



STATE OF ILLINOIS  
**HEALTH FACILITIES AND SERVICES REVIEW BOARD**

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

DOCKET NO: <b>H-06</b>	BOARD MEETING: April 30, 2019	PROJECT NO: 19-008	PROJECT COST:
FACILITY NAME: Rehabilitation Institute of Chicago/d/b/a Shirley Ryan AbilityLab		CITY: Chicago	Original: \$11,936,330
TYPE OF PROJECT: Non-Substantive			HSA: VI

**PROJECT DESCRIPTION:** The Applicants (Rehabilitation Institute, Inc. and Rehabilitation Institute of Chicago) propose to build out unfinished space/shell space and add twenty rehabilitation beds. The cost of the project is \$11,936,330 and the expected completion date is June 30, 2020.

## **EXECUTIVE SUMMARY**

### **PROJECT DESCRIPTION:**

- The Applicants (Rehabilitation Institute, Inc. and Rehabilitation Institute of Chicago) propose to build out unfinished space/shell space and add twenty rehabilitation beds. The cost of the project is \$11,936,330 and the expected completion date is June 30, 2020.

### **BACKGROUND:**

- In February of 2013 the State Board approved the discontinuation of a 182-bed comprehensive physical rehabilitation hospital located at 345 E. Superior Street, Chicago, Illinois and the establishment of a 242-bed comprehensive physical rehabilitation hospital located at 355 East Erie Street, Chicago, Illinois (Permit #12-092). The new hospital is 17 floors with seven floors used for parking, three floors for medical office space and seven floors for the hospital. The Applicants have approximately 120,000 GSF of storage space.
- The Applicants are requesting to add 20-beds under the lesser of 10% of total bed capacity or 20 beds in space that was constructed as part of Permit #12-092. This space had been used for storage. Unfinished space is considered “shell space” and by State Board rule the Applicants are required to submit a certificate of need application to complete the unfinished space.
- 77 ILAC 1110.120 (d) Unfinished or Shell Space *“If the project includes unfinished space (i.e., shell space) that is to meet an anticipated future demand for service, the applicant shall document that the amount of shell space proposed for each department or clinical service area is justified, and that the space will be consistent with the standards of Appendix B.”*
- 77 ILAC 1110.120(e)(2)(A): *For shell space, the applicant shall submit the following: (A) 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 that time or the categories of service involved.*

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

- The proposed project is before the State Board because the project proposes to finish out unfinished space located in a health care facility.

### **PUBLIC HEARING/COMMENT:**

- No public hearing was requested, and no letters of support or opposition were received by the State Board Staff.

### **SUMMARY:**

- The State Board defines Comprehensive Physical Rehabilitation *“as a category of service provided in a comprehensive physical rehabilitation facility providing the coordinated interdisciplinary team approach to physical disability under a physician licensed to practice medicine in all its branches who directs a plan of management of one or more of the classes of chronic or acute disabling disease or injury. Comprehensive physical rehabilitation services can be provided only by a comprehensive physical rehabilitation facility 77 IAC 1100.220].”* A licensed comprehensive physical rehabilitation hospital is not required to maintain an emergency department [77 IAC 250.710].
- *Generally, an Applicant can add the lesser of 20 beds or 10% of total bed capacity through a letter to the State Board. Additionally, a project under the capital expenditure minimum does not require a certificate of need so long as the number of beds proposed does not exceed the lesser of 20 beds or 10% of total bed capacity.*

- As mentioned above this project builds out unfinished space to add 20 comprehensive physical rehabilitation beds for a total of 242 comprehensive beds. Therefore the 20-bed/10% rule for adding beds is inapplicable. The Planning Area calculated bed need, or excess is not considered for this project. Historical utilization of the comprehensive physical rehabilitation beds is used to determine the appropriate number of beds.

<b>State Board Standards Not Met</b>	
<b>Criteria</b>	<b>Reasons for Non-Compliance</b>
77 ILAC 1110.120 (a) – Size of the Project	The State Board Standard for a comprehensive physical rehabilitation room is 660 GSF per room. The 262 beds proposed by the Applicant are 749 GSF per bed. The Applicants exceed the State Board Standard by 90 GSF per bed. [ See page nine of this report]
77 ILAC 1110.205 (b) (4) – Planning Area Need – Service Demand	The Applicants have averaged 173 patients per year for CY 2016 and CY 2017[the most recent years provided to the State Board]. The Applicants can justify 204 beds at the State Board’s target occupancy of 85%.

