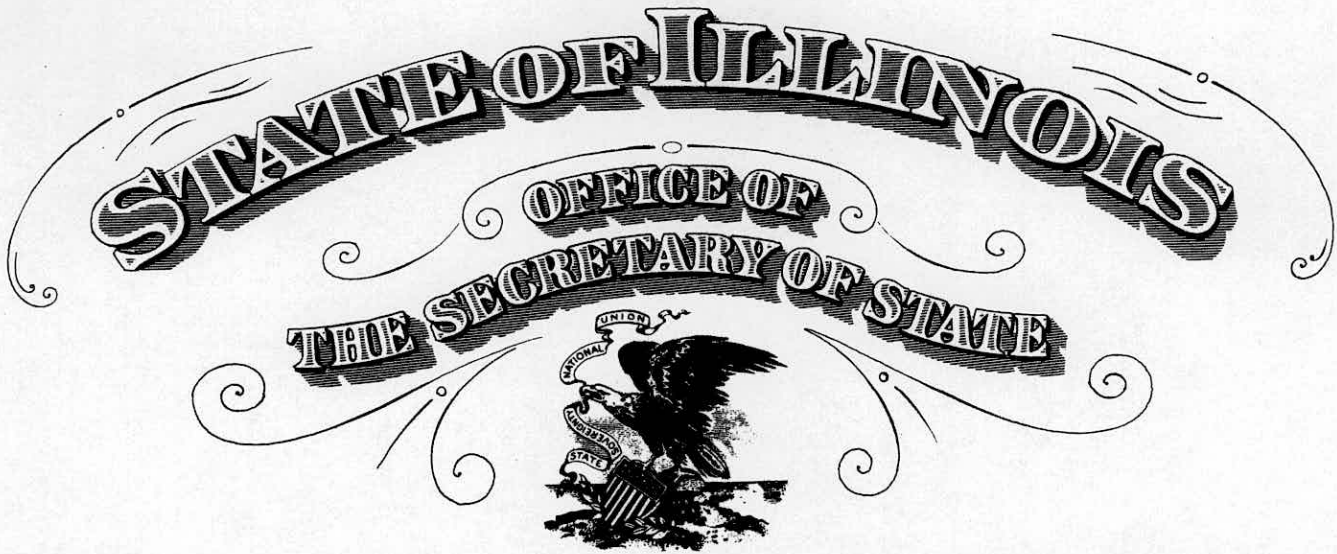
1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital 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 38.**

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			
Charity (cost in dollars)			
Inpatient			
Outpatient			
<b>Total</b>			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			
Medicaid (revenue)			
Inpatient			

	Outpatient			
	Total			

APPEND DOCUMENTATION AS ATTACHMENT 38 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



***To all to whom these Presents Shall Come, Greeting:***

***I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that***

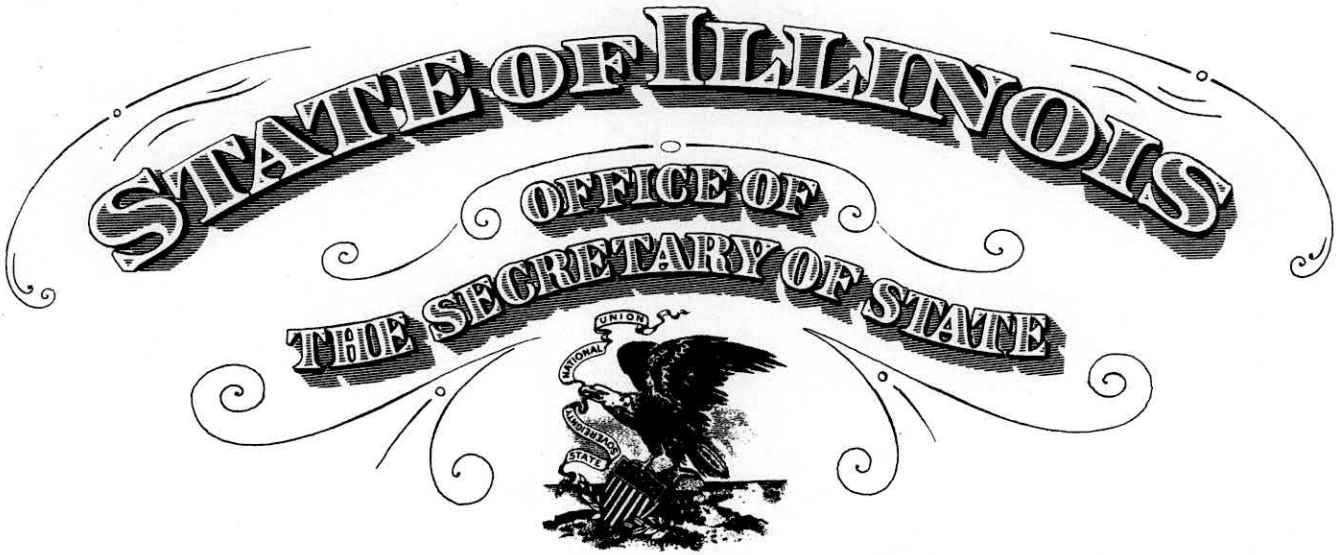
RUSH SYSTEM FOR HEALTH, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 22, 1995, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set  
my hand and cause to be affixed the Great Seal of  
the State of Illinois, this 17TH  
day of JULY A.D. 2018 .***

*Jesse White*

SECRETARY OF STATE ATTACHMENT 1



***To all to whom these Presents Shall Come, Greeting:***

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

RUSH UNIVERSITY MEDICAL CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JULY 21, 1883, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set  
my hand and cause to be affixed the Great Seal of  
the State of Illinois, this 17TH  
day of JULY A.D. 2018 .***

*Jesse White*

SECRETARY OF STATE ATTACHMENT 1

Facilities Management  
Capital Projects

1750 W. Harrison Street  
Suite 301  
Chicago, IL 60612

Tel 312.942.6195  
Fax 312.942.4887

RUSH UNIVERSITY  
COLLEGE OF NURSING  
RUSH MEDICAL COLLEGE  
COLLEGE OF HEALTH SCIENCES  
THE GRADUATE COLLEGE



July 26, 2018

Illinois Health Facilities and  
Services Review Board  
Springfield, Illinois

To Whom It May Concern:

I hereby attest that the proposed site for the outpatient building to be located at the intersection of Ashland Avenue and West Harrison Street in Chicago, Illinois, is owned by Rush University Medical Center.

A handwritten signature in black ink, appearing to read 'Michael E. LaMont', written over a horizontal line.

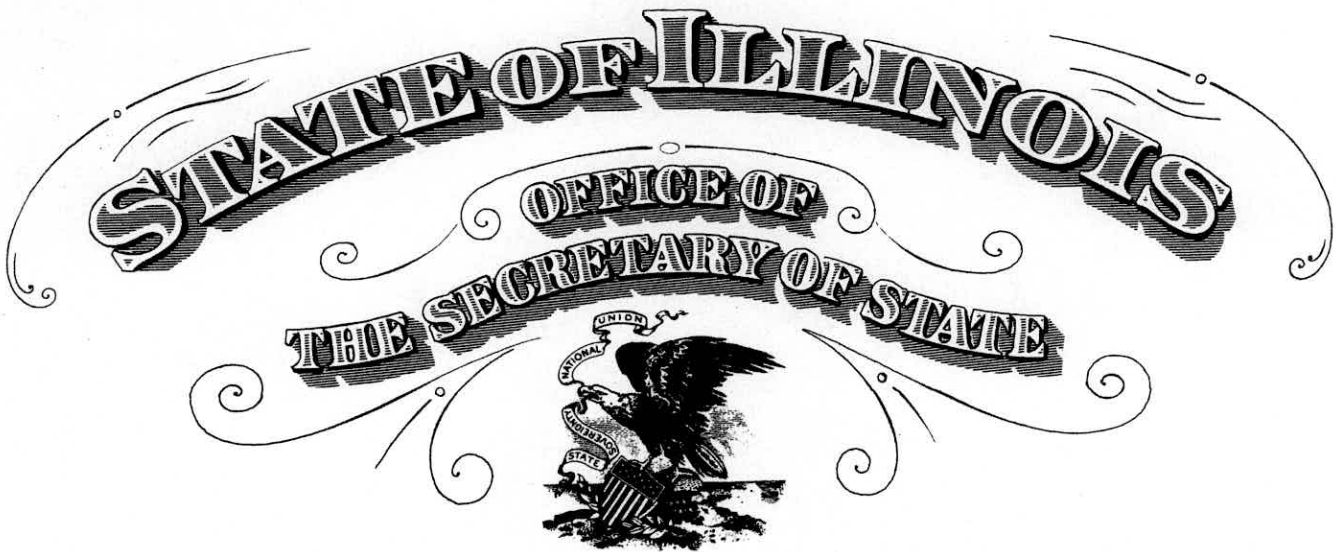
Michael E. LaMont  
Vice President, Facilities Management  
Rush University Medical Center

Subscribed and sworn to before me this  
26th day of July, 2018

A handwritten signature in black ink, appearing to read 'Jacqueline Burgess', written over a horizontal line.

Notary Public





***To all to whom these Presents Shall Come, Greeting:***

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

RUSH UNIVERSITY MEDICAL CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JULY 21, 1883, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

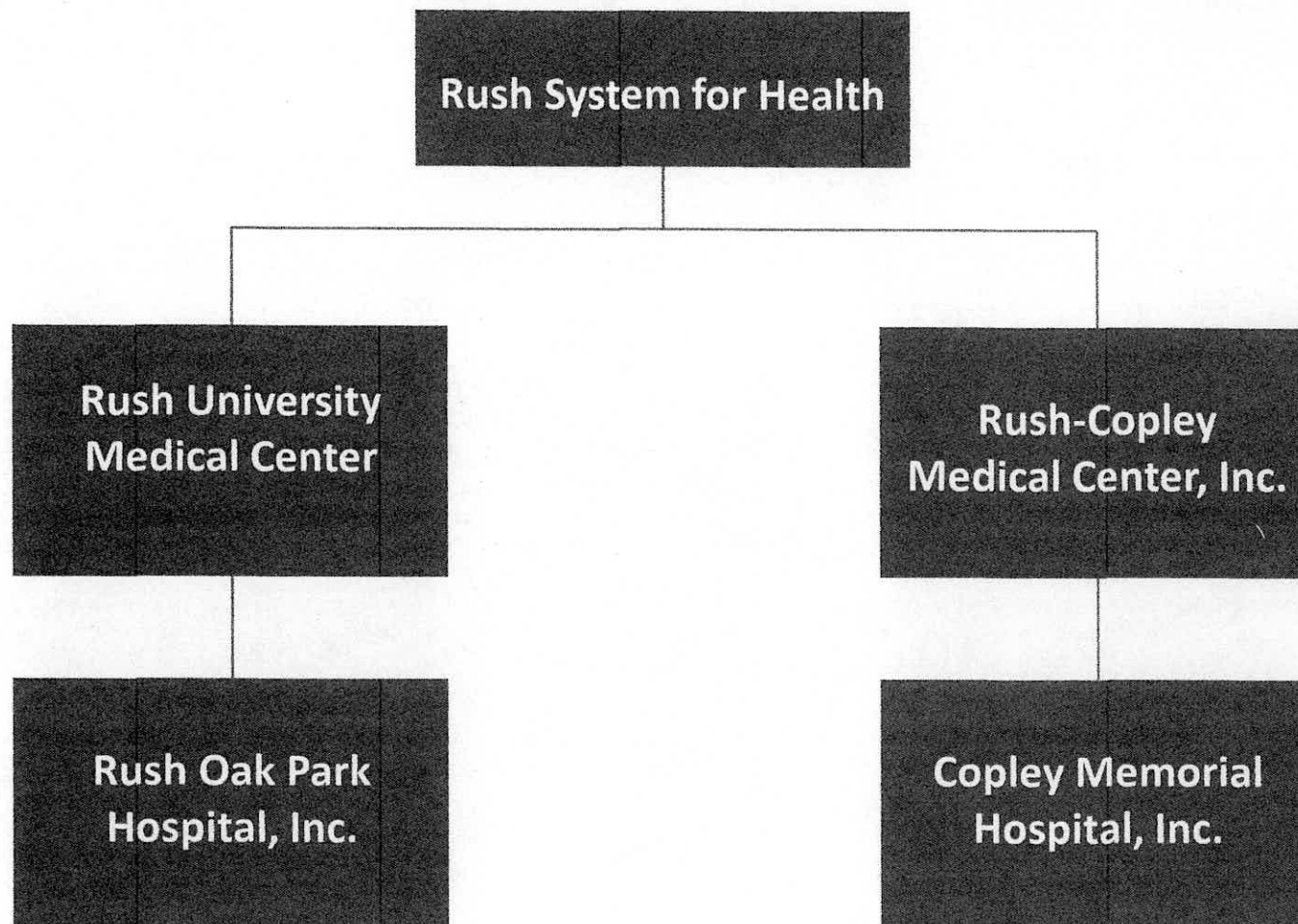


***In Testimony Whereof, I hereto set  
my hand and cause to be affixed the Great Seal of  
the State of Illinois, this 17TH  
day of JULY A.D. 2018 .***

*Jesse White*

SECRETARY OF STATE ATTACHMENT 3

# Rush System for Health Corporate Organizational Chart



33

ATTACHMENT 4

■ = IL Not-for-profit

Facilities Management  
Capital Projects

1750 W. Harrison Street  
Suite 301  
Chicago, IL 60612

Tel 312.942.6195  
Fax 312.942.4887

RUSH UNIVERSITY  
COLLEGE OF NURSING  
RUSH MEDICAL COLLEGE  
COLLEGE OF HEALTH SCIENCES  
THE GRADUATE COLLEGE



July 26, 2018

Illinois Health Facilities and  
Services Review Board  
Springfield, Illinois

To Whom It May Concern:

I hereby attest that the proposed site for the outpatient building to be located at the intersection of Ashland Avenue and West Harrison Street in Chicago, Illinois, is not located in a flood plain, and that the hospital site is in compliance with the Flood Plain Rule under Illinois Executive Order #2006-5.

