



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: H-09	BOARD MEETING: June 4, 2019	PROJECT NO: 19-013	PROJECT COST: Original: \$5,674,046
FACILITY NAME: The University of Chicago Medical Center		CITY: Orland Park	
TYPE OF PROJECT: Non-Substantive			HSA: VII

PROJECT DESCRIPTION: The Applicants (The University of Chicago Medical Center, WDT Acquisition Corp., and the UCMC-Solis Off Campus Mammography Services, LLC) are proposing to establish a Mammography Suite in an existing Medical Office Building (MOB), located at 14290 South LaGrange Road, Orland Park. Project cost: \$5,674,046. The completion date as stated in the application for permit is January 1, 2021.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (The University of Chicago Medical Center, WDT Acquisition Corp., and the UCMC-Solis Off Campus Mammography Services, LLC) are proposing to establish a Mammography Suite, in 7,475 GSF of existing shell space, in an existing Medical Office Building (MOB), located at 14290 South LaGrange Road, Orland Park, at a cost of \$5,674,046. The completion date as stated in the application for permit is January 1, 2021.
- In August of 2014 the State Board approved a 4-story Medical Office Building in Orland Park at a cost of \$66.9 million. As part of Permit #14-023 approximately 28,103 square feet was approved as shell space, to be used later for ambulatory clinic space. This project proposes to build-out a portion of that shell space (7,475 GSF).

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes the build out of shell space approved as part of Permit #14-023.

BACKGROUND:

- The University of Chicago Medical Center owns/operates the following healthcare facilities:
 - University of Chicago Medical Center, Chicago, 811 beds HSA-06
 - Ingalls Memorial Hospital, Harvey, 485 beds HSA-07
 - Ingalls Same-Day Surgery, Tinley Park, Multi-Specialty ASTC HSA-07
- This project is considered a joint venture (UCMC-Solis Off-Campus Mammography Services, LLC) with the University of Chicago Medical Center and Solis Mammography (<https://www.solismammo.com>). Solis Mammography is a dedicated breast imaging company with more than 30 years dedicated to breast health. Headquartered in Addison, Texas, Solis operates 50 centers across seven major markets: North Texas, Houston, Phoenix, Columbus, Greensboro, Philadelphia and through the addition of Washington Radiology (WR), the DC Metro Area.
- The Applicants propose to develop 7,475 GSF of this space into a Mammography Suite containing one mammography machine (3-D tomosynthesis), one ultrasound device (biopsy targeting), and one bone density scanner (DEXA).

PURPOSE:

- According to the Applicants, *“The applicants seek to build out a dedicated Mammography suite with a comprehensive line of women’s imaging services consisting of one mammography machine (digital breast 3-D tomosynthesis), an ultrasound device which will be used by the radiologist following diagnostic scans and also for biopsy targeting, and a bone density scanner (DEXA). The purpose of the project is to increase patient’s access to high quality screening and diagnostic mammography, for which there is an unmet demand and a disparate distribution of resources, alongside any necessary treatment modalities for medical care. The applicants also seek to overcome barriers that prevent women from getting annual or regular breast health screenings as part of a comprehensive preventative health program, as well as complementary diagnostic testing, by keeping patient safety, patient experience, and patient convenience foremost in mind.”*

PUBLIC HEARING/COMMENT:

- No public hearing was requested and no letters of opposition or support were received.

SUMMARY:

- The State Board Staff reviewed the Application for Permit and additional information provided by the Applicants and note the following.

State Board Standards Not Met	
Criteria	Reasons for Non-compliance
Criterion 1110.120 (a) – Size of Project	The Applicants have exceeded the State Board Standard for overall size of the clinical service areas by 877 GSF. The Applicants note that the mammography suite is being developed as a self-contained unit, with tertiary patient spaces (changing/waiting rooms, reception/registration areas, and actual modality suites that depart from the traditional clinical setting. The Applicants propose to provide service areas that are warm, inviting, and comfortable to encourage the patient population to continue a regular breast health program. Solis (co-applicant), has been instrumental in the design of these areas, and their dedication to the services related to breast health/screening, is evident through high patient satisfaction, consumer loyalty, and a willingness to recommend Solis for breast health services.