**STATE BOARD STAFF REPORT**  
**Project #19-008**  
**Rehabilitation Institute of Chicago d/b/a Shirley Ryan Ability Lab**

<b>APPLICATION/ CHRONOLOGY/SUMMARY</b>	
Applicants(s)	Rehabilitation Institute, Inc. and Rehabilitation Institute of Chicago
Facility Name	Rehabilitation Institute of Chicago d/b/a Shirley Ryan AbilityLab
Location	355 East Erie Street, Chicago, Illinois
Permit Holder	Rehabilitation Institute, Inc. and Rehabilitation Institute of Chicago
Operating Entity/Licensee	Rehabilitation Institute of Chicago d/b/a Shirley Ryan AbilityLab
Owner of Site	Rehabilitation Institute of Chicago
Application Received	February 26, 2019
Application Deemed Complete	February 27, 2019
Financial Commitment Date	June 30, 2020
Anticipated Completion Date	June 30, 2020
Review Period Ends	May 1, 2019
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes

**I. Project Description**

The Applicants (Rehabilitation Institute, Inc. and Rehabilitation Institute of Chicago) propose to build out unfinished space/shell space and add twenty rehabilitation beds. The cost of the project is \$11,936,330 and the expected completion date is June 30, 2020.

**II. Summary of Findings**

- A. State Board Staff finds the proposed project is not conformance with all relevant provisions of Part 1110.
- B. State Board Staff finds the proposed project is in conformance with all relevant provisions of Part 1120.

**III. General Information**

The Applicants are Rehabilitation Institute, Inc. and Rehabilitation Institute of Chicago. Rehabilitation Institute Inc. is an Illinois not-for-profit-corporation and is the sole corporate member of Rehabilitation Institute of Chicago d/b/a Shirley Ryan AbilityLab. The Shirley Ryan AbilityLab is a not-for-profit rehabilitation hospital that provides comprehensive rehabilitative inpatient and outpatient services and programs.

The Shirley Ryan AbilityLab, formerly the Rehabilitation Institute of Chicago (RIC), provides physical medicine and rehabilitation for adults and children with the most severe, complex conditions — from traumatic brain and spinal cord injury to stroke, amputation

and cancer-related impairment. Applied research focuses particularly in the areas of neuroscience, bionic medicine, musculoskeletal medicine and technology transfer.

The \$550 million, 1.2-million-square-foot Shirley Ryan AbilityLab became the first-ever “translational” research<sup>1</sup> hospital in which clinicians, scientists, innovators and technologists work together in the same space, surrounding patients, discovering new approaches and applying (or “translating”) research real time.

This is a non-substantive project subject to a Part 1110 and Part 1120 review. Non-substantive projects are all projects not considered substantive. Substantive Projects include no more than the following:

- *Projects to construct a new or replacement facility located on a new site; or a replacement facility located on the same site as the original facility and the costs of the replacement facility exceed the capital expenditure minimum.*
- *Projects proposing a new service or discontinuation of a service, which shall be reviewed by the Board within 60 days.*
- *Projects proposing a change in the bed capacity of a health care facility by an increase in the total number of beds or by a redistribution of beds among various categories of service or by a relocation of beds from one facility to another by more than 20 beds or more than 10% of total bed capacity, as defined by the State Board in the Inventory, whichever is less, over a 2-year period. [20 ILCS 3960/12]*

The hospital is licensed as a rehabilitation hospital. Financial commitment will occur after permit issuance. This project is subject to a Part 1110 and 1120 review.

#### IV. Project Details

The Applicants propose to modernize space and add 20-rehabilitation beds, a gym and therapy space. The 20 rehab-beds will be added on the 20<sup>th</sup> and 25<sup>th</sup> levels of the hospital adjacent to two existing rehab bed units.

#### V. Health Service Area

The Hospital is in the HSA VI Health Service Area and Comprehensive Physical Rehabilitation Planning Area. This Planning Area encompasses the City of Chicago. There are 13-hospitals with comprehensive physical rehabilitation services in this planning area.

TABLE ONE Hospitals in the HSA VI Comprehensive Physical Rehabilitation Planning Area	
Hospital	Beds
Advocate Illinois Masonic Medical Center	22
Holy Cross Hospital	34
Louis A. Weiss Memorial Hospital	26

<sup>1</sup> **Translational research** – often used interchangeably with **translational medicine** or **translational science** or **bench to bedside** – is an effort to build on basic scientific research to create new therapies,<sup>[1]</sup> medical procedures, or diagnostics. Basic biomedical research is based on studies of disease processes using for example cell cultures or animal models.<sup>[2]</sup> The term translational refers to the "translation" of basic scientific findings in a laboratory setting into potential treatments for disease. [Academic Medicine March 2010]

<b>TABLE ONE</b> <b>Hospitals in the HSA VI Comprehensive Physical Rehabilitation Planning Area</b>	
Mercy Hospital & Medical Center	24
Presence Resurrection Medical Center	65
Presence Saint Joseph Hospital - Chicago	23
Presence Saint Mary Of Nazareth Hospital	15
Rehabilitation Institute of Chicago	242
Rush University Medical Center	59
Schwab Rehabilitation Center	81
Shriners Hospital for Children - Chicago	6
Swedish Covenant Hospital	25
University of Illinois Hospital	18
Source: Inventory of Hospital Services	

## **VI. Project Uses and Sources of Funds**

The Applicants are funding this project with cash in the amount of \$11,936,330.

