



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-07	BOARD MEETING: October 22, 2019	PROJECT NO: 19-037	PROJECT COST: Original: \$240,886,288
FACILITY NAME: Provident Hospital		CITY: Chicago	
TYPE OF PROJECT: Non-Substantive			HSA: VI

PROJECT DESCRIPTION: The Applicants (Cook County and Provident Hospital of Cook County) propose the modernization of Provident Hospital an 85-bed hospital in Chicago, Illinois. The cost of the project is \$240,886,288 and the expected completion date is April 1, 2023.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Cook County and Provident Hospital of Cook County) propose the modernization of Provident Hospital an 85-bed hospital in Chicago, Illinois. The cost of the project is \$240,886,288 and the expected completion date is April 1, 2023. Once the modernization has been completed the old building will be demolished.
- As part of the modernization the Applicants are reducing the number of medical surgical beds from 79-beds to 42-beds and retaining the 6 intensive care beds for a total of 48-beds. Additionally, the Hospital will transition from a basic emergency department to a comprehensive emergency department.
- Board Staff Note: Provident Hospital did not report utilization for the intensive care category of service for the years 2013-2017. The Hospital closed the unit in 2010 as all critical care patients were being treated at Stroger Hospital. Under an Agreement with the State Board the six-bed intensive care unit is being maintained. The 6-bed unit was reestablished in May 2019.

BACKGROUND:

- Provident Hospital was constructed in 1981 along with three additional buildings-one of which is currently vacant and used for storage (Sengstacke Building). Provident Hospital was deeded to the County by the US Department of Housing and Urban Development in 1990 and was opened in 1993 after major renovations of the Hospital. The Hospital sits on 4.5 acres. Building Codes in effect at that time were generally less stringent than the codes in effect today. IDPH licensure standards and NFPA¹ requirements (enforced by IDPH and CMS) have been revised. Modification to the existing building as well as new construction would require compliance with current codes. The existing Provident Hospital was constructed prior to the adoption of the Americans with Disabilities Act (ADA). According to the Applicants, the existing facility is generally inadequate to meet the needs of persons with disabilities.
- A study authorized by the County in 2014 of the existing Provident Hospital concluded that:
 - Major infrastructure systems have exceeded their useful lives and need replacement - at an estimated cost of \$103.5 million;
 - For its current needs, the building space is inefficient and underutilized - nearly twice the square footage than would be needed in a properly configured structure;
 - The operating costs of the building were excessively high - an excess of approximately \$50 million over 20 years, compared to national benchmarks; and
 - The 20-year operation of a replacement structure would be more cost effective than modifying the existing -- \$242 million versus \$298 million.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The Applicants propose to modernize an existing health care facility (hospital) in excess of the capital expenditure minimum (\$13,743,450) as defined by the Illinois Health Facilities Planning Act (20 ILCS 3960/3). Per the Statute cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process (20 ILCS 3960/2).

¹ NFPA – National Fire Protection Association

CHARITY CARE Cook County Health and Hospital System			
	FY2016	FY 2017	FY 2018
Net Patient Revenue	\$531,185,161	\$593,149,098	\$597,130,941
Amount of Charity Care (charges)	\$459 346 842	\$432 423,926	\$560,341,410
Cost of Charity Care	\$323,704,853	\$298 193,686	\$410 704 378
Charity Care/Net Revenue	61%	50%	69%

PUBLIC HEARING/COMMENT:

- A public hearing was offered on this project; however, no hearing was requested. Letters of support were received from the following:
 - Mt. Pisgah MBC Chicago
 - North Washington Park Manor
 - Alderman Pat Dowell
 - Alderman Sophia D. King
 - Barrett Hatches
 - Burke Elementary School
 - Centers for New Horizon
 - Chicago Family Health Centers
 - Commissioner Bill Lowry
 - Congressman Bobby Rush
 - Provident Hospital Woman's Auxiliary
 - Robert SengStacke Abbott Foundation
 - State Representative Kam Buckner
 - State Senator Robert Peters
 - Cook County Board of Commissioners President Toni Preckwinkle
 - TRC Senior Village
 - Walter D. Wyatt School of the Arts
 - The University of Chicago Medical Center

No opposition letters were received by the State Board.

SUMMARY:

- This project is considered a modernization of an existing hospital. The State Board defines modernization as a modification of an existing health care facility by means of building, alteration, reconstruction, remodeling, replacement and/or expansion, the erection of new buildings, or the acquisition, alteration or replacement of equipment. [77 ILAC 1100.220] As part of the Board Staff's review of a hospital modernization project there is no consideration of excess beds in the planning area or the under underutilization of existing services at existing hospitals in the planning area. For a modernization project of a hospital the Board Staff considers the obsolescence of the facility, the need to update the facility for code and licensure requirements, a change in standards of care (moving from double to single occupancy) at the facility and the utilization of the facility.
- The Applicants historic utilization does not warrant the number of medical surgical beds being proposed or the number of general radiology units, ultrasound units, outpatient clinics, emergency rooms, and surgery rooms being requested.

