



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-01	BOARD MEETING: March 15, 2022	PROJECT NO: 22-004	PROJECT COST: Original: \$37,569,000
FACILITY NAME: The University of Chicago Medical Center		CITY: Chicago	
TYPE OF PROJECT: Non-Substantive			HSA: VI

PROJECT DESCRIPTION: The Applicant (The University of Chicago Medical Center) proposes a master design project for the completion of the planning process for a Cancer Center on the University of Chicago Medical Center campus. The cost of the project is \$37,569,000 and the expected completion date is December 31, 2023.

The State Board Staff Notes the Following:

The Applicant is before the State Board because the amount of the expenditure proposed for the Master Design Project exceeds the capital threshold minimum of \$14,557,713. A Master Design Project is a proposed project solely for the planning and/or design costs associated with an institution's master plan, or with one or more future construction or modification projects. Project costs include preplanning, site survey and soil investigation, architectural and engineering fees, consultant fees and other fees related to planning or design. The master design project **is for planning and design only** and shall not contain **any construction elements**. Such projects are reviewed to determine the financial and economic feasibility of the master design project itself, the need for the proposed master plan or for the future construction or modification projects, and the financial and economic feasibility of the future construction or modification project. Findings concerning the need for beds and services and financial feasibility made during the review of the master design project **are applicable only** for the master design project. Approval by the State Board of a master design project does not obligate approval or positive findings on future construction or modification projects implementing the design. Future applications, including those involving the replacement or addition of beds, are subject to the review criteria and bed need in effect at the time of State Board review.

Information regarding this project can be found at

<https://www2.illinois.gov/sites/hfsrb/Projects/Pages/University-of-Chicago-Medical-Center,-Chicago---22-004.aspx>

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicant (The University of Chicago Medical Center) proposes a master design project for the completion of the planning process for a Cancer Center on the University of Chicago Medical Center campus. The cost of the project is approximately \$37.6 million, and the expected completion date is December 31, 2023.

BACKGROUND

- This is the third Master Design Project submitted by The University of Chicago Medical Center since the certificate of need program began. There have been 14 Master Design Projects submitted to the State Board for approval. Master Design Projects have been submitted by Northwestern University, Rush University Medical Center, University of Illinois, The Rehabilitation Institute of Chicago, and Ann and Robert Lurie Children's Hospital of Chicago.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the cost exceeds the capital expenditure minimum.

PUBLIC HEARING/COMMENT:

- A public hearing was conducted VIRTUALLY on February 15, 2022. Letters of support were received by the State Board regarding this project. No opposition letters were received by the State Board.

SUMMARY

- The State Board is being asked to determine the need for the proposed master plan or for the future construction or modification project and the financial and economic feasibility of the master design project itself and the financial and economic feasibility of the future construction or modification project.
- The purpose of this Master Design Project is to plan for the design and development of a dedicated cancer hospital on the University of Chicago Medical Center's Hyde Park campus. According to the Medical Center the purpose of a dedicated cancer hospital is to enhance access to the full continuum of cancer care to the South Side of Chicago in communities where the incidence and mortality from cancer is disproportionately high and the available resources are disproportionately low. These health disparities reflect a history of racial inequities and underinvestment - both of which have contributed to a fragmented healthcare delivery landscape with limited resources. The Medical Center states over 50% of all adult South Side residents leave the South Side to receive their care and almost two-thirds of all adult South Side residents specifically leave for cancer care. The Medical Center states that South Siders in some neighborhoods have a 30-year lower life expectancy, the problem is expected to grow worse in the years ahead, with the incidence of cancer projected to grow 19% in Planning Area A-03 in the next ten years compared to 9.1% in the 12-county metropolitan area over the same time frame.
- Based upon the information reviewed the Master Design Project is warranted and the Medical Center has the wherewithal to fund the Master Design Project.



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

APPLICATION/CHRONOLOGY/SUMMARY	
Applicant	The University of Chicago Medical Center
Facility Name	The University of Chicago Medical Center – Cancer Center
Location	5654 South Drexel Avenue, Chicago, Illinois
Permit Holder	The University of Chicago Medical Center
Licensee/Operating Entity	The University of Chicago Medical Center
Owner of Site	The University of Chicago
Application Received	February 1, 2022
Application Deemed Complete	February 2, 2022
Review Period Ends	April 3, 2022
Financial Commitment Date	December 31, 2023
Project Completion Date	December 31, 2023
Review Period Extended by the State Board Staff?	No
Can the Applicant request a deferral?	Yes
Expedited Review?	Yes

I. The Proposed Project

The Applicant (The University of Chicago Medical Center) proposes a master design project for the completion of the planning process for a Cancer Center on the University of Chicago Medical Center campus. The cost of the project is approximately \$37.6 million, and the expected completion date is December 31, 2023.

