



STATE OF ILLINOIS  
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

<b>DOCKET NO:</b> H-02	<b>BOARD MEETING:</b> July 19, 2022	<b>PROJECT NO:</b> 22-015	<b>PROJECT COST:</b>
<b>FACILITY NAME:</b> Rush Copley Medical Center		<b>CITY:</b> Aurora	Original: \$21,342,286
<b>TYPE OF PROJECT:</b> Non-substantive			<b>HSA: VIII</b>

**PROJECT DESCRIPTION:** The Applicants (Rush University System for Health, Copley Memorial Hospital d/b/a Rush Copley Medical Center) propose to modernize by building out space to house a dedicated observation/Clinical Decision Unit on the campus of Rush Copley Medical Center, located at 2000 Ogden Avenue, Aurora, Illinois. The expected completion date is August 31, 2023, and the estimated project cost is \$21,342,286.

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.

## EXECUTIVE SUMMARY

### **PROJECT DESCRIPTION:**

- The Applicants (Rush University System for Health, Copley Memorial Hospital d/b/a Rush Copley Medical Center) propose to establish an Observation Unit/Critical Decision Unit in close proximity to the Emergency Department (ED), at its hospital located at 2000 Ogden Avenue, Aurora. The project costs are \$21,342,286, and the expected completion date is August 31, 2023.

### **WHY THE PROJECT IS BEFORE THE STATE BOARD:**

- The project is before the State Board because the project proposes a substantial change in scope as defined at 20 ILCS 3960/5.
- One of the objectives of the Health Facilities Planning Act is “to assess the financial burden to patients caused by unnecessary health care construction and modification. Evidence-based assessments, projections and decisions will be applied regarding **capacity, quality, value and equity** in the delivery of health care services in Illinois. Cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process.” [20 ILCS 3960/2]

### **PURPOSE OF THE PROJECT:**

- The Applicants state: “The project involves building out another floor above the existing ED. It will establish 20 rooms in which patients can be observed – creating a necessary buffer between the emergency department and inpatient admissions. The types of patients able to benefit from these services include patients with circulatory system issues, digestive issues, genitourinary concerns, injury or poisoning, respiratory issues, and others. This can also be incredibly useful for the treatment and evaluation of behavioral health patients, allowing for a more practiced patient evaluation and the appropriate time to evaluate the effectiveness of interventions that might obviate the need for transfer into an inpatient psychiatric unit. The unit will utilize technical monitoring and dedicated staffing, better enabling RCMC’s staff to better attend to the needs of the patients”.

### **PUBLIC HEARING/COMMENT:**

- A public hearing was offered but was not requested. No letters of support or opposition were submitted in regard to this project.

### **SUMMARY:**

- The Applicants note the observation unit will create a “functional bridge” between the ED and inpatient admissions, allowing clinical staff suitable time to properly triage, treat, and evaluate the patient response to emergent treatment modalities, and better serve these patients through more thorough observation, and accurate disposition for care.
- The Applicants have addressed a total 10 criteria and did not meet the following:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
Criterion 1120.140 (c) Reasonableness of Project Cost	The Applicants exceeded the State Board standards for Modernization costs. These costs total \$7,701,651 or \$693.41 GSF. (\$7,701,651/11,107=\$693.41). This appears <b>high</b> when compared to the State Board Standard of \$421.49/GSF [modernization 2023 mid-point of construction].

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
	<p><b>Applicants Response:</b> <i>The Applicants contribute the overage for this criterion to studies performed by Jones Lang LaSalle, a Chicago-based real estate service firm that indicates construction costs in the Chicagoland Area were 19.4% higher than the national average, and third highest in the nation. This, compounded by unexpected increases in labor and raw material costs due to the COVID-19 Pandemic.</i></p>