Service	Proposed	Justified ⁽¹⁾
Medical Surgical Beds	42	17
General Radiology Units	3	2
Ultrasound Units	2	1
Outpatient Clinics	70	45
Emergency Rooms	18	16
Surgery Rooms	8	3
1. Justification based upon historical utilization		

- The Applicants justify the number of beds, units, clinics and emergency and surgery rooms being requested to the establishment of new services at the Hospital, expected increase in admissions, expected increase in emergency department visits, and the re-distribution of both inpatient admissions and outpatient visits from Stroger Hospital to Provident Hospital. According to the Applicants, 60% of Stroger's utilization is from Provident's catchment area. The Applicants have stated that the projected volumes are based on historical data as well as anticipated increases in volumes related to new and expanded services. Patients will be diverted from Stroger to Provident based on the needs of the patients. This redistribution is intended to improve patient satisfaction, the quality of patient services and provide more effective services within both Provident and Stroger.
- The Applicants addressed a total of 17 criteria and have failed to meet the following:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
Criterion 77 ILAC 1110.120 (a) – Size of the Project	The Applicants exceed the GSF standard for both the medical surgical and intensive care category of service. (see pages 12-13 of this report)
Criterion 77 ILAC 1110.220 (d) (1) (2) (3) (4)-Category of Service Modernization	The number of medical surgical beds (42-beds) being requested exceed the number of beds warranted by the historic utilization (17-beds) based upon the Board Standard of 75%. (see pages 14-16 of this report)
Criterion 77 ILAC 1110.220 (f) – Performance Requirements	The number of medical surgical beds being requested (42-beds) do not meet the 100-bed standard for a hospital located in a MSA. (see page 16-18 of this report)
Criterion 77 ILAC 1110.270 (c) (1) (2) (3) -Clinical Services Other than Categories of Services Modernization	The Applicants historical utilization does not warrant the number of general radiology units, ultrasound, outpatient clinics, emergency rooms, and surgery rooms. (see pages 17-22 of this report)
Criterion 77 ILAC 1120.140 (c) – Reasonableness of Project Costs	The Applicants exceed the State Board Standard for new construction and contingencies by \$11.96. (see page 24 of this report)

STATE BOARD STAFF REPORT
Project 19-037
Provident Hospital of Cook County

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants	Cook County, Provident Hospital of Cook County
Facility Name	Provident Hospital of Cook County
Location	500 East 51 st Street, Chicago, Illinois
Permit Holder	Cook County, Provident Hospital of Cook County
Licensee/Operating Entity	Provident Hospital of Cook County
Owner of Site	Cook County
Total GSF	139,692 GSF
Application Received	July 30, 2019
Application Deemed Complete	August 12, 2019
Review Period Ends	October 11, 2019
Financial Commitment Date	October 22, 2021
Project Completion Date	April 1, 2023
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes
Expedited Review?	No

I. Project Description

The Applicants (Cook County and Provident Hospital of Cook County) propose the modernization of Provident Hospital an 85-bed hospital in Chicago, Illinois. The cost of the project is \$240,886,288 and the expected completion date is April 1, 2023. Once the modernization has been completed the old building will be demolished.

II. Summary of Findings

- A. State Board Staff finds the proposed project not in conformance with the provisions of 77 ILAC 1110 (Part 1110).
- B. State Board Staff finds the proposed project not in conformance with the provisions of 77 ILAC 1120 (Part 1120).

III. General Information

The Applicants are Cook County and Provident Hospital of Cook County. Cook County Health and Hospital System (“CCHHS”) is an agency of Cook County. Cook County Health and Hospitals System receives various tax and County subsidies to operate. Cook County Health and Hospitals System includes the following entities: John H. Stroger, Jr. Hospital of Cook County, Oak Forest Health Center, CountyCare. Provident Hospital, The Cook County Department of Public Health, The Bureau of Health Services the Ambulatory Community Health Network, the Ruth Rothstein Core Center and Cermak Health Services of Cook County. The Board of Commissioners of Cook County are responsible for the operation of the Cook County Health and Hospitals System (page 427 of Application for Permit). Provident Hospital of Cook County is the licensee and Cook County owns the site.

Table One is the amount of charity care provided by Cook County Health and Hospitals System for the past three fiscal years.

TABLE ONE CHARITY CARE Cook County Health and Hospital System			
	FY2016	FY 2017	FY 2018
Net Patient Revenue	\$531,185,161	\$593,149,098	\$597,130,941
Amount of Charity Care (charges)	\$459 346 842	\$432 423,926	\$560,341,410
Cost of Charity Care	\$323,704,853	\$298 193,686	\$410 704 378
Charity Care/Net Revenue	61%	50%	69%

IV. **Health Planning Area**

Provident Hospital is in Health Service Area HSA VI and A-03 Hospital Planning Area. There are nine acute care hospitals in A-03 Hospital Planning Area. The estimated population in the planning area is 783,560 (2017-Est.). There is currently a calculated excess of 633 medical surgical beds and 11 intensive care beds in the A-03 Hospital Planning Area.

TABLE TWO Hospitals in the A-03 Planning Area ⁽¹⁾				
Hospitals	M/S Beds	Occupancy	ICU Beds	Occupancy
Advocate Trinity Hospital	158	53.44%	24	33.12%
Holy Cross Hospital	204	47.65%	20	99.10%
Jackson Park Hospital & Medical Center	144	33.79%	8	73.39%
Mercy Hospital & Medical Center	289	38.28%	30	26.14%
Provident Hospital of Cook County	79	14.75%	6	0.00%
Roseland Community Hospital	77	49.94%	10	56.88%
South Shore Hospital	114	57.27%	8	66.75%
St. Bernard Hospital	104	48.68%	10	41.48%
University of Chicago Medical Center	506	65.55%	146	62.34%

1. Source: Inventory of Health Care Facilities and Services and Need Determinations September 2019

V. Project Uses and Sources of Funds

The Applicants are funding this project with cash in the amount of \$35,528,228 and a bond issue of \$205,358,060. The cost of the land was \$936,000. All other Project Costs have been distributed among Clinical (Reviewable) and Non-Clinical (Non-Reviewable) based upon the percentages they represent of total costs. The Reviewable costs are 37.1% and Non-Reviewable costs are 62.9%.