II. Summary of Findings

- A. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1120.

III. General Information

The Applicant is The University of Chicago Medical Center (“Medical Center”). The Medical Center is located at 5841 South Maryland South Drexel Avenue, Chicago, Illinois, and the Cancer Center will be located on the Medical Center’s campus. The Medical Center is the operating entity/licensee, and the owner of the real property is the University of Chicago. The project is a non-substantive project subject to a 77 IAC 1110 and 77 IAC 1120 review. Financial Commitment will occur after permit issuance.

The University of Chicago Medical Center is an Illinois not-for profit corporation. The Medical Center operates the Center for Care and Discovery, the Bernard Mitchell Hospital, the Chicago Lying-In Hospital, the University of Chicago Comer Children's Hospital, the

Duchossois Center for Advanced Medicine and various other outpatient clinics and treatment areas. These buildings are operated under a single hospital license.

The University of Chicago as the sole corporate member of the Medical Center elects the Medical Center Board of Trustees and approves its' By-Laws. The Medical Center President reports to the University's Executive Vice President for Medical Affairs. The relationship between the Medical Center and the University is defined in the Medical Center By-Laws, an Affiliation Agreement, an Operating Agreement and several Leases. The Medical Center is a tax-exempt organization under Section 501(c) 3 of the Internal Revenue Code. *(See Footnotes to Audited Financial Statements provided by the Applicant)*

Table One outlines the number of beds by location at the University of Chicago Medical Center campus that have been authorized by the State Board. Note all the locations listed in Table One are licensed by IDPH under one license as The University of Chicago Medical Center and not multiple licenses.

TABLE ONE Beds by Location The University of Chicago Medical Center				
Category of Service	Bernard A Mitchell	Center for Care and Discovery	Comer Center for Children and Specialty Care	Total
Medical Surgical Beds	171	310		481
ICU Beds	16	96	30	142
Obstetric Beds	46			46
Pediatric Beds			60	60
NICU Beds			53	53
Observation Beds ⁽¹⁾	39			
Total Beds	262	406	137	782

Table Two lists the Applicant's beds, occupancy rates, average length of stay ("ALOS") and average daily census ("ADC"), by category of service, for the period January 1 thru December 31, 2021. This data was furnished by the applicant. Target utilization for medical surgical pediatric beds is 90%, obstetric beds is 78%, intensive care beds 60%, neonatal intensive care beds is 75%. There is a calculated excess of 518 medical surgical pediatric beds an excess of 48 obstetric beds, and an excess of 3 intensive care beds in the A-03 Hospital Planning Area as of January 2022. There is no bed need calculation for NICU beds.

TABLE TWO The University of Chicago Medical Center Utilization (01/01/2021-12/31/2021)						
Services	Beds	Admissions	Days	ALOS	ADC	%
Medical Surgical	481	19,313	151,118	7.82	414.02	86.08%
Obstetrics	46	2,942	5,852	1.99	16.03	34.85%
Pediatrics	60	3,156	16,320	5.17	44.71	74.52%
Intensive Care	142	6,431	40,169	6.25	110.05	77.50%
NICU	53	845	15,902	18.82	43.57	82.20%
	782	32,687	229,361	7.02	628.39	80.36%

IV. **The Proposed Project - Details**

The Medical Center proposes a master design project seeking approval for architectural and other pre-project costs necessary to complete planning for the construction and equipping of approximately 544,000 square foot building. The building will be seven stories and include:

- a 128-bed inpatient hospital with all private rooms.
- space for a comprehensive program of ambulatory cancer care services including exam rooms, an infusion center, radiation oncology, imaging, lab, interventional radiology, and rehabilitation therapy services.
- dedicated space for clinical trials research and care.
- construction of underground utility system improvements and site preparation

It is expected that the Master Design Project will be completed by December 31, 2023. The Medical Center states it will file a separate CON application for the construction of the project in the fall of 2022.