STATE BOARD STAFF REPORT
#19-013
The University of Chicago Medical Center
Medical Office Building, Orland Park

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	The University of Chicago Medical Center WDT Acquisition Corp. UCMC-Solis Off Campus Mammography Services, LLC
Facility Name	University of Chicago Medical Center MOB
Location	14290 South LaGrange Road, Orland Park
Application Received	March 12, 2019
Application Deemed Complete	March 14, 2019
Review Period Ends	May 13, 2019
Permit Holder	The University of Chicago Medical Center
Operating Entity	The UCMS-Solis Off-Campus Mammography Services, LLC
Owner of the Site	MCWS REC, LLC
Project Financial Commitment Date	June 4, 2021
Departmental Gross Square Footage	7,475 DGSF (3,577 DGSF Clinical)
Project Completion Date	January 1, 2021
Expedited Review	No
Can Applicants Request a Deferral?	Yes
Has the Application been extended by the State Board?	No

I. The Proposed Project

The Applicants (The University of Chicago Medical Center, WDT Acquisition Corp., and the UCMC-Solis Off Campus Mammography Services, LLC) are proposing to establish a Mammography Suite in an existing Outpatient Care Center/Medical Office Building (MOB) at 14290 South LaGrange, Orland Park, at a cost of \$5,674,046. The anticipated completion date as stated in the application for permit is January 1, 2021.

II. Summary of Findings

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

III. General Information

The Applicants are The University of Chicago Medical Center (UCMC), WDT Acquisition Corp., and the UCMC-Solis Off Campus Mammography Services, LLC . The University of Chicago Medical Center is an Illinois not for profit corporation incorporated in 1986.

The University of Chicago Medical Center is an 811-bed not-for-profit bed teaching hospital located at 5841 South Maryland Avenue, Chicago, Illinois. UCMC currently owns and operates two other healthcare facilities identified in page two of this report.

The proposed mammography suite will be located on the fourth floor of an existing medical office building (MOB), at 14290 LaGrange Road, Orland Park, in previously-established shell space. The MOB/mammography suite located in the HSA VII Health Service Area and the A-04 Hospital Planning Area. HSA VII includes suburban Cook and DuPage counties in Illinois. The A-04 Hospital Planning Area includes the Chicago Community Areas of West Pullman, Riverdale, Hegewisch, Ashburn, Auburn Gresham, Beverly, Washington Heights, Mount Greenwood, and Morgan Park, and the Cook County townships of Lemont, Stickney, Worth, Lyons, Palos, Calumet, Thornton, Bremen, Orland, Rich, and Bloom. There are eight (8) hospitals in the A-04 Hospital Planning Area

TABLE ONE
Hospitals in the A-04 Hospital Planning Area

Hospitals	City	Beds ⁽¹⁾
Adventist LaGrange Hospital	LaGrange	141
Advocate Christ Medical Center	Oak Lawn	394
Franciscan St. James Health-Olympia Fields	Olympia Fields	157
Ingalls Memorial Hospital	Harvey	298
Little Company of Mary Hospital	Evergreen Park	208
MetroSouth Medical Center	Blue Island	242
Palos Community Hospital	Palos Heights	306

1. Information from 2017 Hospital Profiles

This is a non-substantive project subject to a Part 1110 and Part 1120 review. Financial commitment will occur after permit issuance. A non-substantive project is all projects not classified as substantive or emergency projects.

IV. Project Details

The Applicants (The University of Chicago Medical Center, WDT Acquisition Corp., and the UCMC-Solis Off Campus Mammography Services, LLC) are proposing to establish mammography suite in an existing outpatient care center/medical office building in 7,475 GSF of formerly established shell space (Project #14-023), in Orland Park. The facility will be located on the fourth (4) floor of the University of Chicago medical office building, and will include the following Imaging Services: Mammography, Ultrasound, and Bone Density Scanner (DEXA). The proposed project will increase access to high-quality screening and diagnostic mammography, in an area where there is unmet demand and disparate distribution of resources.

The proposed outpatient care center will consist of 7,475 GSF of space, with 3,577 GSF designated as being reviewable/clinical, and 3,898 GSF designated as non-reviewable/non-clinical.

V. Project Uses and Sources of Funds

The Applicants are funding this project with cash/securities of \$4,428,989, and the fair market value of leases totaling \$1,245,057. Based on the financing instruments utilized, the project is considered to be internally funded.

