



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: NA	BOARD MEETING: NA	PROJECT NO: 21-023	PROJECT COST: Original: \$6,332,628
FACILITY NAME: AMITA Health Romeoville Infusion Therapy Center		CITY: Romeoville	
TYPE OF PROJECT: Non-Substantive			HSA: IX

PROJECT DESCRIPTION: The Applicants (Presence Central and Suburban Hospital Network, Ascension Health) are proposing to establish an Infusion Therapy Center in an existing Medical Office Building (MOB), located at 500 South Weber Road, Romeoville. Project cost: \$6,332,628. The completion date as stated in the application for permit is December 31, 2022.

The purpose of the Illinois Health Facilities Planning Act is to establish a procedure (1) which requires a person establishing, constructing or modifying a health care facility, as herein defined, to have the qualifications, background, character and financial resources to adequately provide a proper service for the community; (2) that promotes the orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of such facilities; and (3) that promotes planning for and development of health care facilities needed for comprehensive health care especially in areas where the health planning process has identified unmet needs. Cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process. (20 ILCS 3960/2)

The Certificate of Need process required under this Act is designed to restrain rising health care costs by preventing unnecessary construction or modification of health care facilities. The Board must assure that the establishment, construction, or modification of a health care facility or the acquisition of major medical equipment is consistent with the public interest and that the proposed project is consistent with the orderly and economic development or acquisition of those facilities and equipment and is in accord with the standards, criteria, or plans of need adopted and approved by the Board. Board decisions regarding the construction of health care facilities must consider capacity, quality, value, and equity.

Information received by the State Board regarding this project can be found at this address:
<https://www2.illinois.gov/sites/hfsrb/Projects/Pages/Decatur-Memorial-Hospital,-Decatur---21-024.aspx>

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Presence Central and Suburban Hospital Network, Ascension Health) are proposing to establish an Infusion Therapy Center in approximately 9,963 GSF of modernized space, located in an existing Medical Office Building (MOB), located at 500 South Weber Road, Romeoville, at a cost of \$6,332,628. The completion date as stated in the application for permit is December 31, 2022.
- The proposed MOB will be located in existing medical clinic space, with 9,018 GSF dedicated to treatment space, and 945 GSF dedicated to pharmacy support. Patient registration and utility functions are already present at the facility.
- While the infusion space will predominately be used for oncology-related services, infusion therapies related to other modalities will also be provided.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project exceeds the Capital Expenditure Threshold, and is by or on behalf of a health care system.

BACKGROUND:

- Ascension Health is the parent entity of Presence Central and Suburban Hospitals Network, and owns/operates the following Illinois healthcare facilities:
 - AMITA Health Adventist Medical Center, Bolingbrook
 - AMITA Health Adventist Medical Center, Glen Oaks
 - AMITA Health Adventist Medical Center, LaGrange
 - AMITA Health Alexian Brothers Medical Center, Elk Grove Village
 - AMITA Health St. Alexius Medical Center, Hoffman Estates
 - AMITA Health Alexian Brothers Behavioral Health Hospital, Hoffman Estates
 - AMITA Health Holy Family Medical Center, Des Plaines
 - AMITA Health Resurrection Medical Center, Chicago
 - AMITA Health Saint Francis Hospital, Evanston
 - AMITA Health Saint Joseph Hospital, Chicago
 - AMITA Mercy Health Medical Center, Aurora
 - AMITA Health Saint Joseph Hospital, Elgin
 - AMITA Health Saint Joseph Medical Center, Joliet
 - AMITA Health Saint Mary's Hospital, Kankakee
 - AMITA Health Saint Elizabeth Hospital, Chicago
 - AMITA Health Saint Mary's Hospital, Chicago
 - Lakeshore Gastroenterology, Des Plaines
 - Belmont/Harlem Surgery Center, Chicago
 - Lincoln Park Gastroenterology Center, Chicago
- The Applicants also have fourteen (14) skilled nursing facilities under its ownership structure (application, pg. 40).
- The Infusion Therapy Center will contain 9,963 GSF of reviewable/clinical space, with 9,018 GSF dedicated to patient care/infusion therapy, and 945 GSF dedicated to Support Pharmacy operations. Neither service is applicable to State standards for size and/or utilization.