**TABLE TWO**  
**Project Costs and Sources of Funds**

Use of Funds	Reviewable	Non-Reviewable	Total	% of Total
Preplanning Costs	\$92,000	\$8,000	\$100,000	0.84%
Modernization Contracts	\$6,244,462	\$684,084	\$6,928,546	58.05%
Contingencies	\$424,766	\$127,218	\$551,984	4.62%
Architectural/Engineering Fees	\$590,000	\$60,000	\$650,000	5.45%
Consulting and Other Fees	\$806,288	\$70,112	\$876,400	7.34%
Movable and Other Equipment	\$2,829,400	\$0	\$2,829,400	23.70%
Total Uses of Funds	\$10,986,916	\$949,414	\$11,936,330	100.00%
Sources of Funds:				
Cash and Securities	\$10,986,916	\$949,414	\$11,936,330	100.00%
Total Sources of Funds	\$10,986,916	\$949,414	\$11,936,330	100.00%

## VI. Background of the Applicants

### A) Criterion 1110.110 (a) (1) & (3) – Background of the Applicants

*An applicant must demonstrate that it is fit, willing and able, and has the qualifications, background and character to adequately provide a proper standard of health care service for the community.* To demonstrate compliance with this criterion the Applicants must provide

- A) A listing of all health care facilities currently owned and/or operated by the applicant in Illinois or elsewhere, including licensing, certification and accreditation identification numbers, as applicable;
- B) A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility;
- C) Authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH 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 the authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.
- D) An attestation that the Applicants have had no *adverse action*<sup>2</sup> taken against any facility they own or operate, or a certified listing of any adverse action taken.

1. The Applicants attest that there has been no adverse action taken against any of the health care facilities owned or operated by the Applicants. [Application for Permit page 27]
2. The Applicants have authorized the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to have access to any documents necessary to verify information submitted in connection to the Applicants' certificate of need to complete shell space authorized by permit #13-069. The authorization includes but is not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. [Application for Permit pages 27]
3. Licensure and Accreditation has been provided by the Applicants for the health care facilities owned and operated by the Applicants at page 28 of the Application for Permit and additional information provided.
4. The site is owned by Rehabilitation Institute of Chicago and evidence of this can be found at pages 23-27 of Application for permit #12-092- Special Warranty Deed.
5. Illinois Certificate of Good Standing has been provided at pages 28-29 of the Application for Permit for both not for profit applicants. A certificate of good standing is a legal **status** conferred by a state on a company incorporated within its jurisdiction that allows it to conduct business legitimately. The **status** is granted based on the company's current **standing** related to required state filings, fees and tax obligations.

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<sup>2</sup>Adverse action is defined as a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations." (77 IAC 1130.140)

## VII. Purpose of Project, Safety Net Impact Statement and Alternatives

The following three (3) criteria are informational; no conclusion on the adequacy of the information submitted.

### A) **Criterion 1110.110 (b) Purpose of the Project**

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

According to the Applicants

*“The issue addressed by this project is the hospital's insufficient number of diagnosis appropriate rehabilitation beds to meet the anticipated future demand for admission to the hospital. In 2016, prior to the opening of the (larger) replacement hospital, the hospital (then known as the Rehabilitation Institute of Chicago) operated its 182 beds with an average daily census (ADC) of 161.4 patients and an occupancy rate of 88.7%. In 2018, the first full year of the 242-bed replacement hospital's operation the hospital operated with an ADC of 197.6, a 22.4% increase over the prior year. The goal of the project is to have a sufficient number of beds available to meet 2022 demand.”* [For a complete discussion see Application for Permit pages 30-31]

### B) **Criterion 1110.110 (c) - Safety Net Impact Statement**

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

This is a non-substantive project; no safety net impact statement is required.

**TABLE THREE**  
**Charity Care Information**  
**Rehabilitation Institute of Chicago d/b/a**

Charity Care			
Year	2016	2017	2018
Net Patient Revenue	\$196,740,531	\$215,613,703	\$241,140,831
Amount of Charity care (charges)	\$1,457,070	\$2,364,258	\$1,576,079
Cost of Charity Care	\$521,214	\$861,856	\$544,062
% of Net Patient Revenue	0.26%	0.40%	0.23%



**C) Criterion 1110.110 (d) - Alternatives to the Project**

To demonstrate compliance with this criterion the Applicants must document all alternatives to the proposed project that were considered.