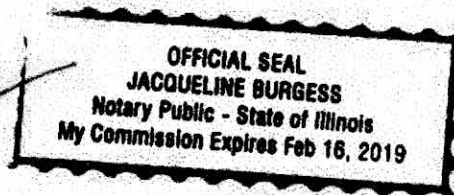
A handwritten signature in black ink, appearing to read 'Michael E. LaMont'.

Michael E. LaMont  
Vice President, Facilities Management  
Rush University Medical Center

Subscribed and sworn to before me this  
26<sup>th</sup> day of July, 2018

A handwritten signature in black ink, appearing to read 'Jacqueline Burgess'.

Notary Public





# FEMA Flood Map Service Center: Search By Address

Navigation

Search

Languages

MSC Home  
(//msc.fema.gov/portal/)

MSC Search by Address  
(//msc.fema.gov/portal/search)

MSC Search All Products  
(//msc.fema.gov/portal/advanceSearch)

✓ MSC Products and Tools  
(//msc.fema.gov/portal/resources/productsandtools)

Hazus  
(//msc.fema.gov/portal/resources/hazus)

LOMC Batch Files  
(//msc.fema.gov/portal/resources/lomc)

Product Availability  
(//msc.fema.gov/portal/productAvailability)

MSC Frequently Asked  
Questions (FAQs)  
(//msc.fema.gov/portal/resources/faq)

MSC Email Subscriptions  
(//msc.fema.gov/portal/subscriptionHome)

Contact MSC Help  
(//msc.fema.gov/portal/resources/contact)

Enter an address, place, or coordinates: ?

Ashland Ave. & W. Harrison Street Chicago, IL

Search

Whether you are in a high risk zone or not, you may need [flood insurance \(https://www.fema.gov/national-flood-insurance-program\)](https://www.fema.gov/national-flood-insurance-program) because most homeowners insurance doesn't cover flood damage. If you live in an area with low or moderate flood risk, you are 5 times more likely to experience flood than a fire in your home over the next 30 years. For many, a National Flood Insurance Program's flood insurance policy could cost less than \$400 per year. Call your insurance agent today and protect what you've built.

Learn more about [steps you can take \(https://www.fema.gov/what-mitigation\)](https://www.fema.gov/what-mitigation) to reduce the risk flood damage.

## Search Results—Products for CHICAGO, CITY OF

Show ALL Products » (<https://msc.fema.gov/portal/availabilitySearch?addcommunity=170074&communityName=CHICAGO>)

The flood map for the selected area is number **17031C0506J**, effective on **08/19/2008** ?

DYNAMIC MAP



MAP IMAGE



([https://msc.fema.gov/portal/downloadProduct?](https://msc.fema.gov/portal/downloadProduct?filePath=/17/P/Firm/17031C0506J.png&productTypeID=FINAL_PRODUCT&productSubTypeID=FIRM_PANEL&)

[filePath=/17/P/Firm/17031C0506J.png&productTypeID=FINAL\\_PRODUCT&productSubTypeID=FIRM\\_PANEL&](https://msc.fema.gov/portal/downloadProduct?filePath=/17/P/Firm/17031C0506J.png&productTypeID=FINAL_PRODUCT&productSubTypeID=FIRM_PANEL&)

Changes to this FIRM ?

- Revisions (0)
- Amendments (1)
- Revalidations (1)

You can choose a new flood map or move the location pin by selecting a different location on the locator map below or by entering a new location in the search field above. NOTE: Please be sure to enable popups for this site.





# Illinois Historic Preservation Agency

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

FAX (217) 524-7525

[www.illinoishistory.gov](http://www.illinoishistory.gov)

Cook County

Chicago

CON - Demolition and New Construction of an Outpatient Services and Medical Clinics Building on Rush  
University Medical Center Campus

NE Corner Ashland Ave. and Harrison St.; 1500, 1506, 1514, 1522, 1538, 1548, 1552 W. Harrison St.

IHPA Log #013012717

February 8, 2017

Jacob Axel

Axel & Associates, Inc.

675 North Court, Suite 210

Palatine, IL 60067

Dear Mr. Axel:

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

## **PROJECT COSTS**

### **Preplanning Costs**

Eval. Of Alternatives	\$	750,000	
Process Management	\$	1,750,000	
Financial Feasibility Assesmts	\$	500,000	
Prelim. Equip. Planning	\$	400,000	
Program Planning	\$	1,000,000	
Space/Facility Planning	\$	750,000	
Misc./Other	\$	1,000,000	
			\$ 5,400,000

### **Site Preparation**

Earthwork	\$	400,000	
Landscaping	\$	250,000	
Ramps	\$	350,000	
Traffic-Related	\$	250,000	
Equipment Rental	\$	400,000	
Utility-Related	\$	1,400,000	
Excavation	\$	400,000	
Drainage-Related	\$	750,000	
Enclosures & Entrances	\$	100,000	
Surface Parking	\$	2,500,000	
Roadways and Walkways	\$	2,500,000	
Exterior Lighting & Signage	\$	1,000,000	
Misc./Other	\$	2,000,000	
			\$ 12,300,000

### **New Construction Contracts**

per ATTACHMENT 39C			\$ 266,749,030
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### **Contingencies**

Construction Contingencies			\$ 17,114,480
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### **Architectural and Engineering Fees**

Design	\$	12,888,000	
Document Preparation	\$	200,000	
Interface with Agencies	\$	200,000	
Project Monitoring	\$	300,000	
Misc./Other	\$	500,000	
			\$ 14,088,000

### **Consulting and Other Fees**

CON-related	\$	300,000	
Legal & Accounting	\$	450,000	
Financing-related	\$	450,000	
Fees and Permits	\$	2,500,000	
Insurance	\$	12,000,000	
Diversity Consultant	\$	400,000	
Jobsite Medical Team/Safety	\$	425,000	
Geotechnical Engineering	\$	125,000	
Radiation Shielding Consultant	\$	70,000	

# PROJECT COSTS and SOURCES OF FUNDS

Retail Consultant	\$	50,000	
FF&E Coordination	\$	50,000	
Technology Activation	\$	1,400,000	
Utility Coordinator	\$	50,000	
Right-of Way Associated	\$	60,000	
Travel/Site Visits	\$	300,000	
Interior Signage	\$	475,000	
Project Management	\$	12,500,000	
Medical Equipment Planning	\$	1,750,000	
Site Security	\$	1,200,000	
Change Order Allowance	\$	12,100,000	
Acoustics and Vibrations	\$	75,000	
Traffic Engineer	\$	30,000	
IT Interface	\$	250,000	
Internal Auditing/Supervision	\$	150,000	
Fencing/Temp. Lighting	\$	140,000	
Landscape Design	\$	100,000	
Public/Community Relations	\$	150,000	
Utilities-Related Consulting	\$	150,000	
Temporaty Off-Site Parking	\$	200,000	
Interior Design	\$	200,000	
IT Consulting	\$	300,000	
Misc. Consultants	\$	500,000	
Commissioning	\$	1,000,000	
Artwork	\$	475,000	
Misc./Other	\$	5,000,000	
			\$ 55,375,000

## Movable Equipment

Gen'l Radiology	\$	1,100,000	
CT	\$	6,120,000	
MRI	\$	6,700,000	
PET/CT	\$	2,470,000	
Radiation Therapy	\$	13,200,000	
Breast Imaging	\$	3,045,000	
Specialty Pharmacy	\$	450,000	
Infusion Therapy	\$	2,950,000	
Infusion Pharmacy	\$	450,000	
Integrative Medicine	\$	245,000	
Phlebotomy	\$	70,000	
			\$ 36,800,000
Physicians' Offices	\$	13,955,000	
Administrative Areas	\$	2,100,000	
Sterilization	\$	547,000	
Tumor Board	\$	62,000	
Lobbies & Public Areas	\$	6,482,000	
Staff Areas	\$	748,000	
Imaging, Non-Clinical	\$	2,100,000	
Rad Onc, Non-Clinical	\$	2,350,000	

# PROJECT COSTS and SOURCES OF FUNDS

Retail & Retail Food Serv.	\$	369,000	
Receiving Dock	\$	58,000	
Conf. & Education	\$	474,000	
Mechanical	\$	3,150,000	
Parking Deck	\$	50,000	
			\$ 32,445,000

## Net Interest Expense During Const.

Construction Period Interest		\$	10,054,862
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## Other Cost to be Capitalized

Architectural Re-Design	\$	8,000,000	
Design Contingencies	\$	15,000,000	
			\$ 23,000,000
			\$ -

\$ -

**Total Project Cost** **\$ 473,326,372**

## SOURCES OF FUNDS

Cash and Securities	\$	271,301,372
Bond Issuance*	\$	202,025,000
<b>Total Sources of Funds</b>	<b>\$</b>	<b>473,326,372</b>

\*anticipated terms of bond issuance are 40 year maturity and 4.25% interest

## Cost Space Requirements

Dept./Area	Cost	Gross Square Feet		Amount of Proposed Total Square Feet			
		Existing	Proposed	New Const.	That is:		Vacated Space
					Modernized	As Is	
<b>Reviewable</b>							
Gen'l Radiology	\$ 2,955,955		2,400	2,400			
CT	\$ 7,882,546		5,200	5,200			
MRI	\$ 8,079,610		5,200	5,200			
PET/CT	\$ 3,862,847		1,750	1,750			
Radiation Therapy	\$ 25,717,509		16,833	16,833			
Breast Imaging	\$ 6,897,228		7,408	7,408			
Specialty Pharmacy	\$ 11,823,819		11,030	11,030			
Infusion Therapy	\$ 19,312,238		31,611	31,611			
Infusion Pharmacy	\$ 6,897,228		7,445	7,445			
Integrative Medicine	\$ 3,941,273		5,150	5,150			
Phlebotomy	\$ 1,161,573		1,397	1,397			
<b>Total</b>	<b>\$ 98,531,825</b>		<b>95,424</b>	<b>95,424</b>			
	\$ 98,531,825						
<b>Non-Reviewable</b>							
Physicians' Offices	\$ 79,089,909		119,122	119,122			
Administrative Areas	\$ 23,691,038		41,500	41,500			
Sterilization	\$ 3,373,151		2,982	2,982			
Tumor Board	\$ 382,919		740	740			
Lobbies & Public Areas	\$ 68,742,301		121,438	121,438			
Staff Areas	\$ 7,841,517		14,964	14,964			
Imaging, Non-Clinical	\$ 4,062,272		6,176	6,176			
Rad Onc, Non-Clinical	\$ 3,600,770		5,300	5,300			
Canopy	\$ 2,623,562		10,412	10,412			
Retail & Retail Food Serv.	\$ 8,474,166		14,352	14,352			
Receiving Dock	\$ 732,541		1,945	1,945			
Materials Walkway	\$ 499,460		1,993	1,993			
Conf. & Education	\$ 6,809,300		11,851	11,851			
Tunnel & Bridges	\$ 20,228,117		5,283	5,283			
Mechanical	\$ 22,275,902		34,317	34,317			
Parking Deck	\$ 101,373,667		329,134	329,134			
DGSF>>>BGSF	\$ 20,993,955		38,791	38,791			
<b>Total</b>	<b>\$ 374,794,547</b>		<b>760,300</b>	<b>760,300</b>			
<b>Project Total</b>	<b>\$ 473,326,372</b>		<b>855,724</b>	<b>855,724</b>			

## NOTE TO COST SPACE REQUIREMENTS TABLE

The proposed building will house numerous clinical and non-clinical functions that are currently, and in many cases, will continue to be provided in other buildings on the Rush University Medical Center campus. With the primary purpose of the proposed building being to provide improved access to selected outpatient services, and with the services to be provided being limited to outpatient services, the identification of "existing" space and space to remain "as is" is not applicable to this application per a June 7, 2018 discussion with HFSRB staff.