PURPOSE:

- The Infusion Therapy Program will be operated under Presence Central and Suburban Hospitals Network, d/b/a AMITA Health Mercy Medical Center (MMC). In the past infusion therapy services were provided through a contractual agreement between MMC and Joliet Oncology Hematology Associates Ltd., with locations in Joliet and Morris, Illinois. This agreement was

terminated on December 31, 2020, and MMC has formed a larger regional oncology group, and are temporarily offering services on the campus of AMITA Health Saint Joseph Medical Center, Joliet. This center serves as an interim location for its outpatient infusion services program, and will be replaced by the Romeoville location, upon project completion. The primary purpose for this project is to provide infusion therapy services for area residents in an easily accessible, patient friendly environment that is “non-institutional” to the patient.

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 have met all the requirements of the State Board.

STATE BOARD STAFF REPORT
#21-023
AMITA Health Romeoville Infusion Therapy Center, Romeoville

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	Ascension Health Presence Central and Suburban Hospital Network d/b/a AMITA Health Mercy Medical Center
Facility Name	AMITA Health Romeoville Infusion Therapy Center
Location	500 South Weber Road, Romeoville
Application Received	August 5, 2021
Application Deemed Complete	August 9, 2021
Review Period Ends	October 8, 2021
Permit Holder	Presence Central and South Suburban Hospitals Network
Operating Entity	Presence Central and South Suburban Hospitals Network
Owner of the Site	Remedy Medical Properties, Ltd.
Project Financial Commitment Date	October 26, 2022
Departmental Gross Square Footage	9,963 DGSF
Project Completion Date	December 31, 2022
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 (Ascension Health, Presence Central and Suburban Hospital Network d/b/a AMITA Health Mercy Medical Center) are proposing to establish an Infusion Therapy Center and support Pharmacy in an existing Medical Office Building (MOB) in Romeoville, at a cost of \$6,332,628. The anticipated completion date as stated in the application for permit is December 31, 2022.

II. Summary of Findings

- A. The State Board Staff finds the proposed project is 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 Ascension Health and Presence Central and Suburban Hospital Network. Ascension Health is a Missouri corporation incorporated in 2011, and is in good

standing with that State. Presence Central and Suburban Hospitals Network, a domestic corporation incorporated in November 1997, is in good standing as a general not for profit corporation in Illinois.

The proposed Medical Clinics Building (MCB) will be located at 500 South Weber Road, Romeoville, in existing medical office space. The one-story MCB will contain 21 infusion therapy stations, and a pharmacy to serve the infusion center exclusively. The infusion therapy center will have 15 private therapy stations, a six-station communal therapy area, and comprise 9,018 GSF of space. The Pharmacy will contain a compounding area, pharmacist's work-stations, and comprise 945 GSF of space. The project is classified as new construction as it involves the build-out of an existing facility, to include a secure/protected environment for the compounding pharmacy. The MCB will be located in HSA IX. HSA IX includes Grundy, Kankakee, Kendall, and Will counties in Illinois. There are 6 acute care hospitals and 1 psychiatric hospital located in the service area.