The Applicants provided the following:

*“The first alternative was the referring of patients to rehabilitation units in other hospitals, including those hospitals having a formal relationship with the Applicants’ hospital. This alternative was immediately dismissed because the clinical capabilities of the Applicant’s hospital exceed those of other hospitals; and that would be a primary concern, particularly for patients seeking care at the hospital because of its unique clinical programs and abilities. Had this alternative been selected, there would have been no capital cost or operating cost, but accessibility to the unique services of the hospital as well as the quality of care provided would be less than that of the proposed project.*

*The second alternative involved the development of a single 20-bed unit to house the proposed twenty beds, rather than to incorporate eight beds into an existing unit and twelve beds into another existing unit. Accessibility to the hospital's programs and quality of care would be identical to that of the proposed project; the cost of this alternative would, however, be significantly higher. The existing patient care units, which contain research, therapy, and support space, were designed with 760 square feet per bed, and an additional 20-bed unit would be designed in approximately the same function. Because the addition of eight and twelve beds to two existing units having contiguous available space would negate the need to provide a portion of the ancillary functions, the proposed project is being designed to provide 620 square foot per bed. The resultant incremental capital cost, assuming a renovation/modernization cost of \$314/sf is approximately \$879,000. While the incremental operating (primarily staffing) costs have not been estimated, because of the duplication of staff resulting from the operating of another unit, this alternative's operating costs would clearly be higher than those of the proposed project.”*

**VIII. Project Scope and Size, Utilization and Unfinished/Shell Space**

**A) Criterion 1110.120 (a) - Size of Project**

To demonstrate compliance with this criterion the Applicants must document that the proposed size of the project is in compliance with Part 1110 Appendix B.

The Applicants are proposing 262-rehab beds in 196,431 gross square footage (GSF) of space or 749 GSF per bed. The State Board Standard is 660 per GSF per bed. The Applicants have exceeded the State Board Standard by 90 GSF per bed.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION SIZE OF PROJECT (77 ILAC 1110.120 (a))**

**B) Criterion 1110.120 (b) – Projected Utilization**

To demonstrate compliance with this criterion the Applicants must document that the proposed project will be at the target occupancy of 80% within two years after project completion.

The Applicants have had an annual increase of 1.27% in the number of admissions for the period 2013-2017 and an annual increase in the number of days of 3% for this same period. The Applicants stated they have had an increase of 7.6% in the number of days over the past year (2017 to 2018) and are assuming a 4% annual increase to the second year after project completion. A 3% annual increase will result in the Applicants reaching target occupancy of 85% by 2024 and not 2022. A 4% increase will result in the Applicants reaching target occupancy by 2022.

<b>TABLE FOUR</b> <b>Rehabilitation Institute of Chicago</b> <b>Historical Utilization 2013-2017</b>					
Year	2013	2014	2015	2016	2017
Beds	242	242	242	242	242
Admissions	2,661	2,621	2,514	2,521	2,799
Patient Days	59,589	60,280	60,729	59,118	66,999
ALOS	22.39	23.00	24.16	23.45	23.94
ADC	163.26	165.15	166.38	161.97	183.56
Occupancy	67.46%	68.24%	68.75%	66.93%	75.85%

1.184 beds were in use 2016 when the hospital came on line.

<b>TABLE FIVE</b> <b>Projected Growth 3%</b> <b>(2018 – 2024)</b>							
Year	2018	2019	2020	2021	2022	2023	2024
Beds	242	242	262	262	262	262	262
Patient Days	69,009	71,079	73,212	75,408	77,670	80,000	82,400
ADC	189	195	201	207	213	219	226
Occupancy %	78.13%	80.47%	76.56%	78.85%	81.22%	83.66%	86.17%

<b>TABLE SIX</b> <b>Projected Growth 4%</b> <b>2017-2022 <sup>(1)</sup></b>						
Year	2017	2018	2019	2020	2021	2022
Beds	242	242	242	262	262	262
Patient Days	66,966	72,127	75,012	78,013	81,133	84,378
ADC	184	198	206	214	222	231
Occupancy %	75.85%	81.66%	84.92%	81.58%	84.84%	88.23%

1. Assumes a 7.6% growth for the period 2017-2018

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED UTILIZATION (77 ILAC 1110.120 (b))**

**C) Criterion 1110.120 (e) – Assurances**

**To demonstrate compliance with this criterion the Applicants must document that the proposed facility will be at target occupancy two years after project completion.**

The Applicants provided the necessary assurance that they will be at target occupancy within two years after project completion. (See Application for Permit page 116)

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1110.120(e))**

**IX. Comprehensive Physical Rehabilitation**

**A) Criterion 1110.205 (b) – Planning Area Need**

**2) Criterion 1110.205 (2) - Service to Planning Area Residents**

**A) Applicants proposing to establish or add beds shall document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.**

**B) Applicants proposing to add beds to an existing CPR service shall provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, applicants shall document that at least 50% of the projected patient volume will be from residents of the area.**

**C) Applicants proposing to expand an existing CPR service shall submit patient origin information by zip code, based upon the patient's legal residence (other than a health care facility).**

The Applicants provided additional information that included all admissions to the hospital for CY 2018 by zip code of residence as required. There were 3,250 admissions in 2018 with approximately 55% coming from within 10-miles of the hospital.