TABLE THREE
Project Uses and Sources of Funds

Use of Funds	Reviewable	Non-Reviewable	Total	% of Total
Preplanning Costs	\$736,174	\$1,246,435	\$1,982,609	0.82%
Site Survey and Soil Investigation	\$46,786	\$79,214	\$126,000	0.05%
Site Preparation	\$390,954	\$661,934	\$1,052,888	0.44%
New Construction Contracts	\$59,132,825	\$100,119,264	\$159,252,089	66.11%
Contingencies	\$5,913,282	\$10,011,926	\$15,925,208	6.61%
Architectural/Engineering Fees	\$3,526,769	\$5,971,261	\$9,498,030	3.94%
Consulting and Other Fees	\$2,558,722	\$4,332,235	\$6,890,957	2.86%
Movable or Other Equipment	\$27,359,484	\$7,245,960	\$34,605,444	14.37%
Bond Issuance Expense	\$593,600	\$1,006,400	\$1,600,000	0.66%
Net Interest Expense During Construction	\$3,692,586	\$6,260,476	\$9,953,062	4.13%
Total Use of Funds	\$103,951,183	\$136,935,105	\$240,886,288	100.00%
Total Sources of Funds	Reviewable	Non-reviewable	Total	% of Total
Cash	\$15,331,721	\$20,196,507	\$35,528,228	14.75%
Bonds	\$88,619,462	\$116,738,598	\$205,358,060	85.25%
Total Sources of Funds	\$103,951,183	\$136,935,105	\$240,886,288	100.00%

VI. Project Details

The proposed new facility will be constructed west of the current hospital at 500 East 51st Street in Chicago, Illinois. The new construction will be an 8-story building housing both reviewable and non-reviewable services.

- Lower Level will contain central sterile, material management, facility management and security offices.
- Level One will contain the comprehensive emergency department, diagnostic imaging, admittance registration, lobby, and loading dock.
- Level Two will contain cardiac diagnostic, pharmacy, surgery waiting space, mental health outpatient space, ophthalmology space, social work space, and pre-admission testing.
- Level Three will contain operating and procedure/endoscopy rooms, and Phase I and Phase II recovery stations.
- Level Four will contain outpatient rehab area, lifestyle space, and food service.
- Level Five will contain medical surgical and intensive care units and support space.
- Level Six will contain medical surgical unit space and support space.
- Level Seven will contain the sleep lab, dental clinic, social work, and modular outpatient clinic space.
- Level Eight will contain central lab, administration space, and medical staff offices.

VII. Background of the Applicant, Purpose of Project, Safety Net Impact Statement, and Alternatives

A) Criterion 1110.110(a) - Background of the Applicant

To address this criterion the applicants must provide a list of all facilities currently owned in the State of Illinois and an attestation documenting that no adverse actions² have been taken against any applicant's facility by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities and Services Review Board or a certified listing of adverse action taken against any applicant's facility; and authorization to the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of the application for permit.

John H. Stroger Hospital of Cook County and Provident Hospital of Cook County are owned by Cook County. These and other Cook County health facilities are operated by the Cook County Health & Hospitals System, an agency of the County of Cook that is governed by the Cook County Health & Hospitals System Board of Directors. Cook County Health and Hospitals Systems operates John H. Stroger and Provident Hospitals, 14 health centers, 5 pharmacies, and 2 other health services. Stroger and Provident Hospital are currently licensed by the Illinois Department of Public Health and Accredited by the Joint Commission³ (see pages 46-49 of Application for Permit). The Applicants provided the necessary attestation that no adverse action has been taken against any

² "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)

³ The **Joint Commission** is a United States-based nonprofit tax-exempt 501(c) organization^[1] that accredits more than 21,000 US health care organizations and programs.^[2] The international branch accredits medical services from around the world. A majority of US state governments recognize Joint Commission accreditation as a condition of licensure for the receipt of Medicaid and Medicare reimbursements.^[3]

facility owned or operated by the Applicants and authorization allowing the State Board and IDPH access to all information to verify information in the Application for Permit. [Application for Permit page 50]

Evidence of ownership of the property can be found at page 32 of the Application for Permit. The Applicants attested that they were in compliance with Executive Order #2006-05 that requires *all State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of this Order. State Agencies engaged in planning programs or programs for the promotion of development shall inform participants in their programs of the existence and location of Special Flood Hazard Areas and of any State or local floodplain requirements in effect in such areas. Such State Agencies shall ensure that proposed development within Special Flood Hazard Areas would meet the requirements of this Order.* [Application for Permit page 35-37] The proposed location of the facility is in compliance with the Illinois State Agency Historic Resources Preservation Act which requires *all State Agencies in consultation with the Director of Historic Preservation, institute procedures to ensure that State projects consider the preservation and enhancement of both State owned and non-State-owned historic resources* (20 ILCS 3420/1). [Application for Permit page 39-40]

B) Criterion 1110.110(b) - Purpose of the Project

To demonstrate compliance with this criterion the Applicants must document

- 1. 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. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.*
- 5. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.*

The Applicants stated the following in part:

The proposed project is being undertaken to modernize Provident Hospital to provide an up-to-date facility, right-size operations, and meet the healthcare needs of the community and Cook County Health and Hospitals System. Provident Hospital will have 42 medical/surgical beds, 6 ICU beds, and a comprehensive emergency department to provide more acute/emergency services when needed. Provident was designed to adjust to the shift from inpatient to the outpatient setting. Thus, the reduction of beds from 79 to 42.

This project will enable Provident to establish itself as a "New Community Hospital Model" that emphasizes health and wellness, but still able to provide a moderate amount of acute care inpatient and emergency services. This project is necessary to not only maintain viable physical facilities but also provide for the restructuring of services within the System. With this project, Cook County Health and Hospitals System will redistribute patient services from Stroger to Provident based on the needs of the patient. The redistribution will include the following:

- Expanding elective surgery cases at Provident.
- Reestablishing a Comprehensive Emergency Department decreasing the need to transfer patients to Stroger.
- Establishing new outpatient services - Dental, Orthopedics, Bariatrics, Sports Medicine, MRI.
- Expanding primary care and specialty outpatient clinics.