LICENSED HEALTHCARE FACILITIES CONTROLLED AND/OR OPERATED  
BY AN APPLICANT

Rush University Medical Center  
1653 West Congress Parkway  
Chicago, Illinois  
IDPH License #0001917

Rush Oak Park Hospital, Inc.  
520 South Maple Avenue  
Oak Park, Illinois  
IDPH License #0001750

Copley Memorial Hospital  
2000 Ogden Avenue  
Aurora, Illinois  
IDPH License #0004671

Rush SurgiCenter at the Professional Building  
1725 W. Harrison Street  
Chicago, Illinois  
IDPH License #7001753



**Illinois Department of  
PUBLIC HEALTH**

HF114565

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

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

**Nirav D. Shah, M.D., J.D.**  
**Director**

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2018		0001917
<b>General Hospital</b>		
<b>Effective: 01/01/2018</b>		

**Rush University Medical Center**  
**1653 West Congress Parkway**  
**Chicago, IL 60612**

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #48240 5M 5/16

← **DISPLAY THIS PART IN A  
CONSPICUOUS PLACE**

**Exp. Date 12/31/2018**

**Lic Number 0001917**

**Date Printed 11/21/2017**

**Rush University Medical Center**  
**1653 West Congress Parkway**  
**Chicago, IL 60612**

**FEE RECEIPT NO.**

ATTACHMENT 11



Illinois Department of  
**PUBLIC HEALTH**

HF114886

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

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

**Nirav D. Shah, M.D., J.D.**  
Director

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE	CATEGORY	LIC NUMBER
2/17/2019		7001753
<b>Ambulatory Surgery Treatment Center</b>		
<b>Effective: 02/18/2018</b>		

Rush Surgicenter at the Professional Bldg. Ltd.  
1725 West Harrison Street Suite 556  
Chicago, IL 60612

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← DISPLAY THIS PART IN A  
CONSPICUOUS PLACE

Exp. Date 2/17/2019

Lic Number 7001753

Date Printed 1/2/2018

Rush Surgicenter at the Professional B  
1725 West Harrison Street Suite 556  
Chicago, IL 60612

FEE RECEIPT NO.

ATTACHMENT 11

44



**Illinois Department of  
PUBLIC HEALTH**

HF115860

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

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

**Nirav D. Shah, M.D., J.D.**  
**Director**

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
6/30/2019		0001750
<b>General Hospital</b>		
<b>Effective: 07/01/2018</b>		

**Rush Oak Park Hospital, Inc.**  
**520 South Maple Avenue**  
**Oak Park, IL 60304**

The face of this license has a colored background. Printed by Authority of the State of Illinois • PO #48240 5M 5/18

← **DISPLAY THIS PART IN A  
CONSPICUOUS PLACE**

Exp. Date 6/30/2019

Lic Number 0001750

Date Printed 5/15/2018

Rush Oak Park Hospital, Inc.

520 South Maple Avenue  
Oak Park, IL 60304

**FEE RECEIPT NO.**

ATTACHMENT 11



**Illinois Department of  
PUBLIC HEALTH**

HF114198

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

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

**Nirav D. Shah, M.D., J.D.**  
**Director**

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
11/17/2018		0004671
<b>General Hospital</b>		
<b>Effective: 11/18/2017</b>		

**Copley Memorial Hospital**  
**2000 Ogden Avenue**  
**Aurora, IL 60504**

The face of this license has a colored background. Printed by Authority of the State of Illinois • PD. #48240 SM 5/16

← **DISPLAY THIS PART IN A  
CONSPICUOUS PLACE**

**Exp. Date 11/17/2018**

**Lic Number 0004671**

**Date Printed 9/25/2017**

**Copley Memorial Hospital**

**2000 Ogden Avenue**  
**Aurora, IL 60504**

**FEE RECEIPT NO.**

Office of Legal Affairs  
Triangle Office Building  
1700 W. Van Buren St.  
Suite 301  
Chicago, IL 60612

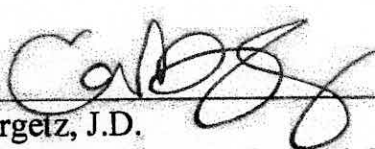
Tel: 312.942.6886  
Fax: 312.942.4233  
www.rush.edu  
Carl\_Bergetz@rush.edu



Carl Bergetz  
Rush System for Health  
Chief Legal Officer  
Rush University Medical Center  
General Counsel & Senior Vice President

I hereby certify that no adverse action has been taken against Rush University Medical Center, directly or indirectly, within three (3) years prior to the filing of this Application. For the purposes 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 HFSRB and IDPH to access any documents which it finds necessary to verify any information submitted, including, but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.

  
Carl Bergetz, J.D.  
Senior Vice President & General Counsel

Subscribed and sworn to before me this  
1st day of August, 2018

  
Notary Public



ATTACHMENT 11

## PURPOSE OF PROJECT

The primary purpose of the project is to improve accessibility for outpatients seeing physicians officed on the Rush University Medical Center ("RUMC") campus and/or utilizing outpatient services such as imaging, radiation therapy, or infusion therapy on the campus. This is particularly the case for outpatients seeing multiple physicians and/or utilizing multiple outpatient services during a single visit to the campus. A second purpose of the project is to provide a contemporary, centralized and efficient setting for the provision of those services, and particularly in the cancer care and neurosciences clinical specialties. Currently, the physicians' offices and the ancillary services most often used by outpatients are located in numerous buildings, scattered throughout the campus, often originally designed for other services, and difficult for outpatients to access.

During 2017, RUMC provided nearly 1.4M outpatient interactions. Attached is a ZIP Code-specific patient origin analysis for RUMC outpatients during 2017, and identifying each ZIP Code accounting for a minimum of 0.5% of the outpatient encounters. 44 of the 53 ZIP Code areas accounting for a minimum of 0.5% of the outpatient caseload are in the City of Chicago (as are many other ZIP Code areas contributing less than 0.5%).

The proposed project will, through improving accessibility, improve the health care and well-being of the market area population to be served. RUMC is a major teaching, research, and clinical enterprise, providing a broad spectrum of tertiary, secondary and primary care services. While RUMC is an important provider of services to residents of the western Chicago neighborhoods surrounding the campus, because of its reputation and the breadth of services provided, its market area/service population includes the entire metropolitan Chicago area; and

patients from throughout the United States and internationally are routinely attracted to the RUMC campus by RUMC's specialty services.

The goal of the project is to complete construction on time and as planned, therein improving outpatient accessibility as discussed in the opening to this ATTACHMENT 12.

### 2017 Rush University Medical Center Outpatient Origin

Patient Zip Code	Post Office Name	OP Visits	% of Total
60608	Chicago	50,313	3.6%
60612	Chicago	38,783	2.8%
60623	Chicago	37,975	2.7%
60644	Chicago	29,732	2.1%
60624	Chicago	29,363	2.1%
60629	Chicago	28,596	2.1%
60632	Chicago	26,839	1.9%
60651	Chicago	26,160	1.9%
60607	Chicago	25,487	1.8%
60609	Chicago	24,320	1.8%
60616	Chicago	21,000	1.5%
60620	Chicago	20,900	1.5%
60302	Oak Park	20,601	1.5%
60619	Chicago	20,266	1.5%
60647	Chicago	19,636	1.4%
60628	Chicago	19,363	1.4%
60639	Chicago	18,269	1.3%
60617	Chicago	18,226	1.3%
60638	Chicago	17,929	1.3%
60618	Chicago	16,492	1.2%
60643	Chicago	15,581	1.1%
60804	Cicero	15,296	1.1%
60622	Chicago	14,749	1.1%
60402	Berwyn	14,263	1.0%
60614	Chicago	13,860	1.0%
60649	Chicago	12,963	0.9%
60657	Chicago	12,538	0.9%
60641	Chicago	11,978	0.9%
60653	Chicago	11,706	0.8%
60640	Chicago	11,354	0.8%
60605	Chicago	11,276	0.8%
60615	Chicago	10,664	0.8%
60610	Chicago	10,557	0.8%
60634	Chicago	10,553	0.8%
60636	Chicago	10,254	0.7%
60707	Elmwood Park	10,160	0.7%
60304	Oak Park	10,114	0.7%
60637	Chicago	9,598	0.7%
60625	Chicago	9,564	0.7%
60613	Chicago	9,539	0.7%
60652	Chicago	8,540	0.6%

ATTACHMENT 12

50

60409	Calumet City	8,135	0.6%
60611	Chicago	8,013	0.6%
60453	Oak Lawn	7,735	0.6%
60621	Chicago	7,709	0.6%
60630	Chicago	7,652	0.6%
60130	Forest Park	7,573	0.5%
60642	Chicago	7,303	0.5%
60411	Chicago Heights	7,259	0.5%
60305	River Forest	7,016	0.5%
60660	Chicago	6,904	0.5%
60626	Chicago	<u>6,426</u>	<u>0.5%</u>
		837,082	60.4%
	other, <0.5%	<u>547,821</u>	<u>39.6%</u>
		1,384,903	100.0%

## ALTERNATIVES

The primary purposes of the proposed project, as identified in ATTACHMENT 12, are to improve outpatient access through the centralizing of Rush University Medical Center's ("RUMC's") on-campus physicians' offices and those ancillary services often used by outpatients, in a contemporary facility designed for the efficient delivery and receiving of patient care services. Given the stated primary purposes of the project, and that no existing building on the RUMC campus is sufficiently-sized, appropriately designed, or able to be modified to meet those purposes; the construction of a new building is the only reasonable course of action.

A number of on- or adjacent to the campus alternatives were considered but dismissed during the initial planning process because they were deemed inferior or impractical. Any such alternative, assuming that the purposes of the project could be met in a fashion similar to that of the proposed project, would have similar operating costs, patient and staff accessibility, and capital costs. Quality of care would be identical, as a result of Rush's quality assurance programs, that include all Rush-operated facilities. Alternative on-campus sites, however, and due primarily to the proposed site's excellent vehicular access and the lack of conflicts with future potential campus construction, were viewed as inferior.

The alternative of developing an outpatient building to house offices for a broader scope of physician specialties, and having more square footage was evaluated, and was determined to be not financially feasible. The primary difference between this alternative and the proposed project is that the proposed project involves a greater continued use of existing buildings. Had the alternative of developing a larger building been selected, the resultant capital costs would have been substantially higher than the currently-proposed project, patient and staff accessibility

would have been minimally enhanced, operating costs on a per patient visit basis would be similar to those of the proposed project, and the quality of care provided would be identical to that of the proposed project.

Last, the alternative of developing the facility on an off-campus location was immediately dismissed because this alternative would require that the physicians, also having inpatient care responsibilities, teaching responsibilities and engaging in research activities on campus, leave campus for significant periods of time, which would unduly compromise patient care.

Depending on the site selected, an off-campus alternative's accessibility could range from similar to inferior. It is highly unlikely that accessibility could be enhanced with a remote site, due to RUMC's highly-accessible location on the Eisenhower Expressway. Quality of care would be identical, regardless of the site selected. While operating costs would likely be similar to those of the proposed project, the cost of acquiring property would increase the overall project cost.

## SIZE

The Applicants are confident that the space plan developed for the proposed project is not excessive, but appropriate for the functions to be performed in those areas.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
General Radiology (2)	2,400	2,600	(200)	YES
CT (3)	5,200	5,400	(200)	YES
MRI (3)	5,200	5,400	(200)	YES
PET/CT (1)	1,800	1,750	(50)	YES
Linear Accelerator (3)	12,265	7,200	5,065	NO
Mammography (4)	3,100	3,600	(500)	YES
Breast Ultrasound (4)	3,100	3,600	(500)	YES

### Diagnostic Imaging

The diagnostic imaging department will be located on the fourth floor, and will include two general radiology units, three CT units, three MRI units and one PET/CT unit, along with modality-specific and shared support space. In total, 14,600 DGSF will be provided for the four modalities, distributed as presented in the table above.