STATE OF ILLINOIS  
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

**STATE BOARD STAFF REPORT**

**Project #22-015**

**Rush Copley Medical Center, Aurora**

APPLICATION/SUMMARY CHRONOLOGY	
Applicant(s)	Rush University System for Health, Copley Memorial Hospital d/b/a Rush Copley Medical Center
Facility Name	Rush Copley Medical Center, Aurora
Location	2000 West Ogden Avenue, Aurora, Illinois
Permit Holder	Rush Copley Medical Center
Operating Entity/Licensee	Copley Memorial Hospital Inc. d/b/a Rush Copley Medical Center
Owner of Site	Copley Memorial Hospital, Inc.
Gross Square Feet	15,002 GSF (11,107 clinical)(3,895 non-clinical)
Application Received	April 22, 2022
Application Deemed Complete	May 3, 2022
Financial Commitment Date	July 19, 2023
Anticipated Completion Date	August 31, 2023
Review Period Ends	July 2, 2022
Review Period Extended by the State Board Staff?	No
Can the Applicant request a deferral?	Yes
Expedited Review	No

**I. Project Description**

The Applicants (Rush University System for Health, Copley Memorial Hospital d/b/a Rush Copley Medical Center) propose to establish a dedicated observation unit in built-out space located above the Emergency Department at Rush Copley Medical Center, Aurora, Illinois. The project will result in 20 observation rooms with supply and support areas, as well as relocated Imaging/Ultrasound services from the existing ED. The project costs are \$21,342,286. The expected completion date is August 31, 2023.

**II. Summary of Findings**

- A. State Board Staff finds the proposed project is in conformance with all relevant provisions of Part 1110 (77 ILAC 1110).
- B. State Board Staff finds that all relevant provisions of Part 1120 (77 ILAC 1120) are not applicable to this project.

**III. General Information**

The Applicants propose to add a second level above the existing Emergency Department (ED), located on the campus of Rush Copley Medical Center, Aurora. The proposed project will add 15,002 GSF of space to the facility, allowing for 20 dedicated patient

observation rooms, and the relocation of Imaging/Ultrasound services from the ED space. Project costs total \$21,342,286, and the expected completion date is August 31, 2023.

Rush Copley Medical Center is located at 2000 West Ogden Avenue, Aurora. The hospital is under the corporate management of Rush System for Health d/b/a University System for Health. The proposed project is a non-substantive project subject to a Part 1110 and Part 1120 review.

#### **IV. Project Uses and Sources of Funds**

The Applicants are adding 15,002 GSF of modernized space to account for these modernizations and the introduction of 20 observation rooms with Imaging/Ultrasound services relocated from the ED below. The project cost (\$21,342,286) will be funded through cash and securities, and Grants. The Applicants have supplied an AA- Bond Rating from Fitch Rating Service (2/17/22), as well as consolidated financial statements for years ending June 2020 and 2021.

<b>TABLE ONE</b>				
<b>Project Costs and Sources of Funds</b>				
<b>Project Uses</b>	<b>Reviewable</b>	<b>Non-Reviewable</b>	<b>Total</b>	<b>% of Total</b>
Preplanning Costs	\$15,300	\$14,700	\$30,000	.14%
Site Survey Soil Investigation	\$9,646	\$8,554	\$18,200	.08%
Site Preparation	\$317,286	\$211,524	\$528,810	2.5%
Modernization Contracts	\$7,701,651.18	\$6,560,665.82	\$14,262,317	66.9%
Contingencies	\$685,205.40	\$456,803.60	\$1,142,009	5.4%
Architectural & Engineering Fees	\$419,910	\$279,940	\$699,850	3.3%
Consulting and Other Fees	\$797,978.40	\$531,895.60	\$1,329,964	6.2%
Movable or Other Equipment	\$1,960,957.08	\$688,984.92	\$2,649,942	12.4%
Net Interest Expense During Construction	\$148,000	\$52,000	\$200,000	.78%
Other Costs to be Capitalized	\$356,083.56	\$125,110.44	\$481,194	2.3%
Total Uses of Funds	\$12,412,017.62	\$8,930,268.38	\$21,342,286	100.00%
<b>Project Sources of Funds</b>	<b>Reviewable</b>	<b>Non-Reviewable</b>	<b>Total</b>	<b>% of Total</b>
Cash/Securities	\$8,425,371.60	\$5,616,914.40	\$14,042,286	65.8%
Grants	\$4,380,000	\$2,920,000	\$7,300,000	34.2%
Total Sources of Funds	\$12,412,017.62	\$8,930,268.38	\$21,342,286	100.00%

## **V. Background of the Applicant**

### **A) Criterion 1110.110(a) – Background of the Applicant**

*An Applicant must demonstrate that 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.* To demonstrate compliance with this criterion the Applicant must provide

- A) A listing of all health care facilities currently owned and/or operated by the Applicant in Illinois or elsewhere, including licensing, certification and accreditation identification numbers, as applicable;
- B) A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility;
- C) Authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH 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 the authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.
- D) An attestation that the Applicant have had no *adverse action*<sup>1</sup> taken against any facility they own or operate or a listing of adverse action taken against facilities the Applicant own.