TABLE TWO
Project Costs and Sources of Funds

Project Uses	Reviewable	Non-Reviewable	Total	% of Total
New Construction Contracts	\$1,111,070	\$1,408,536	\$2,159,606	39%
Contingencies	\$111,107	\$140,854	\$251,961	5.40%
Architectural & Engineering Fees	\$126,495	\$160,362	\$286,857	6%
Consulting and Other Fees	\$162,850	\$69,325	\$232,175	5%
Movable or Other Equipment	\$518,587	\$220,000	\$728,587	13.80%
Other Costs to Be Capitalized	\$239,615	\$160,188	\$399,803	8%
Fair Market Value Leased Space	\$1,082,812	\$162,245	\$1,245,057	22.80%
Total Uses of Funds	\$3,352,536	\$2,321,510	\$5,674,046	100.00%
Project Sources of Funds	Reviewable	Non-Reviewable	Total	% of Total
Cash/Securities	\$2,269,724	\$2,159,265	\$4,428,989	78%
Leases (Fair Market Value)	\$1,082,812	\$162,245	\$1,245,057	22%
Total Sources of Funds	\$3,352,536	\$2,321,510	\$5,674,046	100.00%

VI. Costs Space Requirements

The Applicants are proposing 7,475 GSF for the Mammography suite. The entirety of this spatial configuration will consist of newly built-out space. Board Staff notes that 3,577 GSF (48%), of the 7,475 GSF will be classified as clinical.

TABLE THREE
Cost/Space Requirements for Construction

Reviewable/Clinical	Cost	Proposed	New Construction	% of Total
Imaging	\$3,352,536	3,577	3,577	48%
Non-Reviewable/Non-Clinical	Cost	Proposed	New Construction	% of Total
Public Access Space	\$2,321,510	3,898	3,898	52%
GRAND TOTAL	\$5,674,046	7,475	7,475	100%

VII. Background of the Applicants

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

To demonstrate compliance with this criterion, the Applicants must provide

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. "Adverse Action" means 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.

1. The Applicants provided a listing with license and certification data of all health care facilities owned or operated by the Applicants at page 49 of the application for permit.
2. No adverse actions have been taken against any facility owned and/or operated by the Applicants. [Application for Permit pages 57-59]
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify information submitted has been provided at Application for Permit pages 60-62.
4. The University of Chicago Medical Center, A Domestic Corporation, Incorporated under the Laws of This State On October 1, 1986, is in Good Standing as a Domestic Not-for-Profit Corporation in the State of Illinois.
5. UCMC-Solis Off-Campus Mammography Services, LLC, A Limited-Liability Corporation, Incorporated under the Laws of This State On February 13, 2019, is in Good Standing as a Domestic Not-for-Profit Corporation in the State of Illinois.
6. WDT Acquisition Corp., Incorporated under the Laws of the state of Delaware as of March 7, 2019, is in Good Standing as a Domestic Corporation in the State of Delaware.
7. Evidence of Site Ownership was provided at page 33-34 of the Application for Permit.
8. The Applicants are in compliance with Executive Order #2006-05 and the Illinois Historic Preservation Agency.
9. All required reports have been provided to the State Board as required.

VIII. Purpose Of The Project, Safety Net Impact Statement, Alternatives To The Project

These three (3) criteria are informational only. No determination on whether the Applicants have met the requirements of the three (3) criteria is being made by the State Board Staff.

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. The applicant shall define the planning area or market area, or other, per the applicant's definition.

“The Applicants seek to build out a dedicated Mammography suite with a comprehensive line of women’s imaging services consisting of one mammography machine (digital breast 3-D tomosynthesis), an ultrasound device which will be used by the radiologist following diagnostic scans and also for biopsy targeting, and a bone density scanner (DEXA) The purpose of the project is to increase patient’s access to high quality screening and diagnostic mammography, for which there is an unmet demand and a disparate distribution of resources, alongside any necessary treatment modalities for medical care. The Applicants also seek to overcome barriers that prevent women from getting annual or regular breast health screenings as part of a comprehensive preventative health program, as well as complementary diagnostic testing, by keeping patient safety, patient experience, and patient convenience foremost in mind.”

B) Criterion 1110.110 (c) – Safety Net Impact Statement

All health care facilities, with the exception of skilled and intermediate long-term care facilities licensed under the Nursing Home Act [210 ILCS 45], shall provide a safety net impact statement, which shall be filed with an application for a substantive project (see Section 1110.40). *Safety net services are the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation.*

This project is considered a non-substantive project. Non-substantive projects are not required to submit a safety net impact statement, only projects that are deemed substantive projects. Non-substantive projects are all projects that are not classified as either substantive or emergency.

Substantive projects shall include no more than the following:

- a. *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.*
- b. *Projects proposing a new service or discontinuation of a service, which shall be reviewed by the Board within 60 days.*
- c. *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 Applicants provided charity care information for the University of Chicago Medical Center as required.