### Radiation Therapy

The radiation therapy department will be located on the first floor and will include three linear accelerators, one simulator, and required support space. 16,833 DGSF of clinical space is planned for the department, with 12,625 DGSF being allocated to the linear accelerators and 4,208 DGSF being allocated to the simulator. The primary reason for exceeding the HFSRB

space standard for this area is the use of the area for teaching and research that is typical to the academic medical center setting, but not to most hospitals. This department (as is the case with selected others) is designed to accommodate residents, fellows and students (medical, nursing and a variety of ancillary fields) as well as clinical research activities, with additional space required both in procedure areas as well as support areas throughout the department.

#### Breast Center

The breast center will be located on the fourth floor, and will consist of four mammography units, four breast ultrasound units and a stereotactic unit. 3,100 DGSF is allocated to the mammography function, 3,100 DGSF is allocated to the breast ultrasound function, and 1,208 DGSF is allocated to the stereotactic function, a total of 7,408 DGSF.

## PROJECT SERVICES UTILIZATION

This ATTACHMENT 15 addresses the project's seven services or types of equipment having HFSRB-adopted utilization targets. Those services and types of equipment are identified in the table on the following page, along with campus-wide historical utilization of the service. Because the proposed project is limited to the establishment of an outpatient services building and because many of the services to be addressed in this ATTACHMENT 15 are currently and will continue to be provided at multiple on-campus sites, the utilization projections provided relate exclusively to the services to be provided in the proposed building. In addition, identified existing equipment includes only that equipment located on the RUMC campus. (The Applicants operate a number of off-campus sites.) This is being done following consultation with and agreement by HFSRB staff. As noted in this application's narrative description, all services to be provided in the proposed building will be provided on an outpatient basis, exclusively. Last, the provided utilization projections are for 2023 and 2024, the first two years following the project's anticipated completion.

<b>Dept./ Service</b>	<b>2016 Historical Util. (Treatments)</b>	<b>2017 Historical Util. (Treatments)</b>
Gen'l. Radiology	108,301	109,294
CT	54,223	56,487
MRI	27,724	27,513
PET/CT	1,633	1,879
Mammography	27,258	34,101
Breast Ultrasound	5,908	5,231
Linear Accelerator	36,885	32,711

Central to the projected utilization are the Applicants' commitment to grow their oncology and neurosciences programs as identified in this application's narrative description. This commitment includes: 1) plans to recruit a significant number of new faculty members in these two clinical specialties, 2) the procurement of selective new technologies as they become available, and 3) the locating of the offices of approximately 100 physicians in the building housing the services and equipment addressed in this application. These plans serve as the primary "drivers" for future utilization of the services addressed in this ATTACHMENT 15.

With the signatures on this application, the Applicants attest to their expectation that the applicable HFSRB utilization standards for the services addressed in this ATTACHMENT 15, and to be located in the proposed outpatient building, will be reached during the second year following the proposed project's completion.

The following equipment, having HFSRB-adopted utilization standards, is included in the proposed project:

- 2 general radiology units
- 3 CT units
- 3 MRI units
- 1 PET/CT
- 4 breast ultrasound units
- 4 mammography units
- 3 linear accelerators

#### General Radiology

Rush University Medical Center ("RUMC") currently operates 30 general imaging units in the following fashion:

- 4 fixed site general units are located in the Professional Building
- 3 fixed site general units are located in the Tower Building
- 2 fixed site fluoroscopy units are located in the Tower Building
- 8 portable general units are located in the Tower Building
- 13 portable C-arm units are located in the surgical suite.

Upon the proposed project's completion, RUMC will operate 31 imaging units in the following fashion:

- 2 fixed site general units to be located in the proposed building
- 3 fixed site general units to be located in the Professional Building
- 3 fixed site general units to be located in the Tower Building
- 2 fixed site fluoroscopy units to be located in the Tower Building
- 8 portable general units to be located in the Tower Building
- 13 portable C-arm units to be located in the surgical suite.

#### CT

RUMC currently operates eight CT units in the following fashion:

- 2 units are located in the Professional Building
- 6 units are located in the Tower Building

Upon the proposed project's completion, RUMC will operate nine CT units in the following fashion:

- 3 units to be located in the proposed building
- 6 units to be located in the Tower Building

#### MRI

RUMC currently operates five MRI units in the following fashion:

- 2 units are located in the Professional Building
- 3 units are located in the Tower Building

Upon the proposed project's completion, RUMC will operate six MRI units in the following fashion:

- 3 units to be located in the proposed building
- 3 units to be located in the Tower Building

#### PET/CT

RUMC currently operates one PET/CT unit, which is located in the Tower Building. As a component of the project, the existing unit will be replaced by a single unit, to be located in the proposed building.

### Mammography

RUMC currently operates seven mammography units, and as a component of the proposed project, four additional units, to be located in the proposed building will be provided, resulting in a total of eleven units on the campus.

### Breast Ultrasound

RUMC currently provides one breast ultrasound unit in each of its mammography rooms, in support of the mammography unit. That practice will continue, with a breast ultrasound unit to be located in each of the four mammography rooms in the proposed building.

### Linear Accelerator

RUMC currently operates four linear accelerators. Two of those units will be taken out of service and three new units will be located in the proposed building, resulting in five linear accelerators being located on the campus upon the project's conclusion.

### Infusion Therapy

The HFSRB does not have a utilization standard applicable to infusion therapy services. While the HFSRB does have a standard for "ambulatory care" (2,000 visits per year), that standard cannot be reasonably applied to infusion therapy, which often involves the use of an infusion therapy station for three hours or longer, while most outpatient/ambulatory procedures (stress tests, EKGs, examinations, etc.) are drastically shorter in duration. Because of the length of time required for infusion therapy, the 2,000 visits per year standard easily exceed the capacity of an infusion therapy station.

The table below presents the anticipated utilization of the units to be located in the proposed building, during the initial two years of operation.

Dept./ Service	Year 1 Projected Util. (Treatments)*	Year 2 Projected Util. (Treatments)*
Gen'l. Radiology	10,000	14,000
CT	12,000	15,000
MRI	8,000	12,000
PET/CT	2,800	3,600
Mammography	20,000	24,000
Breast Ultrasound	6,000	9,500
Linear Accelerator	24,000	30,000
*projected utilization in proposed building		

## RELATIONSHIP TO PREVIOUSLY APPROVED MASTER DESIGN PROJECT

On February 16, 2016 the HFSRB unanimously approved a Master Design Project (#15-053) addressing the first phase of a campus renovation and reconfiguration plan for Rush University Medical Center ("RUMC"). Phase 1 of that plan was described in the narrative description contained in that Certificate of Need ("CON") application as "...the construction of a comprehensive outpatient services building, two parking structures, a surface parking lot, and the demolition of student housing located to the East of RUMC...". The narrative description also anticipated a structure of approximately 620,000 square feet and a project cost of approximately \$500,000,000.

During the subsequent 2½ years leading to the filing of this CON application, the applicants, through a multi-disciplinary team consisting of architects and engineers, project and construction management consultants, physicians, RUMC management and other key stakeholders have been refining the plans, both programmatically and from an overall Rush System facility perspective, culminating in the project herein presented.

The project being proposed through this CON application is very consistent with the tenets of the Master Design Project.

- The site of the project remains the northeast corner of Ashland Avenue and West Harrison Street, on land previously occupied by student housing.
- Patient accessibility will continue to be greatly improved through the consolidation of outpatient services and physicians' offices.
- The project continues to call for a single building with adjacent parking for outpatients.

- The building remains the same approximate height, being increased from nine to eleven stories.
- The cost of the project is generally the same, being reduced from approximately \$500,000,000 to approximately \$473,000,000 through the planning process.
- The project continues to provide for anticipated growth in RUMC's provision of outpatient services, and particularly in the areas of cancer care and the neurosciences.
- A primary function of the building remains the relocating of offices for physicians/physician specialties with sizable outpatient practices into a single building.
- As originally planned, many of the ancillary services often used by outpatients, such as imaging, laboratory, infusion therapy and radiation therapy will be co-located in the building.
- The building, as described in the Master Design Project, will not contain any inpatient beds.

As the project was refined through the planning process, the scope of the project in terms of services to be provided and building size has been reduced, while maintaining the primary goal of improving access to outpatient services on the RUMC campus. The primary variances from the proposed Phase 1 project anticipated in the Master Design Project CON application include the following:

- The scope of physician specialties to be officed in the building has been reduced, with the building's focus being on cancer and neurosciences.
- Existing buildings are going to be used for a longer period than originally anticipated.
- The size of the building has been reduced from approximately 620,000 square feet to approximately 532,000 square feet, plus parking.
- A single parking deck will be constructed rather than the two anticipated early in the planning process.
- Rush SurgiCenter at the Professional Building will remain in its current location.

## CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE

This ATTACHMENT 31 addresses seven clinical services to be included in the proposed project, which are not IDPH-designated categories of service, but which have utilization standards identified in Appendix B to Section 1110. Those clinical services are:

- General Radiology
- CT
- MRI
- PET/CT
- Mammography
- Breast Ultrasound
- Linear Accelerator

Each of the services identified above are currently provided at Rush University Medical Center ("RUMC") and will be provided in the proposed outpatient building. Only PET/CT imaging will be provided exclusively in the proposed building, with the remaining six services also being provided at other on-campus locations. As such, and consistent with Section 1110.270a)3), the on-site replacement and expansion of those services are categorized as "service modernizations." The portions of the proposed project directly related to the expansion of those services are necessary to improve outpatients' accessibility to those services, which is identified in ATTACHMENT 12 as this project's primary purpose. None of the equipment to be included in the proposed project will be used for the provision of services to inpatients.

The requirements of Criterion 1110.270 are met by virtue of the following:

1. The definition of "necessary expansion" is met because of the need to improve outpatients' accessibility to the services addressed in this ATTACHMENT 31.

2. No "major medical equipment", per the definition contained in Section 1130.140, is included in this project.
3. The proposed number of key rooms included in this project (and as discussed in ATTACHMENT 15) are necessary to improve outpatient accessibility.

The locations of existing services are identified in ATTACHMENT 15.

Consistent with the agreement with HFSRB staff, utilization projections are provided only for the equipment to be located in the proposed building. Central to the projected utilization are the Applicants' commitment to grow their cancer and neurosciences programs as identified in this application's narrative description. This commitment includes: 1) plans to recruit a significant number of new faculty members, including sub-specialists, in these two clinical specialties, 2) the procurement of selective new technologies as they become available, and 3) the locating of the offices of approximately 100 physicians in the building housing the services and equipment addressed in this application. The commitments serve as the primary "drivers" for the utilization projections presented in this application.

#### Imaging

As is typical with buildings housing a significant number of physicians' offices (approximately 100 physicians will be located in the proposed building), a modestly-sized imaging department will be located on the fifth floor of the proposed building, and will primarily serve the patients of the physicians officed in the building. The department will include four imaging modalities for which utilization standards have been identified by the HFSRB. Each of the modalities has a variety of clinical applications, including cancer and the neurosciences; and consistent with the practices of larger hospitals, and particularly academic medical centers, equipment is often located in a variety of locations within the hospital. At RUMC, general radiology, CT, and MRI are, and will continue to be located in multiple on-campus locations. This practice, while resulting in some level of duplication, improves patient accessibility. Even

more applicable to this project is the concept of locating imaging equipment in the proposed building, making it highly accessible to outpatients and patients seeing physicians officed in the building, while at the same time making it non-accessible to inpatients, and therefore requiring that the modality also be located in an inpatient environment.

#### 1. General Radiology

Two general radiology units will be provided in the proposed building. RUMC currently operates 30 general radiology units, with one unit scheduled to be removed from service upon the proposed building's opening, resulting in a total of 31 general radiology units to be located on the campus. During 2016, 108,301 examinations were performed, and 109,294 were performed in 2017.

It is projected that 10,000 general radiology examinations will be provided in the proposed building during the first year following the project's completion, increasing to 14,000 during the second year.

#### 2. CT

Three CT units will be provided in the proposed building. RUMC currently operates eight CT units, with two units scheduled to be removed from service upon the proposed building's opening, resulting in a total of 9 CT units to be located on the campus. During 2016, 54,223 CT examinations were performed, and in 2017, 56,487 were performed.

It is projected that 12,000 CT examinations will be provided in the proposed building during the first year following the project's completion, increasing to 15,000 during the second year.

### 3. MRI

RUMC currently has 5 MRI units on campus, two of which will be taken out of service upon the proposed outpatient building's opening. Three MRI units will be located in the proposed building, resulting in six units being located on the campus following the project's conclusion. In 2016, 27,724 examinations were performed, and in 2017, 27,513 examinations were performed. As a result, historical utilization is sufficient to "support" the six MRI units proposed to be located on campus.