TABLE ONE
Hospitals in the HSA-IX

Hospitals	City	Beds (1)
Morris Hospital & Healthcare Centers	Morris	89
AMITA Health St. Mary's Hospital	Kankakee	182
Riverside Medical Center	Kankakee	300
AMITA Health Adventist Medical Center Bolingbrook	Bolingbrook	138
AMITA St Joseph Medical Center Joliet	Joliet	498
Silver Cross Hospital	New Lenox	324
Silver Oaks Behavioral Hospital*	New Lenox	100

1. Information from 2020 Hospital Profiles

2. *Denotes Acute Mental Illness (AMI) Facility

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 (Ascension Health, Presence Central and Suburban Hospital Network d/b/a AMITA Health Mercy Medical Center) are proposing to establish an infusion therapy center in an existing Medical Office Building (MOB) in 9,963 GSF of built out/newly constructed space, in Romeoville. The facility will be located at 500 South Weber Road, in space purposed for medical clinics/medical offices.

The proposed MOB will consist of 9,963 GSF of modernized space, with 9,018 GSF designated for infusion stations, and 945 GSF designated for a compounding pharmacy.

V. Project Costs and Sources of Funds

The Applicants are funding this project with cash/securities of \$6,007,895, and the fair market value of the lease totaling \$324,733. The Applicants supplied consolidated financial statements for years 2019 and 2020 (project file), and proof of an Aa2/Stable Bond Rating (October 2020), from Moody's Investors Service.

TABLE TWO
Project Costs and Sources of Funds

Project Uses	Reviewable	Non-Reviewable	Total	% of Total
Preplanning Costs	\$79,800	\$0	\$79,800	1.6%
Site Preparation	\$125,500	\$0	\$125,500	2%
New Construction Contracts	\$2,939,085	\$0	\$2,939,085	46.2%
Contingencies	\$199,260	\$0	\$199,260	3.1%
Architectural & Engineering Fees	\$259,000	\$0	\$259,000	4.1%
Consulting and Other Fees	\$846,750	\$0	\$846,750	13.3%
Movable or Other Equipment	\$1,558,500	\$0	\$1,558,500	24.6%
Fair Market Value Leased Space	\$324,733	\$0	\$324,733	5.1%
Total Uses of Funds	\$6,332,628	\$0	\$6,332,628	100.00%
Project Sources of Funds	Reviewable	Non-Reviewable	Total	% of Total
Cash/Securities	\$6,007,895	\$0	\$6,007,895	94.9%
Leases (Fair Market Value)	\$324,733	\$0	\$324,733	5.1%
Total Sources of Funds	\$6,332,628	\$0	\$6,332,628	100.00%

VI. Costs Space Requirements

The Applicants are proposing 9,963 GSF for the Infusion Center, and the entirety of this configuration will consist of built-out space. Board Staff notes that the entirety of this space will be classified as clinical.

TABLE THREE				
Cost/Space Requirements for Construction				
Reviewable/Clinical	Cost	Proposed	Built-Out Space	% of Total
Infusion Therapy	\$5,059,770	9,018	9,018	90.5%
Pharmacy	\$1,272,858	945	945	9.5%
Total Reviewable/GRAND TOTAL	\$6,332,628	9,963	9,963	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.
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1. The Applicants provided a listing of all health care facilities owned or operated by the Applicants at page 39 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 page 41]
 3. Authorization permitting HFSRB and DPH access to any documents necessary to verify information submitted has been provided at Application for Permit page 41.
 4. Presence Central and Suburban Hospitals Network, A Domestic Corporation, Incorporated under the Laws of This State On November 30, 1997, is in Good Standing as a General Not-for-Profit Domestic Corporation in the State of Illinois.
 5. Ascension Health, A Domestic Corporation, Incorporated under the Laws of the State of Missouri and licensed to conduct affairs in this state On June 11, 2011, is in Good Standing as a General Domestic Corporation in the State of Missouri.
 6. The Applicants are in compliance with Executive Order #2005-5 and the designation of special floor hazard areas.
 7. The Applicants are in compliance with Executive Order #2006-05 and the Illinois Historic Preservation Agency.
 8. 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 primary purpose of the proposed project is to provide infusion therapy services for area residents, including Medicare, and Medicaid recipients, in an easily-accessible and calm setting: and by doing so, the applicants will be improving the healthcare and well-being of the market area population to be served. AMITA Health currently offers a variety of outpatient services in its Romeoville MCB, including X-Ray, Mammography, and immediate care, as well as AMITA Medical Group offices providing women’s health, GI, and primary care services.”