**4) Criterion 1110.205 (4) - Service Demand – Expansion of Comprehensive Physical Rehabilitation**

**The number of beds to be added for each category of service is necessary to reduce the facility's experienced high occupancy and to meet a projected demand for service. The applicant shall document subsection (b) (4) (A) and either subsection (b) (4) (B) or (C):**

**A) Historical Service Demand**

**i) An average annual occupancy rate that has equaled or exceeded occupancy standards for the category of service, as specified in 77 Ill. Adm. Code 1100, for each of the latest 2 years.**

**ii) If patients have been referred to other facilities to receive the subject services, the applicant shall provide documentation of the referrals, including: patient origin by zip code; name and specialty of referring physician; and name and location of the recipient hospital, for each of the latest 2 years.**

The Applicants have had average daily census of 173 patients for CY 2016 and CY 2017 [most recent data the State Board has approved]. At the target occupancy of 85% the Applicants can justify 204 beds.

The Applicants have had an annual increase of 1.27% in the number of admissions for the period 2013-2017 and an annual increase in the number of days of 3% for this same period. The Applicants stated they have had an increase of 7.6% in the number of days over the past year (2017 to 2018) and are assuming a 4% annual increase to the second year after project completion. A 3% annual increase will result in the Applicants reaching target occupancy of 85% by 2024 and not 2022. A 4% increase will result in the Applicants reaching target occupancy by 2022 the second year after project completion [See Tables Four, Five and Six Above].

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 IAC 1110.205 (b) (2) (4))**

**B) Criterion 1110.205 (e) - Staffing**

The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and The Joint Commission staffing requirements can be met. In addition, the applicant shall document that necessary staffing is available by providing a narrative explanation of how the proposed staffing will be achieved.

The staffing of the incremental beds and the addition of staff in other areas to address increased utilization will be initiated by the applicants approximately six months prior to the opening of the proposed beds. The Shirley Ryan Ability Lab is the preeminent provider of rehabilitation services nationwide, and as a result, employment positions at the hospital are highly sought after. Accordingly, the primary avenues of recruitment will be word of mouth and advertisements in local newspapers and professional publications.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION STAFFING (77 ILAC 1110.205(e))**

**C) Criterion 1110.205 (f) - Performance Requirements – Bed Capacity Minimums**

- 1) The minimum freestanding facility size for comprehensive physical rehabilitation is a minimum facility capacity of 100 beds.
- 2) The minimum hospital unit size for comprehensive physical rehabilitation is 16 beds.

The Applicants have 242 authorized comprehensive physical rehabilitation beds. The Applicants have met the requirements of this criterion.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PERFORMANCE REQUIREMENTS (77 ILAC 1110.205(f))**

**E) Criterion 1110.205 (g) - Assurances**

The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project

**completion, the applicant will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal.**

The Applicants provided the necessary attestation as required at page 43 of the Application for Permit.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1110.205(e))**

**X. Financial Viability**

**A) Criterion 1120.120 – Availability of Funds**

The Applicants are to document the sources of financing for this project.

The Applicants are funding this project with cash in the amount of \$11,936,330. Based upon the audited financial statements the Applicants have enough resources to fund this project.

**TABLE SEVEN**  
**Rehabilitation Institute Inc.**  
**Audited Financial Statement**  
**August 31<sup>st</sup>**  
**(in thousands)**

	2018	2017
Cash	\$15,593	\$18,202
Current Assets	\$90,363	\$123,900
Total Assets	\$1,137,544	\$1,145,905
Current Liabilities	\$7,623	\$7,687
LTD	\$375,284	\$387,995
Net Patient Revenue	\$240,230	\$204,488
Total Revenue	\$297,921	\$267,356
Total Expenses	\$311,681	\$377,511
Loss from Operations	-\$13,760	-\$10,255

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

**B) Criterion 1120.130 – Financial Viability**

The Applicants have qualified for the financial waiver as they have provided evidence that the funding for the project is from internal sources (cash). The applicant is NOT required to submit financial viability ratios if:

1) All project capital expenditures, including capital expended through a lease, are completely funded through internal resources (cash, securities or received pledges); or  
HFSRB NOTE: Documentation of internal resources availability shall be available as of the date the application is deemed complete.