1. The Applicant (Rush University System for Health) maintains ownership of 3 hospitals: Rush University Medical Center, Chicago, Rush Copley Medical Center, Aurora, and Rush Oak Park Hospital, Oak Park. The Applicants also maintain ownership interest in Rush Copley Surgicenter LLC, Rush Surgicenter at the Professional Building Ltd., Rush Oak Brook Surgery Center, LLC and numerous outpatient care facilities (application, p. 50). The Applicants provided signed certification (application pg. 54), serving as attestation that there has been no adverse action taken against facilities owned by Applicants during the three (3) years prior to filing the application.
2. Page 54 of the application also contains authorization permitting the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to have access to any documents necessary to verify information submitted in connection to the Applicant's certificate of need to add surgical specialties. The authorization includes but is not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations.
3. The site is owned by Rush Copley Medical Center, and evidence of this can be found at page 31 of the application for permit.
4. Compliance with Executive Order #2006-05 and the Illinois State Agency Historic Resources Preservation Act/Flood Plains Act is located on pages 34-40 of the application.

---

<sup>1</sup>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)

5. Certificates of Good Standing from the State of Illinois has been provided at pages 27-29 of the Application for Permit.

## VI. Purpose of Project, Safety Net Impact Statement and Alternatives

The following three (3) criteria are informational; no conclusion on the adequacy of the information submitted is being made.

### A) Criterion 1110.110 (b) Purpose of the Project

To demonstrate compliance with this criterion the Applicant 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 Applicants state: *“The project involves building out another floor above the existing ED. It will establish 20 rooms in which patients can be observed – creating a necessary buffer between the emergency department and inpatient admissions. The types of patients able to benefit from these services include patients with circulatory system issues, digestive issues, genitourinary concerns, injury or poisoning, respiratory issues, and others. This can also be incredibly useful for the treatment and evaluation of behavioral health patients, allowing for a more practiced patient evaluation and the appropriate time to evaluate the effectiveness of interventions that might obviate the need for transfer into an inpatient psychiatric unit. The unit will utilize technical monitoring and dedicated staffing, better enabling RCMC’s staff to better attend to the needs of the patients”.*

### B) Criterion 1110.110 (c) - Safety Net Impact Statement

This project is a non-substantive project and a safety net impact statement is not required. The Applicants reported no Charity Care data for Center for the two facilities under ownership/management of the Applicants (see Table One).

TABLE TWO			
Charity Care Information			
Rush University Medical Center			
Charity Care (# of Patients)	FY2018	FY2019	FY2020
Inpatient	478	349	587
Outpatient	12,224	11,035	16,564
<b>Total</b>	<b>12,700</b>	<b>11,384</b>	<b>17,111</b>
Charity Care (Cost in Dollars)	FY 2018	FY 2019	FY 2020
Inpatient	\$7,388,724	\$8,667,696	\$8,427,871
Outpatient	\$10,645,902	\$11,728,611	\$11,613,380
<b>Total</b>	<b>\$18,034,626</b>	<b>\$20,396,307</b>	<b>\$20,041,251</b>
Medicaid (# of Patients)	FY 2018	FY 2019	FY 2020
Inpatient	8,134	7,665	7,509
Outpatient	114,735	120,775	111,222
<b>Total</b>	<b>122,869</b>	<b>128,440</b>	<b>118,731</b>
Medicaid (Revenue)	FY 2018	FY 2019	FY 2020
Inpatient	\$112,930,000	\$125,248,000	\$106,210,677
Outpatient	\$30,265,000	\$40,102,000	\$57,023,218
<b>Total</b>	<b>\$143,188,000</b>	<b>\$165,350,000</b>	<b>\$163,233,895</b>