V. **Proposed Uses of Funds and Sources of Funds**

This Master Design project will be funded with cash and securities of \$37,569,000. Table Four shows the proposed use of funds for the project. An itemization of these costs can be found at the end of this report.

TABLE THREE Project Uses and Sources of Funds			
	Reviewable	Non-Reviewable	Total
Project Uses			
Preplanning Costs	\$0	\$2,400,000	\$2,400,000
Site Survey and Soil Investigation	\$0	\$215,000	\$215,000
Site Preparation	\$0	\$500,000	\$500,000
Off Site Work	\$0	\$10,500,000	\$10,500,000

TABLE THREE			
Project Uses and Sources of Funds			
	Reviewable	Non-Reviewable	Total
Contingencies	\$0	\$1,800,000	\$1,800,000
Architectural/Engineering Fees	\$7,300,000	\$7,200,000	\$14,500,000
Consulting and Other Fees	\$2,800,000	\$1,870,000	\$4,670,000
Other Costs to Be Capitalized	\$2,450,000	\$534,000	\$2,984,000
TOTAL USES OF FUNDS	\$12,550,000	\$25,019,000	\$37,569,000
Source of Funds			
Cash and Securities			\$37,569,000
TOTAL SOURCES OF FUNDS			\$37,569,000

VI. Background of the Applicant, Purpose of the Project, Alternatives to the Project

A. Criterion 1110.230(a) - Background of Applicant

A listing of all health care facilities owned by the Applicant has been provided along with proof of current licensure. In addition, a statement that no adverse actions have been taken against any facility owned by the Applicant was provided. It appears the Applicant has demonstrated it is fit, willing and able and has the qualifications, background, and character to adequately provide a proper standard of health care service for the community.

B) Criterion 1110.Purpose of the Project

The Medical Center states for decades, the 900,000 residents of the South Side of Chicago have experienced health disparities ranging from materially higher disease incidence and comorbidities to significantly lower life expectancy. These health disparities reflect a history of racial inequities and underinvestment - both of which have contributed to a fragmented healthcare delivery landscape with limited resources.

According to the Medical Center over 50% of all adult South Side residents leave the South Side to receive their care and almost two-thirds of all adult South Side residents specifically leave for cancer care. People who live on the South Side of Chicago are twice as likely to die from cancer than those who live just about anywhere else in America. In fact, cancer is the second leading cause of death on the South Side. From 2014-2018, the residents on the South Side of Chicago were 28.6% more likely to receive a cancer diagnosis than residents in other parts of the City and 25.2% more likely than others in the state. Similarly, for similar periods of time, 14.9 deaths per 100,000 residents from breast cancer (2013-2017) compared to 12 in Illinois and 19.9 colorectal cancer deaths compared to 13 for Illinois.

The purpose of a dedicated cancer hospital is to enhance access to the full continuum of cancer care to the South Side of Chicago in communities where the incidence and mortality from cancer is disproportionately high and the available

resources are disproportionately low. The intent and scope of the project is to increase access to cancer services in the South Side community. The problems identified by the Medical Center to be addressed by the proposed cancer center are:

1. Address the lack of access to cancer care for people who live on the South Side of Chicago. Cancer is the second leading cause of death on the South Side. The South Side of Chicago has insufficient, inadequate, and declining medical resources. There has been over a dozen inpatient service or hospital closures in the past ten years on the South Side residents.
2. Over Half of Adult South Side Patients Today Leave the Area for Care they Need. Over Two-Thirds (67%) of Adult South Side cancer in patients were treated outside of A-03 in 2020, up from 62% in 2019 (pre-Covid), with a significant amount of medical care provided to residents of the South Side of Chicago delivered in other regions of the city and in the suburbs.
3. The Medical Center is almost always full and operates at capacity 90% of the time.
4. Community hospitals lack the investments and resources they need to meet the needs of local patients.
5. Cancer Care is dispersed throughout several buildings on UCMC's Campus.
6. Rapid advances in cancer care have far outpaced the facilities available to deliver them to patients. [Application for Permit pages 57-87 for complete discussion]

C. Criterion 1110.230(c) - Alternatives

The Medical Center proposes a master design project seeking approval for architectural and other pre-project costs necessary to complete planning for the construction and equipping of a 7-story, 544,000 square foot building at a cost of approximately \$633 million. The alternatives considered by the Medical Center and the related project costs include the following:

1. Doing Nothing - Rejected.

According to the Medical Center it has been unable to consistently meet community demand because of capacity challenges on an inpatient and outpatient level. This shortfall is visible in ongoing denials for inpatient transfers due to a lack of available inpatient beds and long waiting times for outpatient clinics. Currently, the delivery of cancer care on UCMC's campus is fragmented, with key portions of routine cancer care spread among several buildings on campus and multiple points of entry. Maintaining the status quo would not require a capital expenditure, but it would not address the significant and ongoing access and service limitations confronted by the South Side of Chicago. It also would not alleviate the extremely high rate of outmigration experienced in the planning area or the travel burden imposed upon cancer patients and their families, both of which have the potential to delay care and to diminish quality of life. As an academic medical center, and designated NCI comprehensive cancer center, doing nothing is not a viable choice. UCMC views a dedicated facility for the delivery of advanced cancer care as an

imperative and understands its obligation to act to improve inequalities that have persisted in its service area.

2. Construction of a dedicated cancer hospital remote from UCMC and its Hyde Park medical campus-Rejected.

The Medical Center considered the construction of a free-standing cancer hospital built off the Medical Center's campus on a suburban, Chicagoland location. According to the Medical Center from a cost perspective, suburban construction may be less expensive, but the construction on a remote site would require the Medical Center to duplicate all ancillary services needed to run a hospital. Specifically, the new facility would have to be separately licensed as a hospital and meet all the requirements under the Illinois Hospital Licensing Act, including having its own CLIA-certified clinical laboratory and an emergency department. A new hospital in a suburban, Chicagoland location would allow for the construction of modern Facilities to meet patient and provider needs and to deliver technologically advanced medical care. However, the site would not be in the heart of the South Side of Chicago where patients in the Hyde Park area are struggling with some of the highest rates of cancer. The site would also not be able to advantage of the rich academic environment of the University of Chicago Hyde Park campus. UCMC rejected this option outright. Most importantly, it would not alleviate the maldistribution of resources within the City of Chicago and the healthcare disparities on the South Side. Additionally, it would require the duplication of services available on UCMC's Hyde Park campus for which there is not an independent or unmet need resulting in unnecessary expenses. The total cost estimate for the 844,000 sq.ft. hospital, land and parking structure is \$1.080 billion.

3. Comprehensive Renovation Mitchell Hospital with an addition-Rejected

The Medical Center also considered a more comprehensive renovation of Mitchell Hospital than proposed previously along with the construction of an annex building. The current renovation of Mitchell Hospital involves approximately 113,000 sf of the building's total 450,000 sf. The potential use of the Mitchell Hospital would require renovation of the remaining 336,500 sf, additional upgrades to the 113,000 sf, the demolition of an adjacent building and the construction of 188,000 sf of adjacent space to support modern clinical needs and to replace the faculty office and research space lost to the demolition. According to the Medical Center this approach would allow the proposed cancer hospital to continue to benefit from the available central support and ancillary services on the Hyde Park campus. It would also be available to serve the residents on the Southside of Chicago and to benefit from collaboration available on the University of Chicago academic campus. According to the Medical Center, the disadvantages of utilizing the dated, double-loaded corridor¹ inpatient areas would not allow the Medical Center to provide a modern efficient experience for Medical Center's patients and staff. This would

¹ A building design in which there are individual units on both sides of a passage corridor.

provide a suboptimal experience for the Medical Center's patients and require excessive operating costs to properly staff the patient care units. The construction would also entail about 10 years to complete due to the amount of phasing required to work on an occupied inpatient facility and would be more expensive than the alternative chosen. The total involved space for this project would be 638,000 sf and cost about \$840.8 M.

4. Project of Lesser Scope (Permit #16-008)

The Medical Center already considered a project of lesser scope in Mitchell in 2016 when it originally proposed a comprehensive renovation of Mitchell to repurpose it as a hospital primarily dedicated to a broad spectrum of clinical cancer care. During the public health emergency, the Medical Center learned that optimizing care for its immunocompromised cancer population could not be accomplished at Mitchell. One notable area highlighted by COVID-19 is air handling systems and the Medical Center's ability to make substantial infrastructure changes to an existing building in a cost-effective manner. Among the other problems encountered were: insufficient space to efficiently design ICU rooms and meet infection control requirements, 12 foot floor-to-floor heights prevented rerouting of HVAC ductwork needed to change layout on the current nursing units, negative impact on clinical labs and radiology due to the need for new elevators, necessary replacement of the entire Mitchell Exterior Curtain Wall that could not be selectively modified; the need to modify IT infrastructure in Mitchell to accommodate a proliferation of IT & systems could only be achieved at an extraordinary cost.²