TABLE FOUR Charity Care Information			
	University of Chicago Medical Center		
Charity (# of Patients)	2016	2017	2018
Inpatient	376	380	363
Outpatient	15,894	16,335	12,050
Total	16,270	16,715	12,413
Charity (Cost in Dollars)	2016	2017	2018
Inpatient	\$10,633,000	\$6,657,903	\$9,410,323
Outpatient	\$11,367,000	\$10,923,724	\$8,826,675
Total	\$22,000,000	\$17,581,627	\$18,236,998
Medicaid (# of Patients)	2016	2017	2018
Inpatient	9,643	10,320	11,757
Outpatient	117,381	131,617	141,252
Total	127,024	141,937	153,009
Medicaid (Revenue)	2016	2017	2018
Inpatient	\$201,530,000	\$252,482,000	\$243,583,000
Outpatient	\$70,772,000	\$92,828,000	\$98,857,000
Total	\$272,302,000	\$345,310,000	\$342,440,000
Application p. 212			

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

To demonstrate compliance with this criterion the Applicants must document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

The Applicants considered four (4) alternatives to the proposed project.

Alternative 1: Project of Greater or Lesser Scope

The Applicants considered a project consisting of two mammography machines, resulting in higher spatial allotments and project costs. The Applicants rejected this alternative since the projected patient volume would not support the additional mammography unit. Reported price: \$6.2 million dollars. The Applicants considered eliminating the DEXA scanner as part of a project of lesser scope. This would result in decreased project costs. However, the Applicants realized the presence of DEXA scanning in the proposed facility would be a convenience to women using the mammography suite, and is an important aspect of women's health screening. Reported price: \$5.6 million dollars. Based on the noted realities of these alternatives, both were rejected by the Applicants.

Alternative 2: Joint Venture with Other Providers

The Applicants note that a joint venture with other parties was considered, and is actually being pursued. The joint venture is with Solis (co-applicant), a health care entity that

specializes in breast health and women’s diagnostic imaging. UCMC acknowledges the benefit of having the level of expertise provided by Solis, for their patient base. The Applicants note the cost of this alternative is \$5,674,046.

Alternative 3: Utilize Other Available Health Resources

The Applicants note the existing presence of a mammography (tomosynthesis), on the third floor of the existing ambulatory care building. If this option were to be pursued, (leaving the mammography service on floor #3), there would be no additional cost. However, there would be no room for diagnostic work, no sub-waiting for gowned patients, no room for growth, and an inability to provide the level of care otherwise realized with the option chosen. This alternative was dismissed.

Alternative 4: Alternative as Proposed

The Applicants note the project as proposed provides a self-contained and dedicated suite for women’s imaging services, in a modernized, non-institutional setting. The Applicants note their vision for women’s health care, combined with the expertise and service history of Solis, will serve as a model to the high level of patient care and satisfaction that UCMC provides. Cost of this alternative: \$5,674,046.

IX. Size of the Project, Projected Utilization and Assurances

A) Criterion 1110.120 (a) – Size of the Project

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

The Applicants propose to establish a mammography suite in existing shell space at an existing Medical Office Building located at 14290 South LaGrange Road, Orland Park, offering the services identified below. Of all of the services listed, only Imaging is considered clinical/reviewable. Table Four identifies reviewable services, the current size, and its applicability to the state standard.

TABLE FIVE				
Size of the Project				
Service	Proposed	State Standard	Difference	Met Standard?
Imaging				
Mammography	2,356	900	1,456	No
Breast Ultrasound	570	900	(330)	Yes
DEXA (Bone Density)	651	900	(249)	Yes
Total Imaging	3,577	2,700	877	No

The Applicants note that the mammography suite is being developed as a self-contained unit, with tertiary patient spaces (changing/waiting rooms, reception/registration areas, and actual modality suites that depart from the traditional clinical setting. The Applicants propose to provide service areas that are warm, inviting, and comfortable to encourage

the patient population to continue a regular breast health program. Solis (co-applicant), has been instrumental in the design of these areas, and their dedication to the services related to breast health/screening, is evident through high patient satisfaction, consumer loyalty, and a willingness to recommend Solis for breast health services. However, the clinical areas do exceed the state standard for project size by 877 GSF. Based on this overage, a negative finding results.

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

B) Criterion 1110.120 (b) –Projected Utilization

To demonstrate compliance with this criterion, the Applicants must document that the projected utilization of the services in which the State Board has established utilization standards will be in conformance with the standards published in Part 1110 Appendix B.

The Applicants are proposing to establish a mammography suite in existing shell space in the University of Chicago Medical Center (UCMC), outpatient care center, located in Orland Park. Of the three modalities with utilization standards, it appears Table five presents data that proves the Applicants viable historic patient volume, as well as projected patient volume. A positive finding results.