<b>Rush Oak Park Hospital</b>
-------------------------------

<b>Charity Care (# of Patients)</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
Inpatient	59	35	78
Outpatient	2,549	3,655	5,596
<b>Total</b>	<b>2,608</b>	<b>3,690</b>	<b>5,674</b>
<b>Charity Care (Cost in Dollars)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	\$611,142	\$268,090	\$332,546
Outpatient	\$2,214,229	\$2,251,356	\$2,733,176
<b>Total</b>	<b>\$2,825,371</b>	<b>\$2,519,446</b>	<b>\$3,065,722</b>
<b>Medicaid (# of Patients)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	615	345	738
Outpatient	22,922	24,880	28,610
<b>Total</b>	<b>25,537</b>	<b>25,225</b>	<b>29,348</b>
<b>Medicaid (Revenue)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	\$6,870,809	\$8,293,384	\$4,489,499
Outpatient	\$10,675,377	\$7,629,535	\$6,139,114
<b>Total</b>	<b>\$17,546,186</b>	<b>\$15,922,919</b>	<b>\$10,623,613</b>

<b>Rush Copley Medical Center</b>			
<b>Charity Care (# of Patients)</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
Inpatient	138	102	79
Outpatient	492	327	204
<b>Total</b>	<b>630</b>	<b>429</b>	<b>283</b>
<b>Charity Care (Cost in Dollars)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	\$2,129,038	\$2,882,758	\$3,692,049
Outpatient	\$2,293,079	\$1,27,014	\$1,624,409
<b>Total</b>	<b>\$3,961,784</b>	<b>\$4,109,772</b>	<b>\$5,316,458</b>
<b>Medicaid (# of Patients)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	2,183	2,078	2,316
Outpatient	48,381	45,265	38,972
<b>Total</b>	<b>50,564</b>	<b>47,343</b>	<b>41,288</b>
<b>Medicaid (Revenue)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	\$27,963,450	\$21,765,064	\$21,221,198
Outpatient	\$24,927,322	\$34,153,515	\$31,687,782
<b>Total</b>	<b>\$52,890,772</b>	<b>\$55,918,579</b>	<b>\$52,908,980</b>

<b>Rush Surgicenter at the Professional Building</b>			
<b>Charity Care (# of Patients)</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
Inpatient	0	0	0
Outpatient	1	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Charity Care (Cost in Dollars)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	\$0	\$0	\$0
Outpatient	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Medicaid (# of Patients)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	0	0	0
Outpatient	0	0	2
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Medicaid (Revenue)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	\$0	\$0	\$0
Outpatient	\$0	\$0	\$1,215
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,215</b>



<b>Rush Oak Brook Surgery Center</b>			
<b>Charity Care (# of Patients)</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
Inpatient	N/A	0	0
Outpatient	N/A	0	0
<b>Total</b>	<b>N/A</b>	<b>0</b>	<b>0</b>
<b>Charity Care (Cost in Dollars)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	N/A	\$0	\$0
Outpatient	N/A	\$0	\$0
<b>Total</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
<b>Medicaid (# of Patients)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	N/A	0	0
Outpatient	N/A	1	0
<b>Total</b>	<b>N/A</b>	<b>1</b>	<b>0</b>
<b>Medicaid (Revenue)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	N/A	\$0	\$0
Outpatient	N/A	\$0	\$0
<b>Total</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>

<b>Rush Copley Surgicenter, LLC</b>			
<b>Charity Care (# of Patients)</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
Inpatient	N/A	0	0
Outpatient	N/A	0	0
<b>Total</b>	<b>N/A</b>	<b>0</b>	<b>0</b>
<b>Charity Care (Cost in Dollars)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	N/A	\$0	\$0
Outpatient	N/A	\$0	\$0
<b>Total</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
<b>Medicaid (# of Patients)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	N/A	\$0	\$0
Outpatient	N/A	1	3
<b>Total</b>	<b>N/A</b>	<b>1</b>	<b>3</b>
<b>Medicaid (Revenue)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Inpatient	N/A	\$0	\$0
Outpatient	N/A	\$15,268	\$1,527
<b>Total</b>	<b>N/A</b>	<b>\$15,268</b>	<b>\$1,527</b>

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

**To demonstrate compliance with this criterion the Applicant must document all alternatives to the proposed project that were considered.**

The Applicants considered three alternatives in contrast to the project proposed.