5. Joint Venture with Other Providers

According to the Medical Center, the Medical Center has entered joint ventures with other providers in cancer care to bring advanced and investigational therapies to the community-hospital setting. The University of Chicago Cancer Center at Silver Cross Hospital opened in 2012 to operate an outpatient cancer treatment center in New Lenox, IL with two main service lines: An infusion/chemotherapy and oncology clinic and a radiation oncology clinic. It gives access to a leading academic medical center and research hospital for cancer treatment resulting in premier, community-based resource for cancer treatments, research, and education and to bring world-class treatment to the suburban health care market and to treat patients closer to home.

AMITA Health and the Medical Center joined forces to jointly bring the South Side academic health system's specialized cancer expertise, access to advanced therapies

² #Permit #16-008 – Bernard Mitchell Hospital was approved by the State Board to be altered in September 2021 that reduced the approved permit amount from \$268.8 million to \$116.5 million or \$152.3 million or 56.7% of the original approved permit amount. Total authorized beds were reduced from 811 beds to 782 beds as part of that alteration.

and innovative clinical trials, and greater cancer care options to a smaller, community hospital on Chicago's North Side. The new partnership is based at AMITA Health Saint Joseph Hospital Chicago, and includes radiation and medical oncology, as well as surgical oncology and research services. Patients can now be seen by UCMC oncology physicians at the AMITA Saint Joseph Chicago campus. According to the Medical Center, a joint venture often is the only mechanism to bring comprehensive cancer care to a community that lacks ready access to academic medical centers and research institutions. Because cancer patients frequently require prolonged treatment over several weeks, having state-of-the-art treatment facilities closer to the patients' homes and patients' family members is optimal. The Medical Center states a joint venture may also provide a meaningful opportunity for a community to receive "cutting edge" care based on a relationship with academic medical centers or cancer centers and the latest research.

In this case, the Medical Center is, itself, a world-renowned academic medical center with a premier cancer program and seeks to improve the delivery of cancer care within the communities it already serves. The Medical Center rejected this option because a joint venture on the Hyde Park Campus is not necessary to achieve its goals.

6. Utilize Other Available Health Resources

The Medical Center considered whether it would be possible to simultaneously make improvements to its existing facilities to meet the demand for increased services in combination with a reliance on the resources and affiliations with neighboring hospitals. This option was rejected for several reasons. The Medical Center is the only academic medical center on the South Side of Chicago, where demand for cancer care is increasing and its population remains underserved. While the tertiary quaternary care provided by the Medical Center and the primary and secondary care provided by community hospitals in the region are complementary, the Medical Center has no peer hospitals in the area. Instead, the Medical Center receives frequent requests for transfers from most of the other hospitals in its service areas. Similarly, the Medical Center rejected an affiliation with a hospital outside of the service area because it would not address the current unmet demand in Planning Area A-03.

VII. Additional General Review Criteria for Master Design Projects

A. Criterion 1110.235(a) - System Impact of Master Plan

This criterion states:

“The Applicant must document that the proposed master plan or future construction or modernization project(s) will have a positive impact of the health care delivery system of the planning area in terms of improved access, long-term institutional viability, and availability of services. Documentation shall address:

- 1) the availability of alternative health care facilities within the planning area and the impact of the applicant's proposed future project(s) will have on the utilization of such facilities.

- 2) how the services proposed in the applicant's future project(s) will improve access to area residents.
- 3) what the potential impact on area residents would be if the proposed services were not to be replaced or developed; and
- 4) the anticipated role of the facility in the delivery system including anticipated patterns of patient referral, any contractual or referral agreement between the Applicant and other providers which will result in the transfer of patients to the applicant's facility."