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 Presence Health, as required. Presence has only one full calendar year of Charity Care data, since joining with AMITA. These data are represented below.

TABLE FOUR			
Charity Care Information			
	Presence Health		
	2019		
Net Patient Revenue	\$2,770,845,150		
Amount of Charity Care (charges)	\$327,033,617		
Cost of Charity Care	\$60,067,665		
Ratio of Charity Care Cost to Net Patient Revenue	202%		

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 two (2) alternatives to the proposed project.

Alternative 1: Provide Medical Clinics Building Through New Construction

The Applicants researched this alternative and dismissed it because of the cost differential for a new building, which was determined to be \$2,000,000 in excess of the proposed project costs. Had this option been chosen, the Applicants would have simply replicated the patient accessibility, associated operating costs, and quality of care provided through the alternative of modernizing the existing facility on Weber Road in Romeoville.

Alternative 2: Convert Space in Saint Joseph Medical Center-Joliet for an Infusion Therapy Center

The Applicants researched the alternative of providing infusion therapy at St. Joseph Medical Center by establishing this facility in a non-institutional setting. Because the therapy center would be located within a hospital, this alternative would be difficult to achieve from a conceptual and regulatory perspective, centered around acceptable entrances to the facility. Issues involving patient accessibility and a projected project cost being \$1,000,000 in excess of the current project cost compelled the Applicants to reject this alternative.

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 21-station infusion therapy center in 9,963 GSF of modernized/repurposed medical office space in Romeoville. Of the proposed services

offered, 9,018 GSF (90.5%), will be designated for 21 infusion stations, and 945 GSF (905%), will be designated for compounding pharmacy. While the mentioned modalities are defined as clinical, no State standards exist for size, and a positive finding results for this criterion

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS 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 21-station Infusion Therapy Center in an existing Medical Office Building in 9,963 GSF of modernized space. In addition to the infusion therapy stations, a compounding pharmacy (945 GSF), will be co-located to provide services to the infusion center exclusively. Of these two modalities, none have established utilization standards. However, the Applicants project to attain an operational capacity of 75%, based on the average patient receiving 14.89 infusions, with these infusions lasting an average of 3 hours, and the facility being operational 255 days per year. As mentioned earlier, AMITA Health's Oncology affiliation in the southwestern suburbs is transitioning from a Joliet-based Oncology group to a regional group. This transition expects to recapture 40% of the historical caseload from the Joliet center, and 15% from the Morris Center, resulting in a patient base of approximately 1,075 infusion therapy patients A positive finding results.

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-Establishment

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

1. (1110.270(b)(1) Service to Planning Area Residents
2. (1110.270 (b) (2) Service Demand
3. (1110.270 (b)(3) Impact of Proposed Project on Other Area Providers
4. (1110.270(b) (4) Utilization

1) Service to Planning Area Residents

The proposed infusion therapy center will be located in Will County, and the Applicants identified a ten-mile service area originating from the facility on Weber Road, in Romeoville. The Applicants have identified 21 zip codes within this radius, and a population of approximately 660,000 residents. The Applicants propose to serve all residents both in and outside this service area, to include Medicaid and Medicare recipients. By the second year of operation (2024), the Applicants project to recapture 40% of the historical caseload from the Joliet facility, and 15% from the Morris facility.

2) Service Demand

The projected utilization volumes for these infusion therapies is 1,075 patients. This number is expected to increase as the Applicants (AMITA) transitions from the Joliet based practice to a more regional practice that will serve the southwestern suburbs.