2) the applicant's current debt financing or projected debt financing is insured or anticipated to be insured by Municipal Bond Insurance Association Inc. (MBIA) or its equivalent; or  
HFSRB NOTE: MBIA Inc. is a holding company whose subsidiaries provide financial guarantee insurance for municipal bonds and structured financial projects. MBIA coverage is used to promote credit enhancement as MBIA would pay the debt (both principal and interest) in case of the bond issuer's default.

3) The applicant provides a third-party surety bond or performance bond letter of credit from an A rated guarantor (insurance company, bank or investing firm) guaranteeing project completion within the approved financial and project criteria.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 ILAC 1120.130)**

**XI. Economic Feasibility**

**A) Criterion 1120.140 (a) - Reasonableness of Financing Arrangements**

**B) Criterion 1120.140 (b) - Terms of Debt Financing**

The Applicants are funding this project with cash in the amount of \$11,936,330. Based upon the audited financial statements the Applicants have enough resources to fund this project.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 ILAC 1120.140 (a) (b))**

**C) Criterion 1120.140 (c) – Reasonableness of Project Costs**

**Preplanning Costs** are \$92,000 or less than 1% of modernization contingency and movable equipment not in construction contracts costs. This appears reasonable when compared to the State Board Standard of 1.8%.

**Modernization and Contingency Costs** are \$6,669,228 or \$314 per GSF. This appears reasonable when compared to the State Board Standard of \$331 per GSF.

**Contingencies Costs** are \$424,766 or 6.8% of modernization costs. This appears reasonable when compared to the State Board Standard of 15%.

**Architectural and Engineering Costs** are \$590,000 and are 8.85% of the modernization and contingency costs. This appears reasonable when compared to the State Board Standard of the 9.34%.

**Consulting and Other Fees** are \$806,288. The State Board does not have a standard for these costs.

**Movable and Other Equipment** are \$2,829,400. The State Board does not have a standard for these costs.

**TABLE EIGHT**  
**Reasonableness of Project Costs**

	Project Costs		State Board Standard		Difference	
	Costs	%/GSF	Costs	%/GSF	Costs	%/GSF
Preplanning Costs	\$92,000	0.97%	\$170,975	1.80%	-\$78,975	-0.83%
Modernization Contracts	\$6,669,228	\$314 per GSF	\$7,029,447	\$331 per GSF	\$360,219	-\$16.98
Contingencies	\$424,766	6.80%	\$936,669	15%	-\$511,903	-8.20%
Architectural/Engineering Fees	\$590,000	8.85%	\$622,906	9.34%	-\$32,906	-0.49%
Consulting and Other Fees	\$806,288	No State Standard				
Movable and Other Equipment	\$2,829,400					

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 ILAC 1120.140(c))**

**D) Criterion 1120.140 (d) - Projected Operating Costs**

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

The operating costs per equivalent patient day is \$3,672.07. The State Board does not have a standard for these costs. The Applicants have met the requirements of this criterion.

**TABLE NINE**  
**FY22 Operating Expenses:**

Salaries	\$236,118,623
Supplies	\$72,335,109
Total	\$308,453,732
Projected Patient Days	84,000
FY 22 Operating costs per Projected Patient Days	\$3672.07

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED OPERATING COSTS (77 ILAC 1120.140(d))**