The Medical Center believes the proposed Master Design project will allow the Medical Center to plan for the enhancement of the Medical Center's existing facilities and will not have an adverse impact on the provision of care within the Medical Center's A-03 Hospital Planning area. The Medical Center believes the proposed Cancer Center will augment and complement care on the South Side of Chicago. The proposed Cancer Center project will reduce travel for South Side residents. According to the Medical Center currently 67% of residents on the South Side leave the A-03 Hospital Planning Area for cancer treatment, which means significant travel times for medical care. The proposed cancer hospital will consolidate the Medical Center's delivery of cancer care in one dedicated building with expanded inpatient and ambulatory capacity. The Medical Center notes that from 2014-2018, the residents on the South Side of Chicago were 28.6% more likely to receive a cancer diagnosis than residents in other parts of the city and 25.2% more likely than others in the state. Similarly, for similar periods of time, 14.9 deaths per 100,000 residents from breast cancer (2013-2017) compared to 12 in Illinois and 19.9 colorectal cancer deaths compared to 13 for Illinois.

In summary the Medical Center believes *"the proposed Master Design project will enhance access to cancer care, will provide major improvements in the environment for patients who receive services there, and will facilitate the Medical Center's three-part mission in clinical care, teaching and research, which benefit the entire ecosystem of care on the South Side. This project, along with UCMC's work with 12 other hospitals and community health centers in the South Side Healthy Community Organization ("SSHCO"), seeks to solidify the Medical Center's role as a tertiary and quaternary health care provider in the delivery system on the South Side of Chicago, optimizing access to advanced cancer care, and continuing to link patients with primary care. The SSHCO will also dedicate access specifically to FQHC referrals to meet the needs of the most vulnerable patients and to enhance completion rates of referrals to specialty care."* [Application for Permit pages 97-105 for complete discussion]

B. Criterion 1110.235(b) - Master Plan or Related Future Projects

This criterion states:

"The Applicant must document that all beds and services to be developed pursuant to the master design project must be needed and that access to each service will be improved because of the

proposed master plan or the construction or modification project(s). The Applicant must indicate an anticipated completion date(s) for the future construction or modification projects, and document:

- 1) that:
 - a) the proposed number of beds and services to be developed pursuant to the master design project must be consistent with the bed or service need determination of 77 Ill. Adm. Code 1100; or
 - b) if bed or service need determinations do not support the proposed number of beds and services, there are existing factors that support the need for such development at the time of project completion. Such factors include but are not limited to:
 - i) limitations on governmental funded or charity patients that are expected to continue.
 - ii) restrictive admission policies of existing planning area health care facilities that are expected to continue.
 - iii) the planning area population is projected to exhibit indicators of medical care problems such as average family income below poverty levels or projected high infant mortality; and
- 2) Utilization of the proposed beds and services will meet or exceed the utilization targets established in 77 Ill. Adm. Code 1100 within two years completion of the future construction or modification project(s). Documentation shall include:
 - a) historical service/bed utilization levels.
 - b) projected trends in utilization including the rationale and projection assumptions used in such projections.
 - c) anticipated market factors such as referral patterns or changes in population characteristics (age, density, wellness) that would support utilization projections; and
 - d) anticipated changes in the delivery of the service due to changes in technology, care delivery techniques or physician availability that would support the projected utilization levels.

Currently the Medical Center is expecting the following beds and services to be provided at the Cancer Center:

- 116 additional Medical-Surgical Beds
- 16 additional ICU Beds
- 3 Linear Accelerators and 2 CT Simulators for Radiation Therapy - a reduction from the current 4 Linear Accelerators and 3 CT Simulators
- A combination of relocating current equipment and purchasing new equipment to
- replace current equipment is yet to be determined
- Shell space suitable for either an additional Linear Accelerator or equipment for a new technology related to Radiation Therapy in the future
- Relocation of Mammography and Breast Ultrasound equipment from the current location in UCMC's ambulatory center
- Relocation of PET equipment from the current location in UCMC's ambulatory center

- One additional MRI unit
- One additional CT Scan unit

Historical and Projected Utilization for beds and services can be found at the end of this report.

A. Medical Surgical Beds

The Medical Center expects to increase the number of medical surgical beds from 481 medical surgical beds to 597 medical surgical beds. The Medical Center's average annual growth from 2013 thru 2021 has been 7.65%. Projecting that growth forward to the second year after project completion of 2029 the Medical Center expects an Average Daily Census of 647 or an occupancy of 108.4%.

B. Intensive Care Beds

The Medical Center expects to increase the number of intensive care beds from 142 intensive care beds to 158 intensive care beds. The Medical Center's average annual growth from 2013 thru 2021 has been 5.24%. Projecting that growth forward to the second year after project completion of 2029 the Medical Center expects an Average Daily Census of 147 or an occupancy of 93%.