In summary, the Provident modernization project is to replace a facility that is functionally obsolete and consumes excessive maintenance dollars. The new facility is to provide state-of-the-art services and technology for the foreseeable future. It is also imperative that the facility is developed to operate efficiently and effectively. This project is essential to CCHHS, the County, and the community.

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

To demonstrate compliance with this criterion the Applicants must document

- *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.*
- *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.*
- *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.*

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

D) Criterion 1110.110(d) – Alternatives to the Proposed Project

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

The Applicants considered two alternatives to the proposed project.

1. Renovate existing building - total construction costs are \$179,880,640.

This alternative was rejected because the completion date will be later than building a new facility because it would take time to do phased construction of the infrastructure, interiors and enclosure upgrades estimated at 6.5 years starting at the same time as the proposed project and a completion date in roughly the fourth quarter 2025. Renovation provides for greater efficiencies of space for expand services such as dental, orthopedics, and a geriatrics center, with more than 77,000 sf of un-utilized/unprogrammed space. This alternative was rejected as being too costly, too time-consuming and resulting in a structure that did not effectively meet the needs of the patient population

2. Build a Regional Outpatient Center – construction cost \$51,950,000

This option was considered. It would result in the maintenance of Provident, as-is for inpatient services. This option would continue transfers from Provident to Stroger, for comprehensive emergency services, Intensive Care and other services generally associated with a community hospital. This alternative was rejected as not meeting needs of patients within the community

VII. 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 the size of the proposed facility is in compliance with the State Board Standards published in Part 77 ILAC 1110 Appendix B.

The Applicants are proposing a 139,963 DGSF of reviewable space. The 42 medical surgical beds and 6 intensive care beds exceed the State Board Standards. The remainder of the reviewable space is in conformance with the State Board Standards. The Applicants provided an explanation for the difference from the State Board Standard.

Medical Surgical

The 42 Medical Surgical Beds are divided between the Fifth and the Sixth Floors. The fifth floor houses a 6-bed intensive care unit in addition to the Medical Surgical beds. From a reviewable area, 42 medical surgical beds would equate to a total 27,720 DGSF. Medical Surgical Beds total 28,339 DGSF which is an overage of 619 Square Feet. There are two reasons for this overage - first is duplication of support spaces on two floors of Med Surg beds. Second is the quantity of Handicap Accessible/Infection Isolation rooms that have been provided. The physicians covering Provident Hospital feel that there is a risk of a higher proportion of patients who could need respiratory isolation precautions. Within the 42 beds we are currently planning for five Negative Pressure Isolation Rooms this represents a total of 995 Square feet of space for the ante rooms and larger toilet rooms.

Intensive Care

The 6 Bed Intensive Care Unit is on the Fifth Floor of the building adjacent to an 18 bed Medical Surgical Unit. From a reviewable area, 6 Intensive Care beds would equate to a total DGSF of 4,080 Square Feet. Provident Hospital's ICU is 4,554 SF which is an overage of 474 Square Feet. There are two reasons for this overage - first is the inclusion of Respiratory Therapy within the Intensive Care Unit which represents 220 SF. We did not see the need for Respiratory Therapy in the ambulatory or diagnostic and therapeutic floors of the building where it would normally be located; in this facility, it is distinct function for the ICU. Second is the request to provide some private rooms for large family groups to be able to be together away from the general population and out of the patient room - we are providing 3 Inpatient critical care family waiting rooms totaling 326 SF. Together, these represent a total overage of 546 SF.

TABLE FOUR Size of the Project						
Department	Key Rooms	Proposed GSF	State Standard		Difference	Met Standard
			Room	Total		
Medical Surgical	42	28,339	500-660	27,720	619	No
Intensive Care	6	4,554	600-680	4,080	474	No
General Radiology	3	1,594	1,300	3,900	-2,306	Yes
CT	1	1,099	1,800	1,800	-701	Yes
Ultrasound	2	1,541	900	1,800	-259	Yes
Nuclear Medicine	1	1,274	1,600	1,600	-326	Yes
Mammography	2	1,323	900	1,800	-477	Yes
MRI	1	1,380	1,800	1,800	-420	Yes
Outpatient Clinics	70	28,885	800	56,000	-27,115	Yes
Surgery	8	15,672	2,750	22,000	-6,328	Yes
Procedure	4	1,721	1,100	4,400	-2,679	Yes
PACU	12	1,377	160	2,160	-783	Yes
Prep Stage II	33	10,407	400	13,200	-2,793	Yes
ER Department	18	13,316	900	16,200	-2,884	Yes
Cardiac Diagnosis	3	2,658	No Standards			
Sleep	6	2,341				
Pharmacy	1	3,522				
O.P. Rehab	14	7,700				
Pre-Admission Testing	3	2,910				
Central Sterile	1	6,120				
Central Lab	1	2,230				
Total		139,963				

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH SIZE OF THE PROJECT CRITERION (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 facility will be in compliance with the State Board Standards published in Part 77 ILAC 1110 Appendix B two (2) years after project completion.

The Applicants stated that much of the projected growth in utilization at Provident Hospital is attributable to the redistribution of both inpatient admissions and outpatient visits from Stroger Hospital to Provident Hospital. Currently 60% of Stroger's utilization is from Provident Hospital's catchment area. Projected volume is based upon historical data as well as increases in volumes related to new and expanded services at Provident Hospital.