It is projected that 8,000 MRI examinations will be provided in the proposed building during the first year following the project's completion, increasing to 12,000 during the second year.

### 4. PET/CT

RUMC currently has one PET/CT unit. That unit will be replaced by a single unit to be located in the proposed outpatient building (in 2017, 99.6% of the examinations performed at RUMC were performed on outpatients). In 2016, 1,633 examinations were performed, and in 2017, 1,879 examinations were performed. Consistent with HFSRB practices, and because only one unit is to be provided, utilization standards do not apply to this modality. However, 2,800 examinations are projected to be provided during the first year following the project's completion, with 3,600 projected for the following year.

### Breast Center

The breast center will include two diagnostic imaging modalities having HFSRB-adopted utilization standards.

## 1. Mammography

RUMC currently has seven mammography units, with all examinations being performed on outpatients. Upon the completion of the project, four additional mammography units will be located on the RUMC campus, with those four units to be located in the breast center. In 2016, 27,258 examinations were performed, and in 2017, 34,101 examinations were performed, a 25% increase.

It is projected that 20,000 mammography examinations will be provided in the proposed building during the first year following the project's completion, increasing to 24,000 during the second year.

## 2. Breast Ultrasound

The breast ultrasound units are used exclusively for breast examinations, and RUMC currently has seven units, one in support of each existing mammography unit. During 2017, 5,231 procedures were performed. One breast ultrasound unit will be provided in support of each of the four mammography units to be located in the breast center.

It is projected that 6,000 breast ultrasound examinations will be provided in the proposed building during the first year following the project's completion, increasing to 9,500 during the second year.

The applicants note that one stereotactic biopsy unit is also planned to be located in the breast center. The HFSRB has not adopted a utilization standard for this service.

### Radiation Therapy

Cancer, following heart disease, is the number two cause of death in the United States, with nearly 600,000 deaths being attributed to cancer in the U.S. in 2016. In addition and importantly, the Centers for Disease Control and Prevention ("CDC") estimates that the number of new cancer cases in the U.S. will increase by 24% during the current decade, from 1.5 to 1.9 million per year. This anticipated increase, along with RUMC's strong and growing commitment to the provision of state-of-the-art oncology services, will have a significant impact on future utilization, including radiation therapy services.

RUMC, aside from its oncology-related ongoing research efforts, is a major provider of oncology diagnosis and treatment services in the Chicago area, providing, 35,318 radiation therapy treatments in 2015, 36,885 treatments in 2016 and 32,711 treatments in 2017. (The reduction in 2017 was the result of the loss of a number of faculty members, each of which has since been or will be replaced.) RUMC currently operates four linear accelerators. Two of those units will be taken out of service upon the completion of this project, and three linear accelerators will be located in the proposed building. The historic utilization supports the proposed five linear accelerators that will be provided on campus.

The vast majority of radiation therapy treatments provided at RUMC are provided on an outpatient basis. However, because the proposed outpatient building will not accommodate inpatients and because of RUMC's role as a major teaching and research facility, the ability to provide radiation therapy services to a limited number of inpatients will be provided through the retaining of two of the currently-used linear accelerators.

It is projected that 24,000 procedures will be performed on the linear accelerators to be located in the proposed building during the first year following this project's completion, increasing to 30,000 during the second year.

The Applicants note that one simulator will also be provided in the proposed building. This is a function without a utilization standard adopted by the HFSRB.

#### Infusion Therapy

The HFSRB does not have a utilization standard applicable to infusion therapy services. While the HFSRB does have a standard for "ambulatory care" (2,000 visits per year), that standard cannot be reasonably applied to infusion therapy, which often involves the use of an infusion therapy station for three hours or longer, while most outpatient/ambulatory procedures (stress tests, EKGs, examinations, etc.) are drastically shorter in duration. Because of the length of time required for infusion therapy, the 2,000 visits per year standard easily exceed the capacity of an infusion therapy station.

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## **Illinois Finance Authority Rush University Medical Center Obligated Group; System**

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# Illinois Finance Authority Rush University Medical Center Obligated Group; System

## Credit Profile

### Illinois Finance Authority, Illinois

Rush Univ Med Ctr Obligated Grp, Illinois

Illinois Fin Auth (Rush Univ Med Ctr Obligated Grp) SYSTEM

Long Term Rating

A+/Stable

Affirmed

## Rationale

S&P Global Ratings affirmed its 'A+' long-term rating on the Illinois Finance Authority's series 2015A and 2015B fixed-rate hospital revenue bonds, issued for the Rush University Medical Center (RUMC) Obligated Group (Rush). RUMC is the largest entity of the obligated group. The outlook, where applicable, is stable.

The 'A+' rating reflects our view of Rush's continued good cash flow contributing to robust maximum annual debt service (MADS) coverage; solid business position with recent governance changes that should further support the business profile, albeit in a very competitive and fragmented market that is undergoing consolidation; and a steady balance sheet with adequate liquidity and moderate pro forma debt. While fiscal 2017 yielded softer operating results (albeit in line with the rating), management expects margins to return closer to healthier levels of recent years, as some expenses were one-time in nature and management is focusing on operating improvement initiatives and ongoing programmatic and outreach investments. Rush's strong market and business position continue to be anchored by RUMC and its service line investments; Rush's integrated approach to research, education, and clinical services; and physician alignment through partnerships and the Rush Health clinically integrated network. We view Rush as being on a favorable trajectory as it focuses on medium- to long-term benefits from systemization, strengthening its partnerships and relationships over a wider service area, and embarking on key strategic projects, including several outpatient projects. Those projects will likely involve higher capital spending and some additional debt over the next few years, though we also expect ongoing refinement of spending plans, particularly on one of the larger projects, which could reduce that spending. We believe that Rush has flexibility at the current rating to absorb additional spending and/or debt given the current operating profile and cash flow trends.

The 'A+' rating further reflects our view of Rush's:

- Solid and improved business position as indicated by market share growth since the opening of its new patient tower in 2012, its large operating revenue base of \$2.3 billion from three served markets, continued strong market recognition for RUMC as an academic medical center with broad clinical services and extensive education and research capabilities, and a focus on partnerships and alignment in the broader and very competitive market;
- Track record of solid financial operations and cash flow that have generally exceeded budgeted expectations, as well as robust coverage of more than 5x for the past several years;

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- Stable and healthy balance sheet, which could exhibit limited improvement over the next few years given that capital expenditures will begin to ramp up with some additional potential debt, although management continues to review and refine spending plans; and
- Disciplined and strategic management team that looks to proactively strengthen its business position and prepare for the potential reimbursement changes through various initiatives, including investing in outpatient strategies and Rush Health, the system's clinically integrated network, and creating a new parent entity to help systemize and better plan for the organization as a whole.

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

- Location in the highly competitive and fragmented Chicago service area, which is continuing to consolidate, with three other hospitals in its immediate service area and with three other academic medical centers as well as other community hospitals and health systems providing strong competition for key services;
- Limited income and revenue dispersion (compared with other not-for-profit health care systems) with operating income and revenue coming primarily from RUMC; and
- Moderate concentration of Medicaid revenue in the payer mix and corresponding reliance on the state provider fee program and disproportionate share funds for solid operating income (however, management focuses on expense management and revenue improvements through service line focus and expansion to provide cushion against any potential stress from these programs and the state).

Rush is an integrated delivery system serving Chicago and primarily the western suburbs but considers the greater eight-county Chicago metro area its service area. Earlier in fiscal 2017, Rush created a new parent entity (Rush System for Health) to better align strategies and initiatives across the system. Although eventually there could be other entities that are not part of the obligated group, the obligated group and system are almost one and the same. Therefore, the 'A+' rating is based on our view of Rush's group credit profile and the obligated group's core status. Accordingly, we rate the bonds at the same level as the group credit profile. The obligated group consists of the following entities, whose gross revenue secure the bonds:

- RUMC, which consists of Rush University Hospital (a 675-staffed-bed academic medical center in Chicago), Rush University (a health sciences university with more than 2,500 students and a slightly increased \$140 million of annual research that consists of four colleges, including nursing and medical schools), and Rush University Medical Group (a faculty practice plan);
- Rush Oak Park Hospital (ROPH), a 127-staffed-bed acute care center in the neighboring suburb of Oak Park; and
- Rush-Copley Medical Center Inc. (RCMC), which is the parent company of Copley Memorial Hospital Inc. (RCMH, a 210-staffed-bed acute care medical center in Aurora, a far southwest suburb of Chicago), Rush-Copley Foundation, Copley Ventures Inc., and Rush-Copley Medical Group NFP.

RUMC (which includes ROPH) is the largest member of the obligated group, accounting for 84% of Rush's net assets, 84% of total revenue, and approximately 85% of operating income as of fiscal year-end June 30, 2017. Rush's total long-term debt, including capital leases and other financing arrangements, was \$669.5 million as of June 30, 2017, largely in a conservative fixed-rate mode.

## Outlook

The stable outlook reflects our view that the system will continue to generate strong cash flow and coverage while continuing to incrementally improve unrestricted reserves. Although we expect increased capital spending over the next two years, we believe that unrestricted reserves will experience minimal impact given strong cash flow and likely changes to that spending. The outlook also reflects our anticipation that Rush's business position will remain strong.

### Upside scenario

We could consider a higher rating if Rush is able to return operating margins and cash flow to levels consistent with those of recent years, increase unrestricted reserves amid increasing capital spending, clarify the larger capital projects that are likely to begin in the next few years, and demonstrate that the balance sheet, including debt-related ratios, could absorb the ongoing heightened spending and any contemplated additional debt at a higher rating. In addition, we would expect that Rush would maintain its market position.

### Downside scenario

A lower rating, while not anticipated, could result if capital spending increases and cash flow attenuates, if debt issuance significantly outpaces expectations and pressures the balance sheet, or if cash flow falls out of line with recent years' trends.

## Enterprise Profile

### Economic fundamentals

Rush's three medical centers are in three separate areas of the greater Chicago area. The system benefits from the diverse local economy of Chicago market, but the city's wealth indicators (where RUMC is located) slightly trail national averages. RUMC serves eight counties that have an estimated, largely stable population of 8.7 million. RCMC is about 40 miles west of Chicago and has a primary service area (PSA) population of slightly more than 360,000, while ROPH is about eight miles west of RUMC and has a PSA population of 78,000. Rush's payer mix has a good 50% of its business coming from commercial contracts, but Rush continues to derive 15% of net revenue from Medicaid and has seen modest effects from expansion of insurance in Illinois as well as state-related issues.

### Market position

Overall, we view Rush as well positioned with a focus on service lines, clinical integration, and broadening partnerships and service offerings to a larger service area, and with a niche position as a health sciences university with a solid research presence. We view Rush as slightly less diversified than many of the systems in our portfolio with RUMC contributing the vast majority of income and operating revenue for the system. We take a positive view of the growing outpatient strategy and development of potential benefits from Rush's focus on the system and expect that the strategies will continue to support and enhance Rush's business position.

RUMC, located in the Illinois Medical District along with the University of Illinois Medical Center, John H. Stroger Jr. Hospital of Cook County, and the Jesse Brown VA Medical Center, has a good market position that has grown over the past few years and despite its location in a competitive market that continues to evolve with various mergers and

affiliations. While RUMC largely competes with other Chicago academic medical centers--Northwestern Memorial Hospital, University of Chicago Hospitals and Health System, Loyola University Health System, and University of Illinois Medical Center--it also competes with other large providers that provide similar tertiary care, such as Advocate Christ Hospital, part of Advocate Health. Although the market is fragmented, consolidation between other in-state and out-of-state providers continues, and we believe these partnerships will continue to intensify competition. RCMH and ROPH maintain very healthy and leading market shares in their respective service areas as well.

Rush is pursuing expansion opportunities over a larger geographic footprint with several outpatient investments, joint ventures (including a new venture with Midwest Orthopaedics at Rush LLC (Midwest Orthopaedics) in the western suburbs and an existing cancer center with DuPage Medical Group) and through partnerships with its physicians. While the expansion orients toward the west and southwest as well as the Loop, Rush remains open to discussions in other parts of the market, already having established partnerships across a wider geographic region through its telehealth, stroke, and perinatal networks. In addition, Rush is using Rush Health, Rush's clinically integrated network that also includes Riverside Medical Center, to expand and to integrate with physicians in the larger community. We view Rush Health as a good tool to prepare for changes related to health care reform. Rush Health was created to integrate specific services that included managed care contracting, but in recent years has focused on population health and quality improvement strategies. Rush's improving market position is due to the strength of and investment in a number of key services and recent investments in its facilities, both of which have led to favorable volumes, along with its integrated strategy with research and education as well as focus on physician alignment. Rush has a large and growing active medical staff of more than 1,900 physicians. Approximately 680 are employed, with the majority being at RUMC. A majority of the physicians participate in Rush Health and are well engaged with the system's strategic initiatives. As mentioned, Rush maintains strong relationships with DuPage Medical Group and Midwest Orthopaedics, both which are fairly large independent physician groups in the Chicagoland area.