C. CT

The Medical Center expects to increase the number of CT Units from 8 to 9 units by the second year after project completion. The Medical Center is expecting a 2% increase in the number of scans by the second year after project completion. The Medical Center is expecting approximately 100,864 scans by the second year after project completion which meets the State Board Standard of 7,000 scans per unit per year.

D. MRI

The Medical Center expects to increase the number of MRI Units from 9 to 10 units by the second year after project completion. The Medical Center is expecting a 2% increase in the number of procedures by the second year after project completion. The Medical Center is expecting approximately 31,868 procedures by the second year after project completion which meets the State Board Standard of 2,500 procedures per unit per year.

VIII. Financial Viability and Economic Feasibility

- A) Criterion 1120.120 - Availability of Funds
- B) Criterion 1120.130 - Financial Viability
- C) Criterion 1120.140 (a) - Reasonable of Financing Arrangements
- D) Criterion 1120.140 (b) -Terms of Debt Financing

The Medical Center is funding this project with cash in the amount of \$37,569,000. The Medical Center has an “A” or better bond rating. The Medical Center has met the financial viability waiver and the reasonableness of financing arrangement and terms of debt financing are not applicable to this project. Below is the Medical Center’s audited information for 2020 and 2021.

TABLE FOUR University of Chicago Medical Center Audited as of June 30 th (In thousands)		
	2021	2020
Cash	\$164,838	\$538,725
Current Assets	\$1,065,667	\$1,123,564
Total Assets	\$4,534,317	\$4,100,832
Current Liabilities	\$611,017	\$887,502
Total Liabilities	\$2,218,013	\$2,305,054
Patient Service Revenue	\$2,331,509	\$2,048,957
Other	\$457,645	\$497,747
Total Revenue	\$2,789,154	\$2,546,704
Operating Expenses	\$2,669,969	\$2,496,769
Operating Income in Excess of Expenses	\$119,191	\$50,915
Other Income	\$390,397	\$24,651
Revenue and Gains in Excess of Expenses and Losses	\$509,588	\$75,558

A. Criterion 1120.140 (c) – Reasonableness of Project Costs

Only clinical costs are reviewable by the State Board. The State Board does not have financial standards for costs associated with a Master Design Project.

Architectural and Engineering Fees total \$7,300,000.

Consulting and Other Fees total \$2,800,000.

Other Costs to be Capitalized total \$2,450,000

B. Criterion 1120.140 (d) – Direct Operating Costs

There are no operating costs associated with this project.

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

The Medical Center is estimating the capital costs per equivalent patient day to be \$6.33. The State Board does not have a standard for this cost.

EXHIBIT I
Historical and Projected Information for Beds and Services
[Provided by the Medical Center]

Medical Surgical Beds					Intensive Care Beds				
Year	Beds	Historical	Projected	Occ	Year	Beds	Historical	Projected	Occ
		Days	Days				Days	Days	
2013	300	90,841		83.00%	2013	111	26,544		64.00%
2014	338	104,256		85.00%	2014	114	28,898		62.00%
2015	338	115,122		93.00%	2015	126	31,290		68.00%
2016	506	118,273		64.00%	2016	146	31,114		58.00%
2017	506	122,036		66.00%	2017	146	32,629		61.00%
2018	506	133,479		72.00%	2018	146	35,254		66.00%
2019	506	141,480		77.00%	2019	146	36,348		68.00%
2020	506	130,579		71.00%	2020	146	35,000		65.00%
2021	506	146,401		79.00%	2021	146	37,663		71.00%
2022	481		157,594	90.00%	2022	142		39,635	76.00%
2023	597		168,786	77.00%	2023	158		41,607	72.00%
2024	597		179,979	83.00%	2024	158		43,579	76.00%
2025	597		191,172	88.00%	2025	158		45,551	79.00%
2026	597		202,364	93.00%	2026	158		47,523	82.00%
2027	597		213,557	98.00%	2027	158		49,495	86.00%
2028	597		224,750	100.00%	2028	158		51,468	89.00%
2029	597		235,943	100.00%	2029	158		53,440	93.00%
CT Scan					MRI				
Year	Units	Historical	Projected	Occ	Year	Units	Historical	Projected	Occ
		Scans	Scans				Procedures	Procedures	
2016	7	44,764		91.36%	2016	9	20,640		91.73%
2017	8	50,567		90.30%	2017	9	22,549		100.22%
2018	8	64,393		114.99%	2018	9	22,659		100.71%
2019	8	70,063		125.11%	2019	9	24,269		107.86%