Patients will be diverted from Stroger to Provident based on the needs of the patient to expedite and facilitate easy access to on appropriate complement of prevention, acute intervention, and post-intervention activities within their community. This redistribution is intended to improve patient satisfaction, the quality of patient services and provide more effective services within both Provident and Stroger (see pages 66-72 of the Application for Permit for complete discussion). The Applicants are projecting a 188% increase in medical surgical days by 2025 from 2017, an increase of approximately 36% in general radiology over this same period and an increase of approximately 20% in ER visits and a 200% increase in surgery room hours. It is difficult for the Board Staff to determine if these increases will materialize because the Board Staff does not know the extent of the Health System's diversion of patients from Stroger to Provident. While the increases appear large the Board Staff does recognize that the base year (2017) is very low because of the obsolescence of the current hospital. If the projections materialize the Applicants can meet the standards of the State Board.

TABLE FIVE

Provident Hospital

Projected Utilization

Department	State Standard		Key Rooms	2016	2017	2018	2019	2024	2025	Met Standards
Medical Surgical		Days	42	4,025	4,254	4,591	4,600	11,038	12,264	Yes
Intensive Care		Days	6	0	0	0	892	1,460	1,460	Yes
General Rad.		proc	3	2,316	15,005	15,330	15,156	19,465	20,452	Yes
CT	7,000	visits	1	5,087	5,046	5,023	5,023	7,089	7,798	Yes
Ultrasound	3,100	visits	2	1,414	3,164	3,977	3,977	6,621	7,305	Yes
Nuclear Medicine	2,000	visits	1	436	39	0	0	1,908	2,385	Yes
Mammography	5,000	visits	2	2,728	2,906	3,619	3,619	4,635	5,098	Yes
MRI	2,500	visits	1	0	0	0	0	2,179	2,615	Yes
Outpatient Clinics	2,000	visits	70	62,003	106,221	127,860	112,860	177,574	192,945	Yes
Surgery	1,500	hours	8	4,156	3,505	2,619	3,008	10,923	12,135	Yes
Procedure	1,500	hours	4	0	201	435	394	4,523	4,749	Yes
PACU	No Standard		12							
Prep Stage II	No Standard		33							
ER Department	2,000	visits	18	29,677	28,674	28,828	27,710	33,371	34,372	Yes
Cardiac Diagnosis	No Standard		3		1,370	1,700	1,612	1,737	1,736	
Sleep	No Standard		6		2	589	417	740	841	
Pharmacy	No Standard		1							
O.P. Rehab	No Standard		14	6,139	6,061	6,949				
Pre-Admission Testing	No Standard		3				7,976	8,592	8,721	
Central Sterile	No Standard		1							
Central Lab	No Standard		1							

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

C) Criterion 1110.120(e) – Assurance

To demonstrate compliance with this criterion the Applicants must document that the proposed facility will be in compliance with the State Board Standards published in Part 77 ILAC 1110 Appendix B two (2) years after project completion.

The Applicants have provided the necessary attestation as required at page 95 of the Application for Permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH ASSURANCE CRITERION (77 ILAC 1110.120(e))

VIII. Medical Surgical Intensive Care Modernization

A) Criterion 1110.200 (d) (1) (2) (3) (4) - Category of Service Modernization

1) If the project involves modernization of a category of hospital bed service, the applicant shall document that the inpatient bed areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized, due to such factors as, but not limited to:

- A) High cost of maintenance;*
- B) Non-compliance with licensing or life safety codes;*
- C) Changes in standards of care (e.g., private versus multiple bedrooms); or*
- D) Additional space for diagnostic or therapeutic purposes.*
- 4) Projects involving the replacement or modernization of a category of service or hospital shall meet or exceed the occupancy standards for the categories of service, as specified in 77 Ill. Adm. Code 1100.*

The existing Provident Hospital was assessed in a 2014 study of Cook County Real Estate by US Equities, Epstein and Parsons. That study concluded that:

- Major infrastructure systems have exceeded their useful lives and need replacement – at an estimated cost of \$103.5 million;
- For its current needs, the building space is inefficient and underutilized - nearly twice the square footage than would be needed in a properly configured structure;
- The operating costs of the building were excessively high - an excess of approximately \$50 million over, 20 years, compared to national benchmarks; and
- The 20-year operation of a replacement structure would be more cost effective than modifying the existing - \$242 million versus \$298 million.

The existing Provident Hospital was constructed in circa 1980, with some renovations occurring in the early 1990's when Cook County acquired the facility. Building Codes in effect at that time were generally less stringent than the codes in effect today. IDPH licensing standards and NFPA⁴ requirements (enforced by IDPH and CMS) have been revised. Modification to the existing building as well as new

⁴ National Fire Protection Association

construction would require compliance with current codes, especially NFPA101, 2012 edition.

The existing Provident Hospital was constructed prior to the adoption of the Americans with Disabilities Act (ADA). This Federal Statute was enacted in 1990. As a result, the existing facility is generally inadequate to meet the needs of persons with disabilities in an appropriate manner, by current standards.

Medical Surgical Beds

The Applicant is planning on 42 medical surgical beds at Provident Hospital to support the needs of the community and health system. The Applicant is proposing to decrease beds from 79-42 beds with the ability to expand if needed in the future. Re-establishing ambulance runs, re-establishing ICU services, and reducing the need to transfer patients to Stroger will increase medical surgical volume. The hospital current bed units are dysfunctional in size, and predominately 2-bed rooms. Modifications are limited by the floorplate. The current 79 Medical/Surgical beds have 180 DGSF per bed compared to the State Board standard of 500-660 DGSF/Bed (about 25% of the standard). The new units will be configured with appropriate support, single bed rooms and room sizes to accommodate the patient acuity. The Med/Surg units on the south and east face of the hospital cannot sustain heat or cool comfort levels for patients or staff because of the obsolete mechanical systems in the building. Travel distances from the nurses' station to the patient rooms are long. There are no waiting rooms for patient family members for Med/Surg units. The nurse call system is obsolete, and it is not repairable. Maintenance staff is required to scavenge parts from non-acute care floors (former inpatient units) to try to cobble together a system on acute care floors. The medical surgical units have multiple non-compliance issues with the 2012 edition of the Life Safety Code and other current requirements of IDPH and NFPA. Among the deficiencies are: emergency power distribution, nurse call performance, and lack of appropriate holding/storage for medical equipment.