**1) Expand Existing ED**

The Applicants rejected this alternative because it would not accommodate the need to create a bridge between ED and inpatient services, would create an unnecessary divide in the ED (two floors in one ED), and would not allow for the appropriate attention needed for the evaluation of patients and prevent clinical staff from making a valid decision to admit or discharge. No project costs were identified with this alternative.

**2) Expand Licensed Bed Capacity**

The Applicants note this alternative results in more issues than solutions in that it would add more beds to the hospital, requiring a return to semi-private rooms, it would create hardships in effectively treating patients with different acuity levels, additional staffing, and perpetuate the organizational issues related to not having a dedicated observation unit.

**3) Proceed Without Observation Unit/Maintain Status Quo**

The Applicants acknowledge they could proceed without the 20-bed observation unit, if necessary, but note the inability to resolve issues associated with long wait time in the ED and the admission of outpatient observation patients to inpatient care beds. The Applicants rejected this alternative, citing the reduced strain on healthcare workers and the appropriate degree of patient oversight provided through a dedicated observation unit. There were no costs identified with this alternative.

**VII. Project Scope and Size, Utilization and Assurances**

**A) Criterion 1110.120 (a) - Size of Project**

**To demonstrate compliance with this criterion the Applicant must document that the proposed size of the project is in compliance with the State Board Standard in Part 1110 Appendix B.**

The Applicants propose to establish 20-bed observation unit one floor above the Emergency Department (ED) at Rush Copley Medical Center, Aurora. The Applicants also propose to relocate its Diagnostic Radiology/Ultrasound Unit from the ED to the observation unit, and the comparative analysis with the State standard is in Table Three. It appears the Imaging Space is in compliance with the State Standard, and the observation bed space addressed in this criterion is inapplicable to the State size standards.

TABLE THREE Size of Project				
Dept. Service	Proposed BGSF/DGSF	State Standard	Difference	Met Standard?
Observation Beds	10,662 GSF	N/A	N/A	N/A
Diagnostic Radiology/Ultrasound	445 GSF	900GSF	455 GSF	Yes

#### **B) Criterion 1110.120(b) – Projected Utilization**

To demonstrate compliance with this criterion the Applicant must document that the facility will be at target occupancy as specified in Part 1100.

The proposed project seeks to establish a 20-bed Observation Unit located directly above the existing Emergency Department (ED) on the first floor, and the relocation of existing Imaging/Ultrasound to renovated space proximal to the ED. While no state standard exists for observation bed utilization, the applicants report projected utilization of its total number of Ultrasound units to exceed the State standard of 3,100 visits annually after project completion.

TABLE FOUR Project Service Utilization					
	Dept./Service	Historical Utilization (visits)	Projected Utilization	State Standard	Met Standard?
Year One (2019)	Ultrasound	33,008	4,349	3,100 visits	Yes
Year Two (2020)	Ultrasound	30,761	4,566	3,100 visits	Yes

### **VIII. Criterion 1110.270 - Clinical Service Areas Other than Categories of Service**

The Applicants propose to expand space in newly-built space located directly above its Emergency Department (ED), to establish a 20-bed Observation unit, to serve as a “care bridge” between its ED and its inpatient care units to better utilize hospital resources and provide an area for clinicians to better evaluate their patients to determine their inpatient/discharge statuses. The impetus behind this project is not to replace deteriorated/outdated equipment, but to utilize rather better its newly established and existing space.

#### **A) Observation Services (20 Beds)**

The Applicants propose to establish a 20-bed observation unit, in a second-floor location located directly above the Emergency Department (ED). The proposed unit will provide clinical staff the opportunity to better evaluate the patient for treatment options and disposition, while better utilizing resources in the ED as well as inpatient care units. While utilization data is not mandatory for Observation services, the Applicants surveyed its own patient observation initiative, and has determined that over a 13-quarter period (Q1 FY19 through Q1 FY 2022), there was an average daily census of 24.3 patients that occupied an ED bay, or an inpatient bed. The dedicated observation unit will provide patient care space for these individuals, allowing clinical staff better opportunities for patient evaluation, and better use of hospital resources.