3) Impact of the Project on Other Area Providers

Infusion Therapy services have been historically offered in institutional hospital settings. The Applicants are establishing a 21-station outpatient infusion therapy center, complete with its own compounding pharmacy, in a non-institutional casual setting. The Applicants do not project the project to negatively impact area providers.

4) Utilization

The Applicants project to serve approximately 1,075 infusion therapy patients by its second year of operation, and the 21-station facility to be operating at 75%. While no State standards exist for infusion therapy services/pharmacy, it appears the projected patient base is satisfactory to the operational needs of the region Applicants are in compliance with this criterion.

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

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 \$6,007,895, and the fair market value of the lease totaling \$324,733. The applicant (Ascension Health), has supplied proof of an Aa2/Stable Bond Rating from Moody's Investors Service (December 2020), as well Audited Financial Statements. The bond rating and the results shown in Table Seven prove the Applicants have sufficient cash to fund the cash portion of the project. The Applicants have successfully addressed this criterion.

TABLE FIVE ACSENSION HEALTH Years ended June, 2019, 2020 (dollars in millions)		
	2020	2019
Cash	\$625,814	\$896,262
Current Assets	\$5,017,185	\$6,033,220
Total Assets	\$41,888,294	\$39,718,496
Current Liabilities	\$7,939,560	\$5,824,281
LTD	\$6,773,381	\$6,760,464
Total Liabilities	\$20,301,046	\$16,194,212
Net Patient Revenue	\$22,778,729	\$23,706,590
Total Revenues	\$25,161,514	\$25,322,807
Income from Operations (Loss)	(\$639,396)	\$130,622
Non-Operating Income (Loss)	(\$326,749)	\$1,273,734
Excess of Revenues and Gains (deficit)	(\$966,145)	\$1,404,356
Source: Ascension Health Audited Financial Statements, see project file		

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERIA AVAILABILITY OF FUNDS AND FINANCIAL VIABILITY (77 IAC 1120.130)

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 \$6,007,895, and the fair market value of the acquired building totaling \$324,733. The applicant (Ascension Health), has supplied proof of an Aa2/Stable Bond Rating from Moody's

Investor's Service (October 2020), and Audited Financial Statements. The bond rating and the results shown in Table Five prove the Applicants have sufficient cash to fund the project in its entirety, and there will be no leases executed or debt financing incurred. The Applicants have successfully addressed this criterion.

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 9,963 GSF. The Applicants have met the State Board Standards for the following criteria, and a positive finding result.

Pre-Planning Costs – These costs total \$79,800, which is 1.6% of the construction, contingencies, and equipment costs (\$4,696,845). This appears to be in conformance with the State standard of 1.8%.

Site Preparation – These costs total \$125,500, which is 4% of the construction and contingency costs (\$3,138,345). This appears to be in conformance with the State standard of 5.0%.

New Construction and Contingencies – These costs total \$3,138,345 or \$315.00 GSF. ($\$3,138,345/9,963=\315.00). This appears reasonable when compared to the State Board Standard of \$317.92/GSF [new construction 2022 mid-point of construction].

Contingencies – These costs total \$199,260 and are 6.7% of new construction costs (\$2,939,085). This appears reasonable when compared to the State Board Standard of 10%.

Architectural and Engineering Fees – These costs total \$259,000 and are 8.2% of new construction and contingencies (\$3,138,345). These costs appear reasonable when compared to the State Board Standard of 5.57% - 8.37%.

Consulting and Other Fees – These costs are \$846,750. The State Board does not have a standard for these costs.

Movable Equipment – These costs total \$1,558,500 and are not reviewable by the State Board (hospital).

Fair Market Value of Leased Space – These costs total \$324,733. 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) – Projected Operating Costs

The Applicants are projecting \$599.75 in operating expenses per patient administration during its first year of service (2023). The Board does not have a standard for this criterion.

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

The Applicants are projecting capital costs of \$29.23 per patient administration. The Board does not have a standard for this criterion.

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))