Provident Hospital has 79 medical surgical beds and 6 intensive care beds. The modernization project proposes 42 medical surgical beds and 6 intensive care beds for a total of 48 acute care beds. The occupancy target for a medical surgical bed complement of 26-99 beds is 75%. [77 ILAC 1100.520]

The five-year average daily census at the hospital is 12.74. The number of beds justified at 75% occupancy is 17 beds not the 42 medical surgical beds being requested.

TABLE SIX
5-Year Historic Utilization
Provident Hospital
Medical Surgical Unit

Year	2013	2014	2015	2016	2017	Ave
Beds	79	79	79	79	79	79
Adm	1,398	1,234	665	739	587	925
Days	6,394	5,317	3,259	4,025	4,224	4,644
ALOS	4.6	4.3	4.9	5.5	7.2	5.30
ADC	17.5	14.6	8.9	11.0	11.7	12.74
Occ	22.20%	18.40%	11.30%	13.90%	14.80%	16.12%

Source: Annual Hospital Questionnaires 2013-2017.

TABLE SEVEN
Medical Surgical
Projected Utilization

Years	2018	2019	2024	2025
Beds	79	79	42	42
Days	4,591	4,600	11,038	12,264
ADC	12.57	12.60	30.24	33.6
Occ.	15.9%	15.9%	72%	80%

Intensive Care Beds

Provident Hospital did not report utilization for the intensive care category of service for the years 2013-2017. The Hospital closed the unit in 2010 as all critical care patients were being treated at Stroger Hospital. Under an Agreement with the State Board the six-bed intensive care unit is being maintained. The 6-bed unit was reestablished in May 2019. The Applicant believes with the reestablishment of ambulance runs and decreasing the need to transfer patients to Stroger Hospital will allow the 6-bed unit to achieve the State Board's target occupancy for intensive care beds of 60%.

TABLE EIGHT
Intensive Care Beds
Projected Utilization

Years	2019	2024	2025
Beds	6	6	6
Days	892	1,460	1,460
ADC	2.45	4	4
Occ.	41%	67%	67%

The number of beds being proposed for medical surgical beds exceeds the number justified by the historical utilization at the Hospital. The Applicants have not successfully addressed this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION MODERNIZATION (77 ILAC 1110.220 (d) (1) (2) (3) (4))

B) Criterion 1110.200 (f) - Performance Requirements – Bed Capacity Minimum

- 1) Medical-Surgical**
The minimum bed capacity for a new medical-surgical category of service within a Metropolitan Statistical Area (MSA),⁵ as defined by the U.S. Census Bureau, is 100 beds.
- 3) Intensive Care**
The minimum unit size for an intensive care unit is 4 beds.

Provident Hospital is located in the Chicago–Naperville–Elgin IL–IN–WI Metropolitan Statistical Area. The number of beds requested does not meet the Board’s requirement of 100 medical surgical beds for a hospital in an MSA. The Applicants have not successfully addressed this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION PERFORMANCE REQUIREMENTS (77 ILAC 1110.220 (f))

IX. Clinical Service Areas Other Than Categories of Service

A) Criterion 1110.270 (c) (1) (2) (3) - Service Modernization

The applicant shall document that the proposed project meets one of the following:

- 1) Deteriorated Equipment or Facilities**
The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to: historical utilization data, downtime or time spent out of service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.
- 2) Necessary Expansion**
The proposed project is necessary to provide expansion for diagnostic treatment, ancillary training or other support services to meet the requirements of patient service demand. Documentation shall consist of, but is not limited to: historical utilization data, evidence of changes in industry standards, changes in the scope of services offered, and licensure or fire code deficiency citations involving the proposed project.
- 3) Utilization**
- A) Major Medical Equipment**
Proposed projects for the acquisition of major medical equipment shall document that the equipment will achieve or exceed any applicable

⁵ The Chicago metropolitan area, or Chicagoland, is the metropolitan area that includes the city of Chicago, Illinois, and its suburbs. With an estimated CSA population of 9.9 million people and an MSA population of 9.5 million people, it is the third largest metropolitan area in the United States. The Chicago metropolitan area has one of the world's largest and most diversified economies, with more than four million employees and generating an annual gross regional product (GRP) of \$680 billion in 2017. There are several definitions of the area, including the areas defined by the United States Office of Management and Budget (OMB) as the Chicago–Naperville–Elgin IL–IN–WI Metropolitan Statistical Area (MSA) and the slightly larger Combined Statistical Area, and the area under the jurisdiction of the Chicago Metropolitan Agency for Planning (CMAP) (a metropolitan planning organization).

target utilization levels specified in Appendix B within 12 months after acquisition.

B) Service or Facility

Projects involving the modernization of a service or facility shall meet or exceed the utilization standards for the service, as specified in Appendix B. The number of key rooms being modernized shall not exceed the number justified by historical utilization rates for each of the latest 2 years, unless additional key rooms can be justified per subsection (c)(2) (Necessary Expansion).

C) If no utilization standards exist, the applicant shall document in detail its anticipated utilization in terms of incidence of disease or conditions, or population use rates.

Diagnostic Imaging

The existing imaging department was designed and constructed prior to the advent of digital imaging. The department has space, and key rooms designed for obsolete film imaging. The existing equipment is obsolete and in need of replacement. It is to be replaced with a digital imaging system and equipment. Specific to General Radiography, are rooms that are undersized. This department will be located on the first level of the modernized facility adjacent to the emergency department.