RUMC's market share in its total eight-county service area remained stable in recent years at 3.1% through March 31, 2017 with the highest individual hospital market share going to Northwestern (4.5%) and second-highest to Advocate Christ (4.3%) but with Northwestern, Advocate, and other systems generating a higher percentage of market share. RCMH competes with five providers in the area, but has the leading and growing PSA market share of 39.5%, with the second leading provider, Presence Health's Mercy Medical Center, capturing 16.2%. Recent facility investments have benefited RCMH in fast-growing Kendall County. We believe the additional investments at RCMH, specifically the operating room renovations and expansion, will continue to strengthen RCMH's position. ROPH also has a leading 22.2% market share in its more limited service area.

Volumes across the board at Rush have increased since the new tower opened in 2012, but inpatient volumes have stabilized through 2017 while outpatient visits generally continue to trend upward. Acuity of services provided remains high with Medicare acute case mix index increasing to 1.97 at fiscal year-end June 30, 2017 from 1.88 at fiscal year-end June 30, 2016. RUMC has several nationally recognized programs, including orthopedics, geriatrics, and nephrology, and captures a good share of the markets for neurosciences, cancer care, heart and vascular, transplant, and high-risk infant and mother services. RCMC and ROPH also benefit from some of these programs, and over time we expect more linkages and integration between RUMC, RCMC, and ROPH. We anticipate that the system's volumes will remain stable in the near term as Rush continues to strengthen its breadth and depth of services and expand

patient access through its specialty care and outpatient networks.

### **Management and governance**

Rush has a stable and strong management and governance team, in our view, that has improved the organization's competitive and financial position while allowing it to cope with industry trends. Rush also remains invested in research and education, which differentiates Rush as a more focused and streamlined academic medical center. Earlier in fiscal 2017, Rush created a new parent entity with an initial board to be populated by RCMC and RUMC board members (but which will then be self-perpetuating) to streamline its strategic planning, and we believe that this should benefit Rush's overall business position in terms of coordinated planning and implementation. Obligated group members maintain some flexibility within their individual boards although a set of reserve powers are now held at the system board.

The executive team consists of well-tenured members that have navigated the evolving pressures of the industry as well as the delayed state payments while investing in both capital and programmatic areas to strengthen RUMC's overall business position in the competitive market. Some planned transitions have occurred in recent years, including Rush's recruitment of Michael Dandorff, who was named president of RUMC effective July 1, 2016 following the retirement of Peter Butler. In early calendar 2017 a new chief information officer, Dr. Shafiq Rab, was recruited from Hackensack University Health Network in Hackensack, N.J., and last year brought a new dean of the medical college, Dr. K. Ranga Rama Krishnan. A couple of other transitions have taken place in recent years at the clinical level and have been smooth.

Long-term forecasts are updated each spring, and management has generally either met or exceeded its budgets during the past several years, indicating its ability to understand its stress points and navigate them. The system is entering its next period of strategic investments, which will likely increase capital spending in outpatient services but also support and strengthen Rush's presence in the market.

We also take a positive view of Rush's focus on generating strong cash flow through growth as well as expense management and revenue optimization, and we believe that these efforts will serve Rush well as the industry continues to undergo revenue pressures. We take a positive view of Rush's recent investment in its enterprise resource planning system, lean initiatives, and lowering length of stay, and believe these should help Rush implement another wave of efficiencies.

## **Financial Profile**

### **Financial performance**

Overall, Rush's operating profile can be characterized as healthy and improved but with a slight decline in the fiscal 2017 that we expect will reverse and with MADS coverage consistently over 5x. On a total operating revenue base exceeding \$2.2 billion, Rush posted an adequate operating margin of 2.8% in 2017, but this is down from highs closer to 4.0% in earlier years primarily as a result of changing payer mix dynamics, as well as because of some one-time expenses related to investments in implementing initiatives around lean management and lowering lengths of stay. We note some increased reliance on supplemental programs such as provider fee funds, particularly in fiscal 2017. In fiscal years 2015 through 2017, the state provider tax netted the system approximately \$48.9 million, \$49.0 million, and

\$66.6 million, sequentially, offset by disproportionate share (DSH) cuts in fiscal 2016. (Currently, DSH payments are around \$13 million annually.) Cash flow remained sound and, with a low debt burden and good nonoperating income, MADS coverage has been robust at over 5x for the past several years. While Rush has less revenue dispersion than our typical system, we view all three hospitals as contributing to operating income. Over the next few years, management expects margins and cash flow to return to close to recent years' levels, which we believe is possible given the one-time nature of some of the expenses, management's ongoing focus on improving operations, and ongoing benefits from service line and outpatient investments. As mentioned, management is contemplating some additional debt over the next few years. While the debt service schedule is fairly level, there is some room for additional debt service in the out years. However, we view as an important rating factor Rush's ability to generate enough cash flow to maintain healthy MADS coverage on the increased debt service.

### **Financial flexibility**

The system's unrestricted reserves remain healthy but have improved only incrementally over the past few years as capital expenditures have increased, primarily for outpatient services, with capital expenditures relative to annual depreciation surpassing 1.2x in fiscal 2016 and 1.5x in fiscal 2017. (We adjusted Rush's unrestricted reserves to account for the full self-insurance liability, which lowers cash on hand by about 20 days.) Despite more incremental growth of unrestricted reserves, we view the organization as well positioned for any spending or investment needs given solid cash flow and modest demand for cash (in terms of debt service needs and the fairly well-funded pension plan). Unrestricted reserves have remained around \$1 billion for the past few years with cash on hand at 189 days at June 30, 2017 (204 days, according to Rush). Unrestricted reserves to long-term debt remains healthy at 160% but, with some additional guaranteed joint venture debt, decreases to 149%. We expect cash on hand to remain relatively stable to slightly declining in the near term as capital expenditures ramp up, but that could change as plans are refined and re-evaluated to potentially reduce the total spending over the next few years, particularly as relates to a planned facility adjacent to the RUMC tower. In addition, the system has a \$509 million endowment for donor-restricted purposes that is not incorporated into the unrestricted reserve calculation. Rush's investments are largely in fixed income and cash (70%) and equities (30%), with almost all accessible within seven days, and we view this as very good liquidity for an organization of this size.

As we expected, increasing capital spending resumed in 2017 and could remain high with capital expenditures to annual depreciation at 2.3x to 2.5x over the next couple of years before decreasing to more moderate levels. Management continues to evaluate its capital spending needs, particularly for a larger outpatient tower near the main campus, so we expect that the spending could decrease or get extended over a longer period and minimize the impact to unrestricted reserves. Key larger capital projects include a new outpatient tower near the main hospital (not likely to begin until 2019), a joint venture orthopedic medical office building and surgery center in the western suburb of Oak Brook (which has begun and should open in fiscal 2019), an RCMH surgical (and entrance) project, and an outpatient center in downtown Chicago to be leased in a newly constructed building. We view these outpatient and surgical projects as positive from a strategic perspective and believe they will help strengthen the obligated group's overall position.

### **Debt and contingent liabilities**

We view Rush's debt levels as consistent with rating medians and expect some improvement over the next couple of years as principal amortizes, but some additional debt could offset this as management considers its next wave of capital spending, primarily in association with outpatient services. Total long-term debt has decreased incrementally and was at \$669.5 million at June 30, 2017 with unrestricted reserves to long-term debt improving incrementally to 160%. Included in that long-term debt is \$32.5 million from a \$100.0 million line of credit that is being used to fund construction projects. Leverage remains moderate at 32% but is improving. The \$32.5 million outstanding will likely be refinanced with long-term debt over the next couple of years, so we've incorporated that amount into the long-term debt calculations. The line matures in December 2019. We view Rush's mostly fixed-rate debt structure with approximately 16% of debt in variable-rate mode as very conservative. (The inclusion of a swap drops variable-rate debt to about 7%.) All of Rush's variable-rate bonds are placed with commercial banks and, along with the line, we consider that small amount contingent. Management has announced some larger projects, as indicated above, and despite a lack of immediate new money debt plans some additional debt will likely be issued as management refines its capital plans. Timing and amounts are still under review but a new money debt issuance isn't likely over the next couple of years.

The \$669.5 million amount excludes \$42.0 million of guaranteed joint venture debt for a new medical office building and related equipment in the west suburbs with its physician partner, Midwest Orthopaedics, and approximately \$7.5 million for a \$15.0 million related surgery center. Both guarantees burn off once certain thresholds have been met and the debt finances all of the construction of the two entities. Including the guaranteed debt, unrestricted reserves to long-term debt is approximately 149%, which is still acceptable for the rating.

Given Rush's current credit profile, we don't view its two swaps as a significant concern. Rush is party to two floating-to fixed-rate swaps on a total notional amount of approximately \$82.75 million at June 30, 2017. The counterparties on the swaps are Morgan Stanley Capital Services Inc., with a guarantee by Morgan Stanley (A-) and Citibank N.A. (AA). As of June 30, 2017, the mark-to-market value of the swaps was a liability of \$16 million with no collateral required. Rush is using \$50 million of the interest rate swap outstanding to synthetically fix the interest rate on the series 2016 bonds, and the remaining swap notional amount is unhedged.

We also consider Rush's \$50 million series 2016 bonds (placed with Northern Trust) and \$37.6 million series 2011 bonds (placed with JP Morgan) as contingent debt. The series 2016 are long-dated until 2045 but have a mandatory tender in June 29, 2026 and the series 2011 bonds mature in 2024 with no tender prior to that date. Specifically, certain covenants such as debt service coverage are slightly more strict within the series 2016 bank documents (1.2x vs. 1.1x in the amended master trust indenture) and there are certain additional covenants, including cash on hand of 65 days. However, we see no immediate risks related to these liabilities given Rush's healthy financial profile.

Rush's defined benefit pension plan's funded status declined slightly to a still healthy 87% (from 89% in the prior year) at June 30, 2016. In 2015, Rush made some plan changes with employees who had vested but terminated their employment with Rush prior to January 2015, and this has helped its benefit obligation. Rush has been very disciplined about its funding and contributed \$40.0 million in 2017 and \$67.2 million in 2016, with the contributions exceeding the pension expense for both years).

## Related Research

- Glossary: Not-For-Profit Health Care Ratios, Oct. 26, 2011
- U.S. Not-For-Profit Health Care Sector 2017 Outlook: Stable, Yet A Pen Stroke Away From Unprecedented Change, Jan. 10, 2017
- U.S. Not-For-Profit Health Care System Median Financial Ratios -- 2016 vs. 2015, Aug. 24, 2017
- Health Care Providers And Insurers Pursue Value Initiatives Despite Reform Uncertainties, May 9, 2013
- Standard & Poor's Assigns Industry Risk Assessments To 38 Nonfinancial Corporate Industries, Nov. 20, 2013
- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014
- Health Care Organizations See Integration And Greater Transparency As Prescriptions For Success, May 19, 2014
- U.S. Not-For-Profit Acute Health Care Ratios: Operating Performance Weakens While Balance Sheets Are Stable, Aug. 24, 2017
- The U.S. Health Care Sector Outlook Is Stable, Though Industry Pressures Persist, Sept. 27, 2016
- Medicaid's Status As An Open-Ended Entitlement Is On Life Support Following The Election, Nov. 17, 2016

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## INVESTORS SERVICE

### CREDIT OPINION

20 January 2017

Update

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## Rush University Medical Center Obligated Group, IL

Rating Update - Moody's Affirms Rush University Medical Center's (IL) A1; Outlook Stable

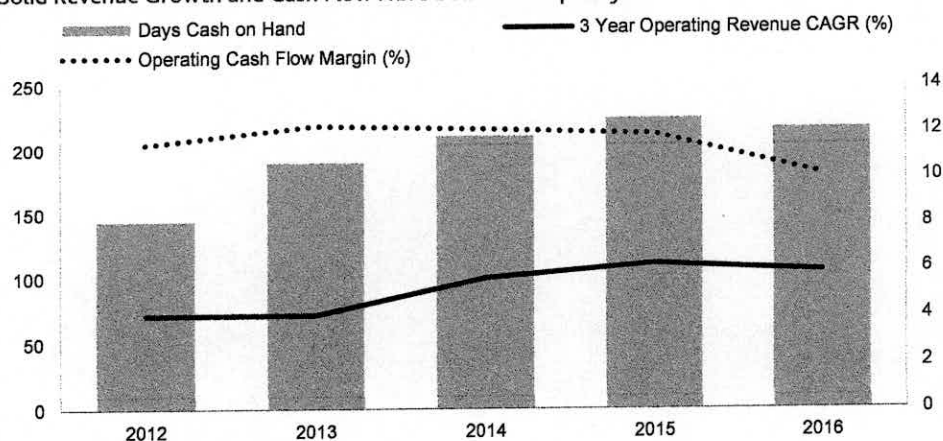
### Summary Rating Rationale

Moody's Investors Service has affirmed the A1 on approximately \$475 million of Rush University Medical Center Obligated Group's, IL (Rush) fixed rate revenue bonds issued by the Illinois Finance Authority. The outlook is stable.