TABLE SIX Project Utilization				
Service	Historic* 2018	Projected* 2022	State *Standard Per unit	Met Standard?
Mammography (1 Unit)	917	5,069	5,000	Yes
Breast Ultrasound (1 Unit)	0	845	3,100	Yes
DEXA (Bone Densitometry) (1 Unit)	0	528	N/A	N/A
*Visits				

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

X. Clinical Services Other than Categories of Service

A) Criterion 1110.270 (b) – Need Determination-Service Modernization

The applicant shall describe how the need for the proposed establishment was determined by documenting the following:

1. Service to Planning Area Residents
2. Service Demand

The proposed services are being relocated and established in shell space at an existing medical office building in Orland Park. The purpose of relocating the mammography service, and establishing Breast Ultrasound and Dexa Scan services at the facility are to

provide better patient care to the patient population served by University of Chicago Medical Center (UCMC), and its mammography/breast health programs.

1) Changes in Service

The Applicants propose to relocate its mammography suite from its current 3rd floor location, to built-out shell space on the 4th floor of the same Medical Office Building (MOB). The current mammography site comprises 313 GSF of clinical space, with two patient changing rooms nearby. Currently, there are no reading rooms or spaces to perform diagnostic mammograms or breast biopsies. Services that are instrumental to a viable breast health center. The Applicants propose to relocate its mammogram suite, and establish Breast Ultrasound, and DEXA (Bone Densitometry) scanning services in an effort to provide comprehensive breast health screenings/exams. These services will be offered in a modernized, non-clinical environment, in an effort to promote patient satisfaction and regular breast health screenings.

2) Major Medical Equipment

The Applicants note there will be no new major medical equipment introduced in regard to this project.

3) Utilization

The historical and projected utilization volume from the three breast imaging modalities are identified in Table Five. Each of these modalities will involve the utilization of one imaging unit. While it appears the breast ultrasound modality has low utilization data. The utilization (both historical and projected), proves the necessity for one unit..

THE STATE BOARD STAFF FINDS PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SERVICE MODERNIZATION (77 IAC 1110.270 (d)(1))

XI. Financial Viability

A) Criterion 1120.120 - Availability of Funds

B) Criterion 1120.130 – Financial Viability

To demonstrate compliance with these criteria the Applicants must document sufficient cash to fund the proposed project and that the Applicants are financially viable.

The Applicants are funding this project with cash/securities totaling \$4,428,989, and the fair market value of leases totaling \$1,245,057. The applicant (University of Chicago Medical Center), has supplied Audited Financial Statements and the results shown in Table Six prove the Applicants have sufficient cash to fund the cash portion of the modernization. Additionally, UCMC has received “Aa3” Bond Rating from Moody’s Investors Services in a report dated May 4, 2018, an AA- rating from Fitch Ratings Service dated June 18, 2018, and an AA- rating from Standard & Poors Global Ratings Service dated January 31, 2018(application pgs.89-102). Board staff notes all three A-Bond Ratings in the application are within 18 months age restriction and it appears the Applicants have sufficient funds available to fund this proposed project.

TABLE SEVEN University of Chicago Medical Center Years ended August, 2016, 2015 (in thousands)		
	2016	2015
Cash	\$20,335	\$163,969
Current Assets	\$428,068	\$443,117
Total Assets	\$2,826,658	\$2,802,568
Current Liabilities	\$359,292	\$317,750
LTD	\$850,252	\$868,008
Total Liabilities	\$1,511,005	\$1,441,021
Net Patient Revenue	\$1,574,252	\$1,493,816
Total Revenues	\$1,616,634	\$1,543,293
Income from Operations	\$85,574	\$110,365
Net Income	(\$143,634)	\$84,271
Source: UCMC Audited Financial Statement, Application, pgs 103-203		

XII. Economic Feasibility

A) Criterion 1120.140(a) – Reasonableness of Financial Arrangements

B) Criterion 1120.140(b) –Terms of Debt Financing

To demonstrate compliance with this criterion the Applicants must document the terms of the debt financing and attest the financing will be at the lowest cost available to the Applicants.

The Applicants are funding this project with cash/securities totaling \$4,428,989, and the fair market value of leases totaling \$1,245,057. The applicant (University of Chicago Medical Center), has supplied Audited Financial Statements and the results shown in Table Six prove the Applicants have sufficient cash to fund the cash portion of the modernization. Additionally, UCMC has received “Aa3” Bond Rating from Moody’s Investors Services in a report dated May 4, 2018, an AA- rating from Fitch Ratings Service dated June 18, 2018, and an AA- rating from Standard & Poors Global Ratings Service dated January 31, 2018(application pgs.89-102). Board staff notes all three A-Bond Ratings in the application are within 18 months age restriction and it appears the Applicants have sufficient funds available to fund this proposed project without seeking debt financing.