General Radiology, Fluoroscopy, and Bone Densitometry

This service includes General Radiology, fluoroscopy, and bone densitometry. The service will be reduced from its current compliment of 5 units to 3 units. The projected utilization is based on increases in inpatient admissions, increased Emergency Department presentations and diversion of patients from Stroger. The State Board Standard is 8,000 procedures per unit. The Applicant can justify 2 units and not the 3 units being proposed.

TABLE NINE
Diagnostic Imaging
Historical Utilization
2013-2017

Year	2013	2014	2015	2016	2017	Ave
Units	4	4	2	3	6	
Exam	6,107	14,958	5,764	2,316	15,005	8,830
Units Justified	1	2	1	1	2	2

CT Scanner

The existing CT scanner is in a mobile unit at the southeast corner of the building in the parking lot connected to the hospital by a temporary corridor. The emergency room is long distance from the CT service. There is no existing space to house this unit within the hospital structure. The State Board Standard is 7,000 visits per unit. The Applicant can justify the one unit being requested,

TABLE TEN CT Scanner Historical Utilization 2013-2017						
Year	2013	2014	2015	2016	2017	Ave
Unit	1	1	1	1	1	
Visits	1,517	4,430	1,646	5,087	5,046	3,545
Unit Justified	1	1	1	1	1	1

Ultrasound

The Applicant is proposing 2 ultrasound units at the Hospital. Historical utilization will justify one unit at the State Board Standard of 3,100 visits per unit.

TABLE ELEVEN Ultrasound Historical Utilization 2013-2017						
Year	2013	2014	2015	2016	2017	Ave
Units	2	2	2	2	2	
Visits	4,031	2,874	197	1,514	2,906	2,304
Unit Justified	1	1	1	1	1	1

Nuclear Medicine

The Applicant proposes one unit at the new facility. The Applicant can justify the one unit at the State Board Standard of 2,000 visits per unit.

TABLE TWELVE Nuclear Medicine Historical Utilization 2013-2017						
Year	2013	2014	2015	2016	2017	Ave
Unit	1	1	1	1	1	
Visits	523	435	522	436	39	391
Unit Justified	1	1	1	1	1	1

Mammography

The Applicant currently has 2 mammography units and are proposing to maintain these units. The Applicants can justify one unit at the State Board Standard of 5,000 visits per unit.

TABLE THIRTEEN Mammography Historical Utilization 2013-2017						
Year	2013	2014	2015	2016	2017	Ave
Unit	2	2	2	2	2	
Visits	4,031	3,517	2,306	2,728	2,906	3,098
Unit Justified	1	1	1	1	1	1

MRI

Provident Hospital currently does not have MRI service. The Applicant is proposing one unit for this service. The State Board Standard is 2,500 procedures per unit. The Applicant is projecting over 3,000 visits per unit by 2024.

Outpatient Clinics

The Applicants are proposing 70 rooms for the outpatient visits. The State Board Standard is 2,000 visits per room. The 5-year average visits warrant 45 rooms. The Applicants are projecting 192,945 visits by 2025 which would justify 97 rooms.

TABLE FOURTEEN Outpatient Visits Historical Utilization 2013-2017						
Year	2013	2014	2015	2016	2017	Ave
Outpatient Visits	96,718	89,299	87,398	62,003	106,221	88,328

Emergency Department

The Applicants are proposing 18 rooms for comprehensive emergency services. Averaged historic utilization of 30,748 visits per year which would justify 16 rooms at the State Board standard of 2,000 visits per year. The current facility has 18 emergency rooms. The Applicants are projecting 34,742 visits by 2025 which would justify the 18 rooms being requested.

TABLE FIFTEEN Emergency Department Historic Utilization 2013-2017						
Year	2013	2014	2015	2016	2017	Ave
ER Visits	35,283	31,809	28,298	29,677	28,674	30,748
Rooms	18	18	18	18	18	18
Rooms Justified	18	16	15	15	15	16

Surgery Rooms

The Applicants are proposing 8 operating rooms. Averaged historic utilization of 3,678 hours will justify 3 rooms at the State Board's standard of 1,500 hours per room. In 2017 the hospital provided general, gastro, OB/GYN, Ophthalmology, Otolaryngology, podiatry, and urology surgical services. The Applicants are projecting 12,135 hours of surgery in 2025 which would justify the 8 rooms.

TABLE SIXTEEN Surgery Rooms Historic Utilization 2013-2017						
Year	2013	2014	2015	2016	2017	Ave
Surgery Room Cases	2,278	2,272	2,165	2,456	2,272	2,289
Hours	3,755	3,550	3,287	4,156	3,642	3,678
Rooms	8	8	8	8	8	8
Rooms Justified	3	3	3	3	3	3

Procedure Rooms

The Applicants are proposing 4 procedure rooms. The Hospital did not have procedure rooms in the existing structure. The Applicants are projecting 4,749 hours which would justify the four procedure rooms.

Phase I and Phase II Recovery Rooms

The Applicants are proposing a total of 12 PACU and 33 Phase II rooms for a total of 45 rooms. The State Board Standard is 4 rooms per operating/procedure rooms. The proposed 45 rooms meet the State Board Standard.

The State Board does not have utilization standards for the following services to be provided at the hospital:

- Cardiac Diagnostic
- Sleep Lab
- Pharmacy
- O.P. Rehabilitation
- Pre-Admission Testing
- Central Sterile Supply
- Central Lab

SUMMARY

Historic utilization does not warrant the number of general radiology units, ultrasound units, outpatient clinics, emergency rooms and surgery rooms at the Hospital. The Applicants have not met requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION CLINICAL SERVICES OTHER THAN CATEGORIES OF SERVICE- MODERNIZATION (77 ILAC 1110.270 (c) (1) (2) (3))

X. Financial Viability

A) Criterion 1120.120 – Availability of Funds

To demonstrate compliance with this criterion the Applicants must document that the resources are available to fund the project.