The A1 reflects Rush's continued strong operating cash flow and debt service coverage combined with relatively modest leverage, prudent financial management, and sizeable scope of operations. Tempering these strengths are still modest balance sheet metrics relative to comparably rated peers, an intensely competitive market, with multiple prominent academic medical centers (AMC) nearby, a challenging payer environment, and future capital plans that will add leverage in the next few years.

Exhibit 1

#### Solid Revenue Growth and Cash Flow Have Bolstered Liquidity



Source: Moody's Investors Service

## Credit Strengths

- » Solid market position with a sizeable AMC offering a broad array of acute care services, a large community hospital and several ambulatory locations throughout the Chicago area
- » Adept financial management with recently established parent board, intensive long-term and contingency planning
- » Consistent and strong operating cashflow margins, averaging 10-12%, providing good debt service coverage
- » Good balance sheet cushion, with 189% cash to debt and significant restricted cash bolstering balance sheet

## Credit Challenges

- » Very competitive healthcare market in the Chicago area, with four competing AMCs and other sizeable health systems
- » Above average exposure to Medicaid, which represented almost 20% of gross revenue in FY 2016, compared to the A1 median of 13.5%
- » Illinois state budget challenges present reimbursement cycle challenges
- » Extensive multi-year capital plans are manageable, but will likely require some additional debt in the next two years

## Rating Outlook

The stable outlook reflects our expectations that Rush will continue to produce solid operating performance sufficient to slowly grow liquidity measures and cover near-term capital and strategic investment needs.

## Factors that Could Lead to an Upgrade

- » Consistent growth of liquidity to levels that are in line with Aa3 medians
- » Growth of financial metrics that outpaces A1 peers
- » Stability of market share

## Factors that Could Lead to a Downgrade

- » Sustained deterioration of operating margins
- » Material increase in debt without commensurate increase in cash flow and liquidity

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.

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## Key Indicators

Exhibit 2

RUSH UNIVERSITY MEDICAL CENTER OBLIGATED GROUP, IL					
	2012	2013	2014	2015	2016
Operating Revenue (\$'000)	1,738,429	1,820,078	1,962,543	2,081,608	2,159,894
3 Year Operating Revenue CAGR (%)	4.0	4.0	5.6	6.2	5.9
Operating Cash Flow Margin (%)	11.4	12.2	12.1	11.9	10.1
PM: Medicare (%)	35.1	34.6	34.6	36.8	38.1
PM: Medicaid (%)	17.5	16.9	16.9	20.3	19.9
Days Cash on Hand	144	189	210	224	216
Unrestricted Cash and Investments to Total Debt (%)	91.6	128.2	157.2	187.4	188.5
Total Debt to Cash Flow (x)	2.8	2.4	2.1	2.0	2.2

Investment returns normalized 6% prior to FY 2015 and 5% in FY 2015 and beyond  
Source: Moody's Investors Service

## Detailed Rating Considerations

### Market Position: Solid Share of Very Competitive Market

Rush operates in a very competitive and highly fractured market, as the Chicago area includes four additional Academic Medical Centers (AMCs) and multiple sizeable health systems that are embarking on various strategies to gain inpatient and outpatient market share and prepare for new payment methodologies. RUMC is the third largest hospital in its eight-county service area with approximately 3.2% market share (based on management data). RUMC offers a broad array of tertiary and quaternary services and is clinically renowned in multiple specialties, including orthopedics, geriatrics, neurology and neurosurgery, cancer and more. RUMC also conducts over \$100 million in research, and operates a health sciences university with approximately 2,500 students across the medical school, nursing school and other health sciences programs.

Rush-Copley and Rush-Oak Park also operate in competitive local service areas, but are both the market share leader of each respective service area. Rush-Copley's service area centers around Aurora, IL in growing Kendall County. Rush-Oak Park's service area centers on Oak Park, IL, just west of the City of Chicago, directly west of downtown Chicago.

Exposure to government payors is high, with almost 20% Medicaid and 38% Medicare, with considerable uncertainty for the future of these programs at present. However, we expect Rush to successfully manage through the changing and challenging payor environment with conservative budgeting and proactive and strategic management initiatives. The system is well poised to expand services through partnerships and potential new affiliations with its proposed single governance structure (see Management and Governance section below). Continued delays in the Illinois budget impact reimbursement rates and drive up accounts receivable, but Rush manages this volatility well with conservative budgeting.

### Operating Performance, Balance Sheet and Capital Plans: Continued Solid Performance; Extensive, but Manageable, Capital Plan Given Modest Leverage

Rush has maintained strong operating margins and good volume trends over the last few years. Operating cashflow margins have been consistently above 10% over the last five years, and are expected to remain in line with A1 medians in future years through careful expense management. Revenue growth has been solid in the 5-6% range despite some modest softening in admissions in FY 2016; surgeries and emergency room visits continue to grow. Rush continues to deftly manage expense growth with improved labor productivity and through strategic resource management programs focused on operational efficiencies. Expense challenges include rising drug costs and labor pressures from a broadly competitive market.

Rush's capital spending plans for the next several years are substantial, but manageable given historically modest leverage. Management is considering a maximum of up to \$1.5 billion of capital plans over the next five years, but regularly revises capital spending plans to keep operating performance and liquidity measures on target. The projected capital spending ratio will rise to an average of 2.2 times between FY 2017 and FY 2021, from just 1.1 times in FY 2016. Capital plans include the construction of a new

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tower at RUMC to consolidate all ambulatory and clinical services into a one-stop location. Plans are expected to be funded through a combination of cash flow, some use of liquid reserves, up to \$200 million of debt, and fundraising.

#### LIQUIDITY

Rush has had strong growth of liquidity over the last several years, and although liquidity provides solid coverage of operations and variable rate debt, it continues to lag A1 peers. At FYE 2016, unrestricted investments of \$1.16 billion provided 216 days cash on hand, compared to the A1 median of 255 days. Capital plans will moderate the pace of growth of liquidity over the next few years as the university utilizes some accumulated reserves.

A conservative investment allocation, with approximately 73% of investments allocated to cash or fixed income as of FYE 2016, bolsters liquidity.

Rush's balance sheet is bolstered further by over \$600 million of restricted cash and investments as of FYE 2016.

#### Debt Structure and Legal Covenants: Manageable Leverage

Rush's leverage position is manageable due to solid revenue and balance sheet growth. For FY 2016, cash-to-total debt is slightly above peers at 188.5% (A1 median of 181%) and debt-to-revenue and debt-to-cashflow are modest at 29% and 2.2 times, respectively (A1 medians of 31% and 2.3 times). Maximum annual debt service coverage remains strong at over 5 times. Rush's manageable debt burden positions it well to absorb a potential additional \$200 million of debt in the next two years at the A1 rating with debt to cash flow projecting to spike at about 3.5 times and debt to operating revenue in the 35-38% range in FY 2018, before gradually declining in future years.

#### DEBT STRUCTURE

Rush's fairly straightforward debt structure is favorable, adding expense predictability and limited debt structure risk. At June 30, 2016, approximately 84% of total debt was regularly amortizing fixed rate debt, and the remaining 16% was in variable rate direct placements with longer-term expirations, 9% of which is synthetically fixed with swaps. Violating historical debt service coverage rate covenant of 1.1 times requires hiring of consultant in most cases. Additional debt tests include: (1) minimum pro-forma debt service coverage of 1.10 times; or (2) minimum historical debt service coverage of 1.1 times.

#### DEBT-RELATED DERIVATIVES

The obligated group is party to two floating-to-fixed interest rate swaps, one with Morgan Stanley Capital Services, Inc. and one with Citibank, N.A. with a combined notional amount of \$86 million as of June 30, 2016. The swaps expire in November 2035. Under the agreements, Rush pays a fixed interest rate of 3.945% and receives 68% of LIBOR. At FYE 2016, the swaps represented a combined \$23 million liability to Rush. At the A1 rating, Rush's collateral posting requirement on the Citi swap is a negative \$12.5 million and negative \$12.5 million on the Morgan Stanley swap; no collateral currently is posted.

#### PENSIONS AND OPEB

While Rush maintains some additional debt-like obligations in the form of operating leases and defined benefit pension plans, it is actively working to de-risk its exposure, and is focus on maintaining strong funded status. As of June 30, 2016, the plans were 88% funded. In FY 2016, Rush contributed \$66 million to the plan, greater than the required contribution amount. Cash to total adjusted debt (including capitalized operating leases and pension liability) was 137% in FY 2016, compared with the A1 median of 142%.

#### Management and Governance: Strong Planning and New Streamlined Board Structure

Rush's recent move toward a single governance structure (expected to be finalized by end of first quarter 2017), with a smaller and focused parent board highlights the system's strong strategic planning, and creates a more nimble approach to developing and monitoring strategic initiatives, partnerships and financial planning. The new board structure will create further efficiencies by aligning and allocating resources across multiple different entities. The parent board currently consists of thirteen members which are representatives from both Rush University Medical Center (10) and Copley Medical Center (3), but has provisions to expand to up to 21 members. Management believes that this structure positions Rush well for any possible further expansion by creating a system structure which other organizations can join.

Management has a history of conservative and well-integrated, long-range financial planning and strong transparency. This discipline has driven consistent margins and successful integration of the obligated group with continued growth of services.

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**Legal Security**

All bonds are secured by a gross revenue pledge of the Rush Obligated Group, which includes 679 staffed bed Rush University Medical Center (RUMC), 210 staffed bed Rush-Copley Hospital (Rush-Copley), and 128 staffed bed Rush-Oak Park Hospital (Rush-Oak Park).

**Use of Proceeds**

Not applicable

**Obligor Profile**

The Rush University Medical Center Obligated Group is part of a multi-hospital system in an eight-county area surrounding and including the city of Chicago. The system is comprised of Rush University Medical Center, an academic medical center in the city of Chicago with a health sciences university that has more than 2,500 students; Rush-Copley Medical Center, a large community hospital in Aurora, IL; and Rush-Oak Park Hospital in Oak Park, IL, as well as the various subsidiaries and joint ventures of these entities.

**Methodology**

The principal methodology used in this rating was Not-For-Profit Healthcare Rating Methodology published in November 2015. Please see the Rating Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

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REPORT NUMBER 1041801

ATTACHMENT 35

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# **FITCH AFFIRMS RUSH UNIVERSITY MEDICAL CENTER OBLIGATED GROUP'S (IL) BONDS AT 'A+'; POSITIVE OUTLOOK**

Fitch Ratings-Chicago-12 December 2016: Fitch Ratings has affirmed the 'A+' rating on approximately \$474 million of bonds issued by the Illinois Finance Authority on behalf of the Rush University Medical Center Obligated Group (Rush).

The Rating Outlook is Positive.

## **SECURITY**

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

## **KEY RATING DRIVERS**

**STRONG COVERAGE:** The Positive Outlook reflects Rush's solid operating profitability and moderate debt burden which combine to produce strong coverage metrics. Maximum annual debt service (MADS) coverage equaled 5.6x in fiscal 2016, easily exceeding Fitch's 'A' category median of 4.5x.

**SOLID PROFITABILITY:** Operating profitability compressed from historic levels, but remains solid with operating EBITDA equal to 10.2% in fiscal 2016 and 10.6% in the three month interim period ending Sept. 30, 2016, exceeding Fitch's 'A' category median of 10.3%.

**IMPROVED LIQUIDITY:** Unrestricted cash and investments increased 12.5% since fiscal 2014 to \$1.14 billion at Sept. 30, 2016. Liquidity metrics are solid with 205.5 days cash on hand (DCOH), 25.2x cushion ratio and 165.3% cash to debt relative to Fitch's 'A' category medians of 215.5 days, 19.4x and 148.6%.