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

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



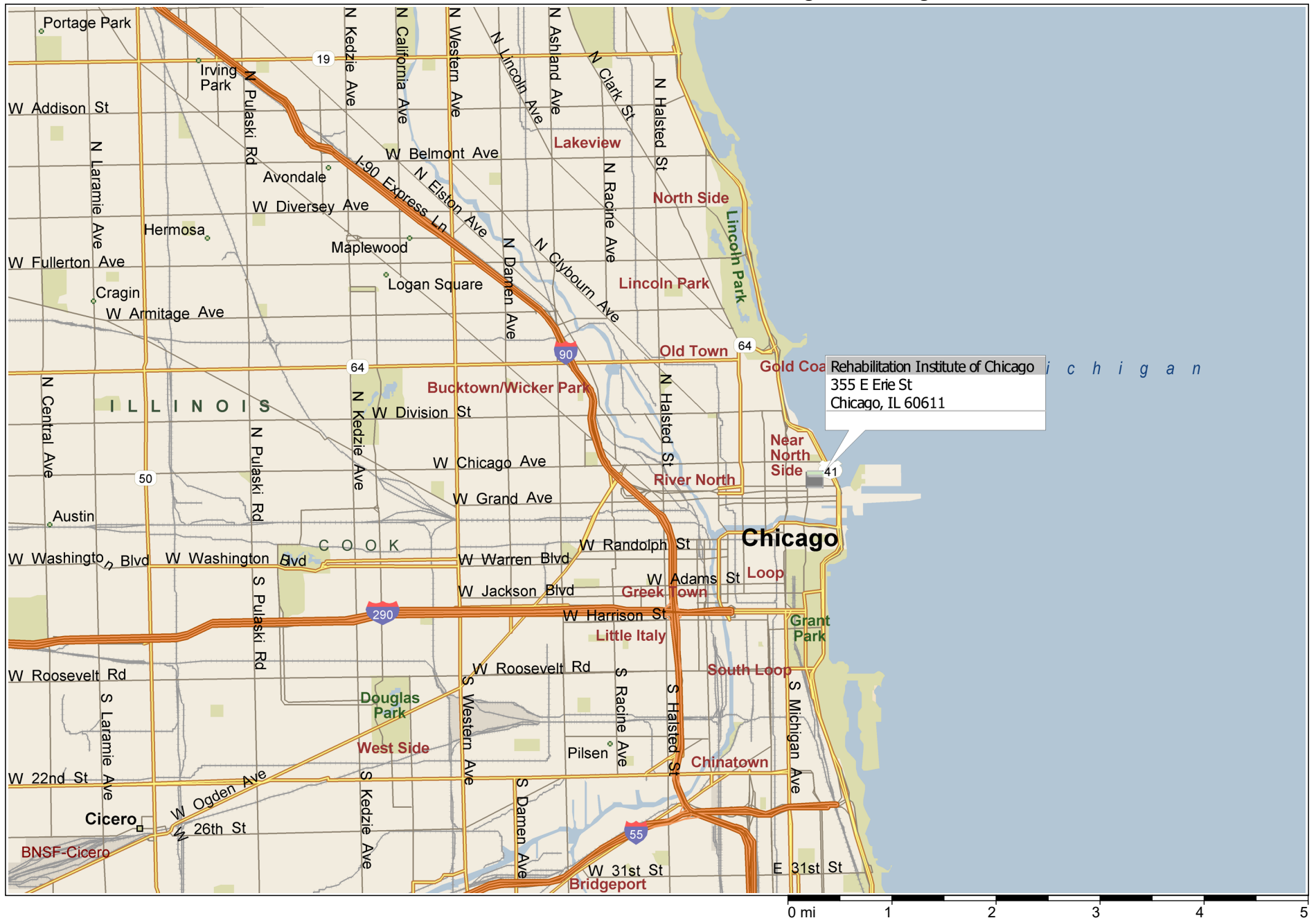
The total effect of the project on capital costs is \$486.50 per equivalent patient day. The State Board does not have a standard for these costs. The Applicants have met the requirements of this criterion.

**TABLE TEN**  
**FY22 Capital Costs**

Depreciation, Amortization, Interest	\$40,866,000
Projected Patient Days	84,000
Capital Costs per Project Patient Day	\$486.50

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

# 19-008 Rehabilitation Institute of Chicago - Chicago



<u>Ownership, Management and General Information</u>			<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Peggy Kirk		White	52.9%	Hispanic or Latino:	5.5%
ADMINISTRATOR PHONE	312-238-3305		Black	25.2%	Not Hispanic or Latino:	91.1%
OWNERSHIP:	Rehabilitation Institute of Chicago		American Indian	0.5%	Unknown:	3.4%
OPERATOR:	Rehabilitation Institute of Chicago		Asian	2.0%		
MANAGEMENT:	Not for Profit Corporation		Hawaiian/ Pacific	0.2%	IDPH Number:	6056
CERTIFICATION:			Unknown	19.2%	HPA	A-01
FACILITY DESIGNATION:	Rehabilitation Hospital				HSA	6
ADDRESS	355 East Erie Street	CITY: Chicago	COUNTY:	Suburban Cook (Chicago)		

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	Authorized CON Beds 12/31/2017	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Bed Occupancy Rate %
Medical/Surgical	0	0	0	0	0	0	0.0	0.0	0.0	0.0
0-14 Years				0	0					
15-44 Years				0	0					
45-64 Years				0	0					
65-74 Years				0	0					
75 Years +				0	0					
Pediatric	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Intensive Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Direct Admission				0	0					
Transfers				0	0					
Obstetric/Gynecology	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Maternity				0	0					
Clean Gynecology				0	0					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds			0	0	0		0.0	0.0		
Total AMI	0			0	0	0	0.0	0.0	0.0	
Adolescent AMI		0	0	0	0	0	0.0	0.0		0.0
Adult AMI		0	0	0	0	0	0.0	0.0		0.0
Rehabilitation	242	211	211	2,799	66,999	0	23.9	183.6	75.9	87.0
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	0					0				
Facility Utilization	242			2,799	66,999	0	23.9	183.6	75.9	

(Includes ICU Direct Admissions Only)