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

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

To demonstrate compliance with this criterion the Applicants must document that the project costs are reasonable by the meeting the State Board Standards in Part 1120 Appendix A.

Only Clinical Costs are reviewed in this criterion. The clinical gross square footage for new construction is 3,577 GSF. The Applicants have met the State Board Standards for the following criteria, and a positive finding results.

New Construction and Contingencies – These costs total \$1,111,070 or \$310.61 GSF. (\$1,111,070/3,577=\$310.61). This appears reasonable when compared to the State Board Standard of \$471.15/GSF [new construction 2020 mid-point of construction].

Contingencies – These costs total \$111,107 and are 10% of new construction costs. This appears reasonable when compared to the State Board Standard of 10%.

Architectural and Engineering Fees – These costs total \$126,495 and are 10.3% of new construction and contingencies. These costs appear reasonable when compared to the State Board Standard of 7.62% -11.44%.

Consulting and Other Fees – These costs are \$126,850. The State Board does not have a standard for these costs.

Movable Equipment – These costs total \$518,587 and are not reviewable by the State Board (hospital).

Fair Market Value of Leased Space or Equipment – These costs total \$1,082,812. The State Board does not have a standard for these costs.

Other Costs to be Capitalized – These costs total \$239,615. The State Board does not have a standard for these costs.

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

D) Criterion 1120.140(d) – Direct Operating Costs

E) Criterion 1120.140(e) – Effect of the Project on Capital Costs

The Applicants are currently an operating entity. These criteria do not apply, because there are no applicable utilization criteria associated with this project.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA DIRECT OPERATING COSTS AND EFFECT OF THE PROJECT ON CAPITAL COSTS (77 IAC 1120.140(d) and (e))

Moody's Rating Methodology

1. **Aaa** - Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.
2. **Aa** - Obligations rated Aa are judged to be of high quality and are subject to very low credit risk. Obligations rated A are judged to be upper-medium grade and are subject to low credit risk. Baa Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
3. **Ba** - Obligations rated Ba are judged to be speculative and are subject to substantial credit risk. B Obligations rated
4. **B** - are considered speculative and are subject to high credit risk.
5. **Caa** - Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.
6. **Ca** - Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
7. **C** - Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. [<https://www.moody's.com/Pages/rr003006001.aspx>]

<u>Ownership, Management and General Information</u>			<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Sharon O'Keefe		White	33.3%	Hispanic or Latino:	6.6%
ADMINSTRATOR PHONE	773-702-8908		Black	57.8%	Not Hispanic or Latino:	90.9%
OWNERSHIP:	The University of Chicago Medical Center		American Indian	0.2%	Unknown:	2.5%
OPERATOR:	The University of Chicago Medical Center		Asian	2.1%		
MANAGEMENT:	Not for Profit Corporation		Hawaiian/ Pacific	0.2%	IDPH Number:	3897
CERTIFICATION:			Unknown	6.3%	HPA	A-03
FACILITY DESIGNATION:	General Hospital				HSA	6
ADDRESS	5841 S. Maryland Avenue	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	506	403	371	17,667	117,312	3,754	6.9	331.7	65.6	82.3
0-14 Years				33	69					
15-44 Years				4,252	26,630					
45-64 Years				6,928	45,935					
65-74 Years				3,694	25,926					
75 Years +				2,760	18,752					
Pediatric	60	60	57	3,243	15,240	1,424	5.1	45.7	76.1	76.1
Intensive Care	146	125	106	6,857	33,077	142	4.8	91.0	62.3	72.8
Direct Admission				5,667	25,937					
Transfers				1,190	7,140					
Obstetric/Gynecology	46	32	29	2,656	5,929	101	2.3	16.5	35.9	51.6
Maternity				2,656	5,929					
Clean Gynecology				0	0					
Neonatal	53	53	46	872	14,851	0	17.0	40.7	76.8	76.8
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	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	30					5129				
Facility Utilization	811			30,105	186,409	10,550	6.5	539.6	66.5	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	34.1%	34.3%	0.0%	29.7%	0.7%	1.3%	
	10256	10320	0	8946	203	380	30,105
Outpatients	33.4%	22.0%	0.0%	40.7%	1.2%	2.7%	
	199392	131617	0	243441	6899	16335	597,684