**INCREASED CAPITAL PLANS:** Capital spending is projected to increase over the next five years and will likely involve the issuance of new debt. Fitch will assess the credit impact of any new bond issuance as more details become available.

## **RATING SENSITIVITIES**

**SUSTAINED CREDIT PROFILE:** Fitch expects Rush University Medical Center to maintain its solid liquidity metrics and operating profitability, providing for continued robust coverage metrics.

**FURTHER CLARIFICATION OF CAPITAL PLANS:** Positive rating movement will be dependent upon further clarification of Rush's capital plans given management's ability to scale back plans if necessary and the impact of any new debt issuance on Rush's overall credit profile.

## **CREDIT PROFILE**

Rush operates an academic medical center and two community hospitals located in Chicago and the surrounding suburbs. Additional operations include a medical group with 629 employed physicians, a rehabilitation and skilled nursing facility, research facilities, a university with over 2,500 students and a graduate medical education program with 667 medical residents. Rush is unique among academic medical centers in that the hospital founded the university and both

Despite operating in the highly competitive Chicago market, Rush benefits from an excellent clinical reputation with strong market shares in key specialties, a highly aligned medical staff and its university with schools of medicine, nursing, allied health and biomedical research. Further, Rush's competitive position was enhanced with the opening of its new patient tower at its flagship academic medical center in January 2012.

### SOLID PROFITABILITY

Operating profitability has been historically strong, but compressed slightly in fiscal 2016 and the interim period. Operating EBITDA margin averaged 12.1% between fiscal years 2009 and 2016, but decreased to 10.2% in fiscal 2016 from 12.1% in fiscal 2015. Operating EBITDA margin remained stable at 10.6% in the interim period. However, excluding certain non-recurring items, operating EBITDA margin decreased to 8.9% in the interim period. Profitability was challenged in fiscal 2016 and the interim period by increased labor and supplies expenses. Management projects that operating EBITDA margin will equal 10.7% in fiscal 2017 and will remain at comparable levels through 2020.

### STRONG COVERAGE

Rush's debt burden remains moderate with MADS equal to 2.1% of fiscal 2016 revenue, relative to Fitch's 'A' category median of 2.7%. The moderate debt burden and solid profitability combine to provide strong MADS coverage by EBITDA equal to 5.6x in fiscal 2016, exceeding Fitch's 'A' category medians of 4.5x. Excluding non-recurring items, MADS coverage by EBITDA of 6.4x remained strong in the interim period. Solid investment returns mitigated the impact of the compressed adjusted interim period operating profitability on coverage.

### IMPROVED LIQUIDITY

Unrestricted cash and investments increased 12.5% since fiscal 2014 to \$1.14 billion at Sept. 30, 2016. Liquidity metrics are solid with 205.5 DCOH, 25.2x cushion ratio and 165.3% cash to debt relative to Fitch's 'A' category medians of 215.5 days, 19.4x and 148.6%. Unrestricted liquidity increased materially subsequent to the opening of Rush's new hospital in 2012, increasing from \$618 million at June 30, 2012.

### INCREASED CAPITAL PLANS

Capital spending is expected to materially increase over the next five years as Rush executes a new long term strategic plan. Historic capital spending has been modest reflecting the system's limited capital needs following the opening of Rush's new hospital in 2012 with capital expenditures averaging \$109 million per year (90.7% of depreciation expense). Total capital spending is projected to equal approximately \$1.5 billion over five years, averaging \$299 million per year (approximately 200% of depreciation expense). However, the full capital plan will be executed only if Rush continues to achieve targeted operating performance and liquidity measures.

A primary component of Rush's long term strategic plan is an expanded ambulatory development strategy to increase patient access and catchment. Capital plans include the construction of a 500,000 square foot ambulatory center adjacent to Rush's flagship academic medical center. The project is expected to cost \$450 million with an expected opening date in fiscal 2020. However, the total cost and scope of the project can be scaled back if necessary. Additional capital plans include expansion of Rush Copley Medical Center's surgery department and main entrance, and expansion of Rush Oak Park Hospital's emergency department, an ambulatory surgical center in

Fitch will assess the impact of any future debt issuance as details become more certain.

## DEBT PROFILE

Rush had approximately \$694.4 million of total debt outstanding at Sept. 30, 2016. In addition to the rated bonds, total debt includes approximately \$90 million of bonds that are privately placed and not rated by Fitch. The bond portfolio is comprised of 84% underlying fixed rate bonds and 16% underlying variable rate bonds. Rush is counterparty to two fixed payor swaps converting 15% of the total debt portfolio to synthetic fixed rates. No collateral was required to be posted at Sept. 30, 2016.

## DISCLOSURE

Rush covenants to disclose audited financial statements within 120 days of the end of the fiscal year and quarterly reports no later than 60 days after the end of each fiscal quarter. Rush's disclosure practices are among the best in Fitch's health care portfolio with quarterly and annual disclosure consisting of balance sheet, income statements and cash flow statements, utilization statistics and a management discussion and analysis.

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Additional information is available at '[www.fitchratings.com](http://www.fitchratings.com)'.

### Applicable Criteria

Revenue-Supported Rating Criteria (pub. 16 Jun 2014)

<https://www.fitchratings.com/site/re/750012>

U.S. Nonprofit Hospitals and Health Systems Rating Criteria (pub. 09 Jun 2015)

<https://www.fitchratings.com/site/re/866807>

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**John P. Mordach**  
Rush University Medical Center  
Senior Vice President  
Chief Financial Officer

Illinois Health Facilities and  
Services review Board  
Springfield, Illinois

To Whom It May Concern:

This letter is provided as a response to Section 1120.140.b, and as an affirmation that, in the opinion of the Applicants, the conditions of debt proposed to partially finance the development of an outpatient building on the Rush University Medical Center campus are reasonable.

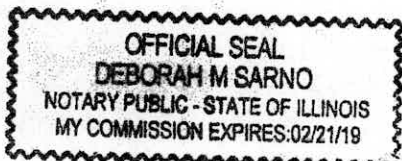
It is the Applicants' opinion that the combination of debt and equity financing identified in the CON Application represents the lowest net cost reasonably available to the Applicants at this time, and the most advantageous funding scenario available to the Applicants.

Sincerely,

John P. Mordach  
Senior Vice President & Chief Financial Officer  
Rush University Medical Center

Subscribed and sworn to before me this

27<sup>th</sup> day of July, 2018.

  
Notary Public

ATTACHMENT 37B

	Cost/Sq. Ft.		DGSF		DGSF		New Const. \$	Modernization \$	Total Cost
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
<b>Reviewable</b>									
Gen'l Radiology	\$ 470.00		2,400				\$ 1,128,000		\$ 1,128,000
CT	\$ 490.00		5,200				\$ 2,548,000		\$ 2,548,000
MRI	\$ 510.00		5,200				\$ 2,652,000		\$ 2,652,000
PET/CT	\$ 510.00		1,750				\$ 892,500		\$ 892,500
Radiation Therapy	\$ 520.00		16,833				\$ 8,753,160		\$ 8,753,160
Breast Imaging	\$ 440.00		7,408				\$ 3,259,520		\$ 3,259,520
Specialty Pharmacy	\$ 430.00		11,030				\$ 4,742,900		\$ 4,742,900
Infusion Therapy	\$ 380.00		31,611				\$ 12,012,180		\$ 12,012,180
Infusion Pharmacy	\$ 430.00		7,445				\$ 3,201,350		\$ 3,201,350
Integrative Medicine	\$ 350.00		5,150				\$ 1,802,500		\$ 1,802,500
Phlebotomy	\$ 350.00		1,397				\$ 488,950		\$ 488,950
Const. Contingency	\$ 20.00						\$ 1,908,480		\$ 1,908,480
<b>Total</b>	\$ 454.70		95,424				\$ 43,389,540		\$ 43,389,540

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	Cost/Sq. Ft.		DGSF		DGSF		New Const. \$	Modernization \$	Total Cost
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
<b>Non-Reviewable</b>				arch					
Physicians' Offices	\$ 380.00		119,122				\$ 45,266,360		\$ 45,266,360
Administrative Areas	\$ 375.00		41,500				\$ 15,562,500		\$ 15,562,500
Sterilization	\$ 425.00		2,982				\$ 1,267,350		\$ 1,267,350
Tumor Board	\$ 305.00		740				\$ 225,700		\$ 225,700
Lobbies & Public Areas	\$ 350.00		121,438	124006			\$ 42,503,300		\$ 42,503,300
Staff Areas	\$ 315.00		14,964				\$ 4,713,660		\$ 4,713,660
Imaging, Non-Clinical	\$ 395.00		6,176				\$ 2,439,520		\$ 2,439,520
Rad Onc, Non-Clinical	\$ 395.00		5,300				\$ 2,093,500		\$ 2,093,500
Canopy	\$ 205.00		10,412				\$ 2,134,460		\$ 2,134,460
Retail & Retail Food Serv.	\$ 355.00		14,352				\$ 5,094,960		\$ 5,094,960
Receiving Dock	\$ 215.00		1,945				\$ 418,175		\$ 418,175
Materials Walkway	\$ 215.00		1,993				\$ 428,495		\$ 428,495
Conf. & Education	\$ 345.00		11,851				\$ 4,088,595		\$ 4,088,595
Tunnel & Bridges	\$ 2,300.00		5,283				\$ 12,150,900		\$ 12,150,900
Mechanical	\$ 390.00		34,317				\$ 13,383,630		\$ 13,383,630
Parking Deck	\$ 185.00		329,134				\$ 60,889,790		\$ 60,889,790
DGSF>>>BGSF	\$ 325.00		38,791				\$ 12,607,075		\$ 12,607,075
Const. Contingency	\$ 20.00						\$ 15,206,000		\$ 15,206,000
<b>Total</b>	\$ 316.29		760,300				\$ 240,473,970		\$ 240,473,970
<b>PROJECT TOTAL</b>	\$ 331.72		855,724				\$ 283,863,510		\$ 283,863,510
<b>Total BGSF less Parking</b>			526,590						

PROJECTED OPERATING COSTS and  
TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS

Rush University Medical Center  
Year 2, post project completion

Projected Adjusted Patient Days: 243,161

**Projected Operating Expenses per Treatment**

Staffing Costs: \$ 1,240,130,000

Medical Supplies; \$ 552,881,000

\$ 1,793,011,000

per Adjusted Patient Day: \$ 7,373.76

**Projected Capital Cost per Treatment**

Interest, Depreciation &

Amortization \$ 174,685,000

per Adjusted Patient Day: \$ 718.39

## CHARITY CARE

### Rush University Medical Center

CHARITY CARE			
	2015	2016	2017
<b>Net Patient Revenue</b>	<b>\$1,081,808,000</b>	<b>\$1,170,781,000</b>	<b>\$1,211,537,000</b>
Amount of Charity Care (charges)	\$82,762,047	\$78,396,404	\$81,830,055
Cost of Charity Care	\$20,805,851	\$19,934,173	\$21,603,793

### Rush Oak Park Hospital

CHARITY CARE			
	2015	2016	2017
<b>Net Patient Revenue</b>	<b>\$123,499,000</b>	<b>\$131,233,000</b>	<b>\$137,305,456</b>
Amount of Charity Care (charges)			\$11,893,094
Cost of Charity Care	\$2,528,249	\$2,763,906	\$2,796,890

### Rush-Copley Medical Center

CHARITY CARE			
	2015	2016	2017
<b>Net Patient Revenue</b>	<b>\$328,293,000</b>	<b>\$335,283,000</b>	<b>\$344,619,000</b>
Amount of Charity Care (charges)	\$25,701,899	\$25,987,076	\$27,404,717
Cost of Charity Care	\$4,393,509	\$4,548,664	\$4,965,373

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

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# Axel & Associates, Inc.

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MANAGEMENT CONSULTANTS

**by FedEx**

August 3, 2018

Ms. Courtney Avery  
Administrator  
Illinois Health Facilities and  
Services Review Board  
525 West Jefferson  
Springfield, IL 62761

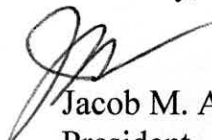
Dear Ms. Avery:

Enclosed please find two copies of a Certificate of Need ("CON") application addressing the establishment of an ambulatory destination center for cancer and neurological care on the Rush University Medical Center campus. The application is being filed on behalf of Rush University Medical Center and Rush System for Health.

The application is accompanied with a check, in the amount of \$2,500.00, as a filing fee.

Should any additional information be required, please do not hesitate to contact me.

Sincerely,

  
Jacob M. Axel  
President

enclosures