Inpatients and Outpatients Served by Payor Source								
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals	
Inpatients	42.4%	15.2%	0.0%	41.9%	0.3%	0.2%		
	1187	425	0	1173	8	6	2,799	
Outpatients	35.3%	12.4%	0.1%	51.5%	0.5%	0.1%		
	7870	2767	25	11473	114	29	22,278	
Financial Year Reported:	9/1/2016 to	8/31/2017	Inpatient and Outpatient Net Revenue by Payor Source				Charity Care Expense	Total Charity Care Expense
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals		826,989
Inpatient Revenue ( \$ )	26.7%	19.2%	0.0%	54.0%	0.2%	100.0%		
	33,402,912	23,950,023	0	67,431,568	189,840	124,974,343	321,313	
Outpatient Revenue ( \$ )	15.0%	4.7%	0.5%	78.9%	0.9%	100.0%		
	11,846,178	3,735,688	418,849	62,316,359	674,424	78,991,498	505,676	Total Charity Care as % of Net Revenue
								0.4%

<u>Birthing Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	0		Level I	Level II	Level II+	Kidney:	0
Number of Live Births:	0	Beds	0	0	0	Heart:	0
Birthing Rooms:	0	Patient Days	0	0	0	Lung:	0
Labor Rooms:	0	Total Newborn Patient Days			0	Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	0
Labor-Delivery-Recovery Rooms:	0					Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	0					Total:	0
C-Section Rooms:	0						
CSections Performed:	0						

<u>Laboratory Studies</u>		
Inpatient Studies	132,596	
Outpatient Studies	4,205	
Studies Performed Under Contract	1,243	

**Surgery and Operating Room Utilization**

<u>Surgical Specialty</u>	<u>Operating Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	0	0	0	0	0	0	0	0.0	0.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	0	0	0	0	0	0	0	0.0	0.0
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	0	0	0	0	0	0	0	0.0	0.0
OB/Gynecology	0	0	0	0	0	0	0	0	0	0.0	0.0
Oral/Maxillofacial	0	0	0	0	0	0	0	0	0	0.0	0.0
Ophthalmology	0	0	0	0	0	0	0	0	0	0.0	0.0
Orthopedic	0	0	0	0	0	0	0	0	0	0.0	0.0
Otolaryngology	0	0	0	0	0	0	0	0	0	0.0	0.0
Plastic Surgery	0	0	0	0	0	0	0	0	0	0.0	0.0
Podiatry	0	0	0	0	0	0	0	0	0	0.0	0.0
Thoracic	0	0	0	0	0	0	0	0	0	0.0	0.0
Urology	0	0	0	0	0	0	0	0	0	0.0	0.0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>

**SURGICAL RECOVERY STATIONS**

Stage 1 Recovery Stations

0

Stage 2 Recovery Stations

0

**Dedicated and Non-Dedicated Procedure Room Utilization**

<u>Procedure Type</u>	<u>Procedure Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	0	0	0	0	0	0	0	0.0	0.0
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	0	0	0	0	0	0	0	0.0	0.0
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
<b>Multipurpose Non-Dedicated Rooms</b>											
					0	0	0	0	0	0.0	0.0
					0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

**Emergency/Trauma Care****Cardiac Catheterization Labs**

Certified Trauma Center	No
Level of Trauma Service	<b>Level 1</b>
Operating Rooms Dedicated for Trauma Care	0
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Basic
Number of Emergency Room Stations	0
Persons Treated by Emergency Services:	0
Patients Admitted from Emergency:	0
Total ED Visits (Emergency+Trauma):	<b>0</b>

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

**Cardiac Catheterization Utilization**

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

**Free-Standing Emergency Center**

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

**Outpatient Service Data**

Total Outpatient Visits	<b>219,045</b>
Outpatient Visits at the Hospital/ Campus:	99,126
Outpatient Visits Offsite/off campus	119,919

**Cardiac Surgery Data**

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

**Diagnostic/Interventional Equipment****Examinations****Therapeutic Equipment****Therapies/ Treatments**

	<u>Owned Contract</u>		<u>Inpatient</u>	<u>Outpt</u>	<u>Contract</u>		<u>Owned Contract</u>		
General Radiography/Fluoroscopy	3	0	3,157	3,897	0	Lithotripsy	0	0	0
Nuclear Medicine	0	0	0	0	0	Linear Accelerator	0	0	0
Mammography	0	0	0	0	0	Image Guided Rad Therapy			0
Ultrasound	1	0	1,181	61	0	Intensity Modulated Rad Thrpy			0
Angiography	0	0				High Dose Brachytherapy	0	0	0
Diagnostic Angiography			0	0	0	Proton Beam Therapy	0	0	0
Interventional Angiography			0	0	0	Gamma Knife	0	0	0
Positron Emission Tomography (PET)	0	0	0	0	0	Cyber knife	0	0	0
Computerized Axial Tomography (CAT)	1	0	477	52	0				
Magnetic Resonance Imaging	1	0	152	418	0				