EXHIBIT I
Historical and Projected Information for Beds and Services
[Provided by the Medical Center]

2020	8	71,548	127.76%	2020	9	21,723	96.55%
2021	8	84,053	150.09%	2021	9	26,557	118.03%
2022	8	85,734	153.10%	2022	9	27,088	120.39%
2023	8	85,734	153.10%	2023	9	27,088	120.39%
2024	8	85,734	153.10%	2024	9	27,088	120.39%
2025	8	85,734	153.10%	2025	9	27,088	120.39%
2026	8	85,734	153.10%	2026	9	27,088	120.39%
2027	8	85,734	153.10%	2027	10	31,868	127.47%
2028	9	100,864	160.10%	2028	10	31,868	127.47%
2029	9	100,864	160.10%				
Linear Accelerator				PET			
Year	Units	Treatments		Year	Units	Treatments	
2015	4	17,691		2015	1	1,509	
2016	4	18,920		2016	1	1,860	
2017	4	19,318		2017	1	2,263	
2018	4	19,933		2018	1	2,686	
2019	4	21,427		2019	1	2,769	
2020	4	18109		2020	1	2,529	

EXHIBIT II
Charity Care and Medicaid Information
The University of Chicago Medical Center

	FY19	FY20	FY21
Net Patient Revenue	\$2,121,969,000	\$1,746,725,000	\$2,000,232,997
Charity Care Number of Patients			
Inpatient	695	940	340
Outpatient	10,535	21,192	14,870
Total	11,230	22,132	15,210
Charity (cost in dollars)			
Inpatient	\$12,182,929	\$17,320,551	\$3,505,779
Outpatients	\$11,497,252	\$24,157,208	\$16,982,180
Total	\$23,680,181	\$41,477,759	\$20,487,959
Ratio of Charity Care Cost to Net Patient Rev.	1.12%	2.37%	1.02%
MEDICAID			
Medicaid Number of Patients			
Inpatient	12,278	11,635	12,335
Outpatient	152,071	147,940	138,695
Total	164,349	159,575	151,030
Medicaid (revenue)			
Inpatient	\$346,893,000	\$334,038,769	\$409,276,752
Outpatient	\$110,369,000	\$88,188,976	\$143,646,625
Total	\$457,262,000	\$422,227,745	\$552,923,377
Ratio of Medicaid Rev to Net Patient Rev.	21.55%	24.17%	27.64%

EXHIBIT III

Itemization of Project Costs

Preplanning		\$2,400,000
Campus Master Planning Efforts	\$1,450,000	
Urban Design Planning	\$150,000	
Campus Utility Planning	\$500,000	
Site Evaluation	\$200,000	
Evaluation of Sustainability and Resiliency	\$100,000	
Site Survey and Soil Investigation		\$215,000
Survey of Site	\$20,000	
Environmental Testing and Abatement	\$50,000	
Seismic Testing	\$30,000	
Soil Investigation	\$115,000	
Site Preparation		\$500,000
Demolition of Existing Buildings	\$450,000	
Termination and Rerouting of Existing Utilities	\$50,000	
Off Site Work		\$10,500,000
Demolition of Excavation of Existing Roadway	\$350,000	
Installation of Service and Utility Tunnels	\$27,000,000	
Installation of Storm Water Retention Cisterns	\$3,450,000	
Alley and Street Vacation by City of Chicago	\$500,000	
Electrical Service Extensions	\$2,750,000	
Increased Utility Services	\$750,000	
New Construction		
Modernization Contracts		
Contingencies		\$1,800,000
Architecture/Engineering Fees		\$14,500,000
Consulting and Other Fees		\$4,670,000

EXHIBIT III

Itemization of Project Costs

Permits and Fees	\$350,000
Investigation, Prototyping and Code Analyses	\$950,000
Consulting	\$3,370,000
Movable and Other Equipment	
Other Costs to be Capitalized	\$2,984,000
Contracted Manager and Program Directors	\$2,450,000
Insurances	\$250,000
Project Office and Software	\$284,000