<u>Financial Year Reported:</u>	7/1/2016 to	6/30/2017	<u>Inpatient and Outpatient Net Revenue by Payor Source</u>				<u>Charity Care Expense</u>	<u>Total Charity Care Expense</u>
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals		
Inpatient Revenue (\$)	27.4%	26.2%	0.0%	46.4%	0.1%	100.0%		17,581,627
	264,371,000	252,482,000	0	447,586,000	673,000	965,112,000	6,657,903	
Outpatient Revenue (\$)	15.8%	10.6%	0.0%	71.1%	2.5%	100.0%		Total Charity Care as % of Net Revenue
	138,359,000	92,828,000	0	622,136,000	21,940,000	875,263,000	10,923,724	1.0%

<u>Birthing Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	2,597		Level I	Level II	Level II+	Kidney:	80
Number of Live Births:	2,547		Beds	8	24	Heart:	33
Birthing Rooms:	0		Patient Days	57	7,209	Lung:	26
Labor Rooms:	0		Total Newborn Patient Days		7,266	Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	5
Labor-Delivery-Recovery Rooms:	9					Liver:	30
Labor-Delivery-Recovery-Postpartum Rooms:	0		<u>Laboratory Studies</u>			Total:	174
C-Section Rooms:	2		Inpatient Studies		4,083,034		
CSections Performed:	689		Outpatient Studies		3,072,731		
			Studies Performed Under Contract		138,298		

Surgery and Operating Room Utilization

Surgical Specialty	Operating Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	1	1	802	16	5788	63	5851	7.2	3.9
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	26	7	0	33	5816	7002	19397	14336	33733	3.3	2.0
Gastroenterology	0	0	0	0	12	37	56	116	172	4.7	3.1
Neurology	0	0	0	0	843	209	4242	538	4780	5.0	2.6
OB/Gynecology	0	0	0	0	1551	1219	5394	2849	8243	3.5	2.3
Oral/Maxillofacial	0	0	0	0	1	0	2	0	2	2.0	0.0
Ophthalmology	0	0	0	0	41	1618	108	2239	2347	2.6	1.4
Orthopedic	0	0	0	0	1689	2167	6653	5078	11731	3.9	2.3
Otolaryngology	0	0	0	0	699	1865	2641	4336	6977	3.8	2.3
Plastic Surgery	0	0	0	0	843	667	3853	1899	5752	4.6	2.8
Podiatry	0	0	0	0	0	0	0	0	0	0.0	0.0
Thoracic	0	0	0	0	227	58	1063	140	1203	4.7	2.4
Urology	0	1	0	1	1062	1559	4525	2781	7306	4.3	1.8
Totals	26	8	1	35	13586	16417	53722	34375	88097	4.0	2.1

SURGICAL RECOVERY STATIONS

Stage 1 Recovery Stations

77

Stage 2 Recovery Stations

0

Dedicated and Non-Dedicated Procedure Room Utilization

Procedure Type	Procedure Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	13	13	3207	13242	2405	9932	12337	0.7	0.8
Laser Eye Procedures	0	1	0	1	0	314	0	314	314	0.0	1.0
Pain Management	0	0	1	1	80	4781	40	2391	2431	0.5	0.5
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0

Multipurpose Non-Dedicated Rooms

C-section					689	0	1722	0	1722	2.5	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

Certified Trauma Center	Yes
Level of Trauma Service	Level 1
	Child
Operating Rooms Dedicated for Trauma Care	1
Number of Trauma Visits:	304
Patients Admitted from Trauma	207
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	63
Persons Treated by Emergency Services:	99,104
Patients Admitted from Emergency:	14,619
Total ED Visits (Emergency+Trauma):	99,408

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	597,684
Outpatient Visits at the Hospital/ Campus:	578,242
Outpatient Visits Offsite/off campus	19,442

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	6
Cath Labs used for Angiography procedures	0
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	3

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	7,174
Diagnostic Catheterizations (0-14)	29
Diagnostic Catheterizations (15+)	3,392
Interventional Catheterizations (0-14):	24
Interventional Catheterization (15+)	1,951
EP Catheterizations (15+)	1,778

