

June 5, 2023

Mr. John Kniery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street 2nd floor
Springfield, IL 62761

Mr. Michael Constantino
Chief, Project Review
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street 2nd floor
Springfield, IL 62761

Re: Project 22-001
Kindred Hospital Chicago North
Establishment of Comprehensive Physical Rehabilitation
Annual Progress Report

Dear Mr. Kniery and Mr. Constantino

Project 22-001, the establishment of a Comprehensive Physical Rehabilitation service at Kindred Hospital Chicago North, was approved by the Illinois Health Facilities and Services Review Board on June 7, 2022. This letter constitutes the first annual progress report, consistent with Section 1130.760.

Construction documents have been completed and the bidding process is actively underway. A/E work required extra time, resulting in a delayed delivery of the CDs. A general contractor has not yet been selected; three are being considered. Each of the GCs requested extra time to accommodate similar time extension requests by subcontractors. As a result, none of the built-in equipment has been ordered. The lead times for acquiring certain equipment essential to the project extend significantly beyond the initial project schedule, due mostly to industry-wide shortages and supply chain issues. Delays apply to the acquisition of new heating boilers, fan coils, electrical panels, air handling units and doors. It is imperative to have this equipment on site at the start of construction in order to maximize installation and construction scheduling efficiencies.

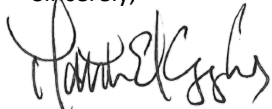
Because of these factors, ScionHealth requested and the State has approved an extension of the permit financial commitment date until June 7, 2024, a permit renewal extending the project completion date until April 30, 2025, and an increase in total project cost to \$6,879,834. (Letters from Chair Debra Savage dated May 30, 2023.)

IDPH Design Standards has approved the project for construction. The project will be constructed in space now in use as LTAC beds, as stated in the permit application; these will be reduced from the State inventory.

Payments to date total \$229,599, 3.3% of the approved total project cost, as altered. There is no change in size or scope of the approved project. Regarding sources of funds, the project, including the alteration amount, will be funded with cash and securities that will be generated out of working capital, some of which will be sourced from Kindred hospitals in the Chicago area, consistent with the approved project.

If you have any questions, please contact Ralph Weber, our CON consultant, at 847-791-0830.

Sincerely,



Matthew Keppler
Senior Vice President
ScionHealth

Cc: Kevin Sheehan, Senior Director of Facilities Management and Construction
Michael DeLaRosa, Market CEO, Kindred Hospital Chicago North
Brian Samberg, Vice President, LifePoint Health
Ralph Weber, CON Consultant