Cook County has an “A” or better bond rating as seen in the Table below. This modernization at Provident Hospital will be funded in part by general obligation bonds⁶ in the amount of \$205,358,060 and in part by cash in the amount of \$35,528,228. The Applicants have provided a resolution from the Cook County Board of Commissioners that approves the appropriation⁷ for the Capital Expenditure for the modernization of Provident Hospital. If this project is approved, the general obligation bonds will be issued with a 30-year maturity date and a fixed rate of interest between 4% to 4.5% based on precedence of County's bond issuance. Below is the general obligation bond rating by the three rating agencies.

TABLE SEVENTEEN Cook County General Obligation Debt		
Rating Agency	Rating	Outlook
Moody's Investor Services	A2	Stable
S&P Global Ratings	AA-	Negative
Fitch Ratings	A+	Stable

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

B) Criterion 1120.130 - Financial Viability

To demonstrate compliance with this criterion the Applicants must document that they have a Bond Rating of “A” or better, they meet the State Board’s financial ratio standards for the past three (3) fiscal years or the project will be funded from internal resources.

The State Board does not have financial viability ratio standards for a governmental unit. The Board Staff does note: that The Cook County Board of Commissioners, the governing body for the County governmental unit, serves also as the governing body of Cook County Health and Hospital System. The Board of Commissioners has approved the mission of Cook County Health and Hospital System in part to *"conduct and maintain a general public hospital and other health care facilities and programs for the care of the citizens of Cook*

⁶ A general obligation bond (GO) is a municipal bond backed by the full faith and credit of the Cook County Government. [page 360 of Application for Permit]

⁷ Appropriation: The legal authorization granted by the Cook County Board of Commissioners to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be expended. [page 356 of Application for Permit]

County, especially those with limited financial resources and to operate all the services and departments necessary for and incident to the care of the citizens of Cook County, especially those with limited financial resources.”

Cook County provides financial support of Cook County Health and Hospital System through its annual appropriation, including any necessary operating subsidy. All debt that the hospital incurs is the liability of the County of Cook. The County issues and services the debt.

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

To demonstrate compliance with these criteria the Applicants must document that leasing of the space is reasonable. The State Board considers the leasing of space as debt financing.

This project at Provident Hospital will be funded in part by general obligation bonds in the amount of \$205,358,060 and in part by cash in the amount of \$35,528,228. As stated above Cook County has an “A” or better bond rating and the expected interest rate is between 4 and 4.5%. The Applicant has met the requirements of these criteria.

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

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.

The table below details the RS Means⁸ Cost per GSF for new construction and contingency costs based upon the second quarter of 2019 data and inflated by 3% to the midpoint of the construction.

Preplanning Cost are \$736,174 and are less than 1% of new construction, contingencies and movable equipment of \$92,405,591. This appears reasonable when compared to the State Board Standard of 1.8%.

⁸ RS Means is a division of Reed Business Information that provides cost information to the construction industry so contractors in the industry can provide accurate estimates and projections for their project costs. It has become a data standard for government work in terms of pricing and is widely used by the industry as a whole. Reed Business Information is a provider of data services, business information and marketing to businesses. The company is based in the United Kingdom, United States, China, Singapore, Continental Europe and Australia.

New Construction	\$59,132,825
Contingencies	\$5,913,282
Movable Equipment	\$27,359,484
Total	\$92,405,591

Site Survey and Soil Investigation and Site Preparation Costs are \$437,740 or less than 1% of new construction and contingency costs of \$65,046,107. This appears reasonable when compared to the State Board Standard of 5%.

New Construction	\$59,132,825
Contingencies	\$5,913,282
Total	\$65,046,107

New Construction and Contingencies total \$65,046,107 or \$464.74 per GSF. The new area to be constructed consists of a total of 253,401 GSF in which 139,962 GSF is reviewable space $\$65,046,107 \div 139,962 \text{ GSF} = \464.74 per GSF). The RS Means Standard is \$452.78. The \$464.74 cost per GSF exceeds the RS Means adjusted standard by \$11.96 or approximately \$1,673,946.

2019	2020	2021	2022	2023	2024	2025
\$414.36	\$426.79	\$439.59	\$452.78	\$466.37	\$480.36	\$494.77

Contingencies total \$5,913,282 and are 10% of new construction costs of \$59,132,825. The State Board Standard is 10%. This appears reasonable for a project in the schematic phase of architectural design development. [$\$5,913,282 \div \$59,132,825 = 10\%$]

Architectural and Engineering Fees total \$3,526,769 or 5.42% of new construction and contingency costs [$\$3,526,769 \div \$65,046,107 = 5.42\%$]. This appears reasonable when compared to the State Board standard of 7.30% or \$4,793,898.

The State Board does not have standards for the costs listed below.

Consulting and Other Fees	\$2,558,722
Movable or Other Equipment	\$27,359,484
Bond Issuance Expense	\$593,600
Net Interest Expense During	\$3,692,586

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

To demonstrate compliance with this criterion the Applicants must document that the projected direct annual operating costs 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 Applicants are projecting \$6,555 operating cost per equivalent patient day. The State Board does not have a standard for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT 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

To demonstrate compliance with this criterion the Applicants must provide the total projected annual capital costs for the first full fiscal year at target utilization but no more than two years following project completion. Capital costs are defined as depreciation, amortization and interest expense.

The Applicants are projecting capital costs of \$14,963 per equivalent patient day by FY 2025. The State Board does not have a standard for this criterion.

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

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