**B) Diagnostic Imaging/Ultrasound**

This component of the proposed project entails the relocation of existing Imaging/Ultrasound equipment to renovated space located near its existing ED, to better provide Imaging services to patients in the ED. Table four illustrates the utilization of its Imaging equipment in both historical and projected forms. While the historical data does not meet the minimum State standard for utilization, projected utilization is expected to exceed State standards. The Applicants attribute this increased to the relocation of an Imaging unit and the increased access afforded to ED physicians and staff.

**IX. 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 \$14,042,286, and Grants totaling \$7,300,000 from the Illinois Capital Development Board. The Applicant, (Rush Health System), has supplied proof of an AA- Bond Rating from Fitch Ratings Service (February 2022), and Audited Financial Statements. The bond rating and the results shown in Table Five prove the Applicants have sufficient cash to fund the cash portion of the project. The Applicants have successfully addressed this criterion.

<b>TABLE FIVE</b>		
<b>Rush Health System</b>		
<b>Years ended June 2020, 2021</b>		
	<b>2020</b>	<b>2021</b>
Cash	\$578,478	\$441,652
Current Assets	\$1,121,275	\$1,009,256
Total Assets	\$4,891,641	\$5,537,769
Current Liabilities	\$943,862	\$1,013,161
LTD	\$1,557,823	\$1,528,543
Total Liabilities	\$2,501,685	\$2,541,704
Net Patient Revenue	\$2,233,576	\$2,574,590
Total Revenues	\$2,656,593	\$2,999,061
Income from Operations	(\$88,524)	\$108,175
Net Income	(\$191,617)	\$300,787
Source: Rush Health System Audited Financial Statements, Application Pg. 108		

## **X. 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 \$14,042,286, and Grants provided from the Illinois Capital Development Board totaling \$7,300,000. The Applicant (Rush Health System) has supplied proof of an AA- Bond Rating from Fitch's Ratings Service (February 2022) 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.

### **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 modernization is 11,107 GSF. The Applicants have not met all State Board Standards for the following criteria, and a negative finding result.

**Pre-Planning Costs** – These costs total \$15,300, which is .15% of the modernization, contingencies, and equipment costs (\$10,347,813). This appears to be in conformance with the State standard of 1.8%.

**Site Survey/Site Preparation** – These costs total \$326,932, which is 3.9% of the modernization, and contingency costs (\$8,386,856). This appears to be in conformance with the State standard of 5.0%.

**Modernization Costs** – These costs total \$7,701,651 or \$693.41 GSF. ( $\$7,701,651/11,107=\$693.41$ ). This appears **high** when compared to the State Board Standard of \$421.49/GSF [modernization 2023 mid-point of construction]. The Applicants contribute the overage for this criterion to studies performed by Jones Lang LaSalle, a Chicago-based real estate service firm that indicates construction costs in the Chicagoland Area were 19.4% higher than the national average, and third highest in the nation. This, compounded by unexpected increases in labor and raw material costs due to the COVID-19 Pandemic.

**Contingencies/Modernization** – These costs total \$685,205 and are 8.9% of modernization costs (\$7,701,651). This appears reasonable when compared to the State Board Standard of 10% - 15%%.

**Architectural and Engineering Fees/Modernization** – These costs total \$419,910 and are 5% of modernization and contingencies (\$8,386,856). These costs appear reasonable when compared to the State Board Standard of 6.04% – 9.08%.

**Consulting and Other Fees** – These costs are \$797,978. The State Board does not have a standard for these costs. These costs entail various project-related fees, additional State/Local fees, and other CON-related costs.

**Movable Equipment** – These costs total \$1,960,957 and are not reviewable by the State Board (hospital).

**Net Interest Expense During Construction** – These costs total \$148,000, and are not reviewable by the State Board.

**Other Costs to be Capitalized** – These costs total \$356,084. The State Board does not have a standard for these costs. These fees include permits and fees (\$200,000), landscaping (\$254,984), signage (\$30,000), tree removal (\$70,000), and utility fees from the City of Geneva (\$90,016).

The Applicants exceeded the applicable State standards for Modernization Costs. The Applicants provided justification for the overage, which is explained as part of the individual criterion. A negative finding results for this criterion.