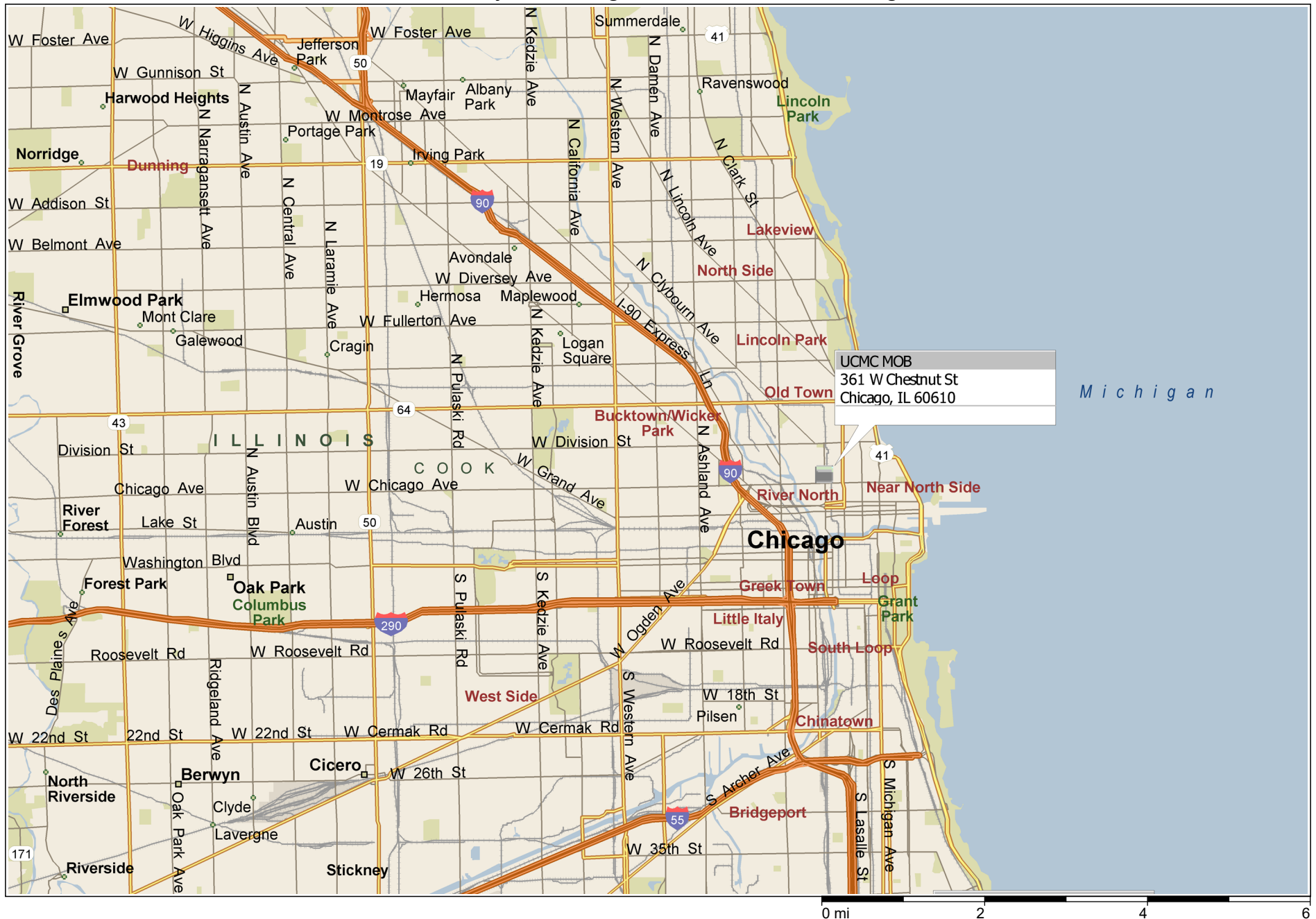
Cardiac Surgery Data

Total Cardiac Surgery Cases:	799
Pediatric (0 - 14 Years):	10
Adult (15 Years and Older):	789
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	209

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

	Owned Contract		Inpatient	Outpt	Contract		Owned Contract		
General Radiography/Fluoroscopy	20	0	93,773	47,446	0	Lithotripsy	0	0	0
Nuclear Medicine	6	0	1,253	3,579	0	Linear Accelerator	4	0	19,318
Mammography	4	0	144	14,455	0	Image Guided Rad Therapy			17,254
Ultrasound	7	0	5,591	6,978	0	Intensity Modulated Rad Thrpy			12,495
Angiography	6	0				High Dose Brachytherapy	1	0	277
Diagnostic Angiography			182	353	0	Proton Beam Therapy	0	0	0
Interventional Angiography			2,558	3,190	0	Gamma Knife	0	0	0
Positron Emission Tomography (PET)	1	0	214	2,049	0	Cyber knife	0	0	0
Computerized Axial Tomography (CAT)	8	0	27,308	23,259	0				
Magnetic Resonance Imaging	9	0	6,529	16,020	0				

19-013 The University of Chicago Medical Office Building - Orland Park



Copyright © and (P) 1988–2012 Microsoft Corporation and/or its suppliers. All rights reserved. <http://www.microsoft.com/mappoint/>

Certain mapping and direction data © 2012 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2012 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2012 by Applied Geographic Solutions. All rights reserved. Portions © Copyright 2012 by Woodall Publications Corp. All rights reserved.