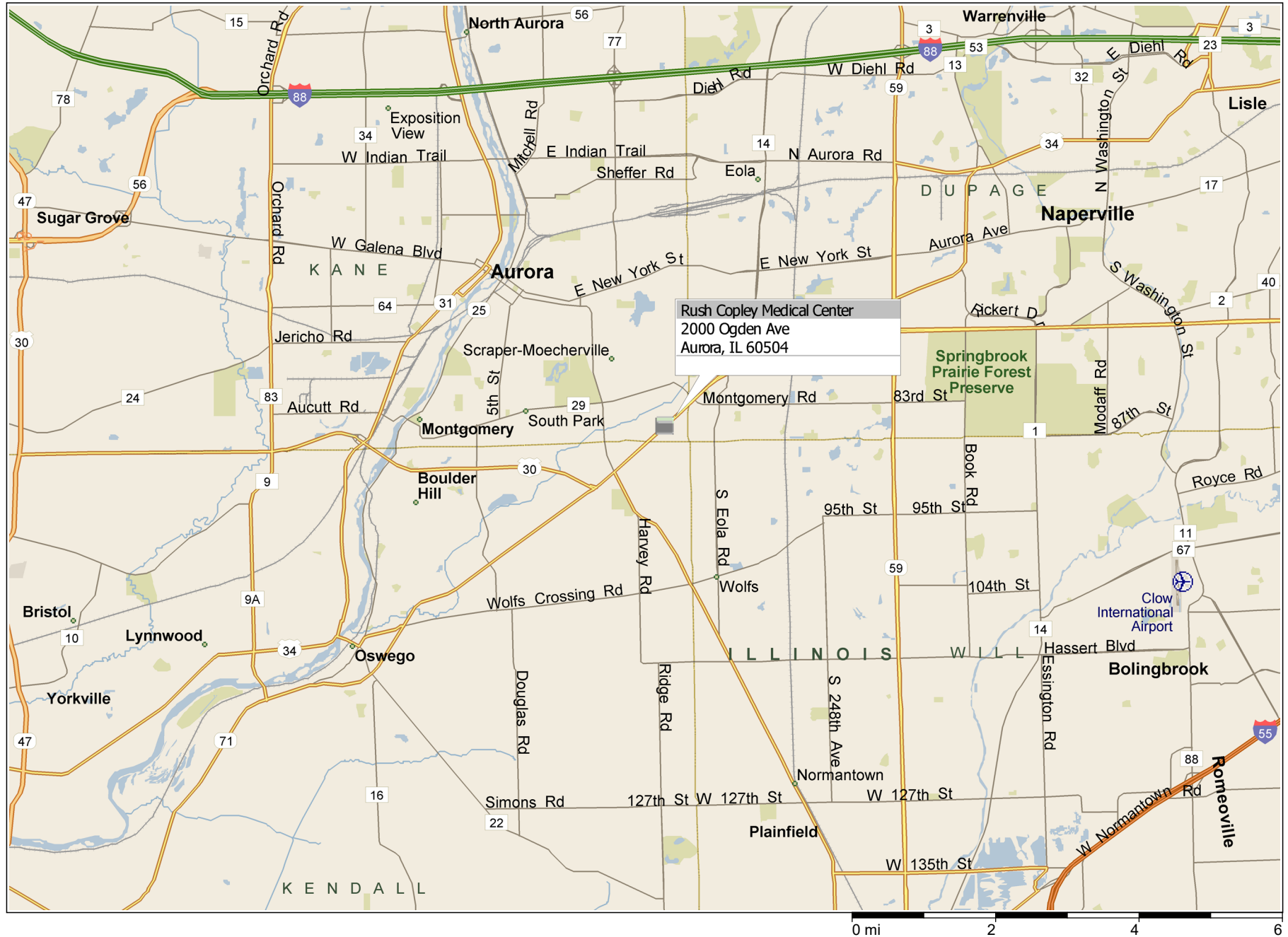
**D) Criterion 1120.140(d) – Projected Operating Costs**

The Applicants are projecting no change in operating costs, due to the nature of the project (modernization/relocation of equipment). 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 no effects on the Capital Costs, as this project is not acquiring new equipment, but moving existing equipment into remodeled space. The Board does not have a standard for this criterion.

## 22-015 Rush Copley Medical Center - Aurora



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

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