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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Debra Savage, Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson, 2nd Floor
Springfield, Illinois 62761

Re: University of Chicago Medical Center ("UCMC", the "Medical Center"), UCMC Medical Office
Building Completion of Shell Space (the "Project")
Application for Replacement Permit

Dear Chairperson Savage:

We are pleased to submit our replacement permit application to the Illinois Health Facilities & Services Review Board ("IHFSRB" or the "Review Board") for approval to build out the remaining shell space in a medical office building owned by the University of Chicago Medical Center ("UCMC" or the "Medical Center") in Orland Park.

Background

On August 27, 2014, UCMC received approval from the Illinois Health Facilities and Services Review Board (the "Review Board") to construct a four-story medical office building in Orland Park, with the fourth floor reserved as shelled space ("Project #14-023"). With its Orland Park MOB, UCMC expanded access to multi-specialty outpatient care, high quality cancer screening, and diagnostic imaging to meet the growing demand for health care resources in communities already served by UCMC. Project #14-023 is complete.

On December 14, 2021, the Review Board granted UCMC a permit to build out the remaining shelled space and to add one (1) MRI and one (1) PET Scan on the second floor Diagnostic-Imaging Suite with an original Project completion date of May 31, 2023 ("Project #21-033"). The Project was planned in phases with the 4th floor completed first. Given a variety of factors described below, total Project Cost for Permit #21-033 will exceed 7% and the change in BGSF will exceed 5% of the original permit amount, and consequentially we are filing this replacement permit application. There is otherwise no change in scope of services from that approved in Project 21-0333.

Status of Existing Permit

As approved, Project 21-033 allowed UCMC to build out the remainder of the shell space on the 4th floor of the MOB, including 18 multi-specialty exam rooms, a minor procedure suite, a cardiology testing area, and a blood draw area and to add one (1) MRI and one (1) PET scanner in the Diagnostic Imaging Suite on the 2nd Floor.

The 4th floor build out of shelled space and renovations are substantially complete. Minor construction activities that do not affect patient care are winding down. The first patients were seen in the new clinics on December 19, 2022. The new space on the 4th floor will result in an approximately 20% increase in clinical capacity for exam rooms in the building.

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Following an updated review of the Project, a radiation physicist recommended additional shielding for the PET scanner to further enhance the safety of its operation. This, in turn, required UCMC to redesign the structural

steel to support the equipment's installation and to obtain new bids and pricing from contractors. The design changes include additional structural steel and equipment shielding for the safe deployment of the additional MRI and PET scanner, as well as associated modifications to enhance clinical efficiency. The programming and design of the renovations for the 2nd floor Diagnostic Imaging Suite are complete.

Immediately prior to this request for a replacement permit, we submitted a Permit Renewal Request and Permit Alteration Request to allow us opportunity to maximize the work that can be completed under the existing Permit. With the Permit Alteration, we requested the Project Cost be increased to \$19,730,768, an increase of \$1,083,405 (3.2%). However, the total cost of the revised renovations to the 2nd floor — most of which is attributable to steel costs for the PET shielding — exceeds the permissible 7% increase allowable for a permit alteration. UCMC will also need to renovate slightly more square footage on the 2nd floor than is allowable under a permit alteration, both of which necessitate UCMC's application for a replacement permit.

Project Purpose

UCMC is requesting a replacement permit for Project 21-033 for minor design changes largely attributed to its Diagnostic Imaging Suite in the MOB, with new a Project Cost of \$20,854,329 (an increase of \$2,323,561 or approximately 11.25% from Project 21-033) and total square footage of 24,618 BGSF (an increase of 1,518 BGSF or approximately 6.6%).

The purpose of this revised Project is the same as Project #21-033 is to expand access to multi-specialty outpatient care, high-quality cancer screening, and diagnostic imaging to meet the demand we anticipated and to continue to address the disparate distribution of needed health care resources in the communities that UCMC serves, consistent with Project #21-033. For FY22, 67% of patient care is outpatient care at UCMC, which has grown steadily over time.

The revised Project Cost in UCMC's application for a replacement CON permit account for the renovations sufficient to install the needed structural steel for both the new MRI and PET Scanner, necessary construction associated non-reviewable spaces to operationalize the MRI and PET Scanner, and the installation of the PET Scanner. The Project Cost also accounts for the significant cost escalation for raw materials in the marketplace since the original Project was submitted in 2021.

Existing Services at UCMC's Orland Park MOB

The Orland Park MOB provides a robust offering of primary care services and specialty care for people across three key dimensions of outpatient care — initial diagnosis, episodic and procedural care, and chronic disease management — in a state-of-the-art outpatient center. The Orland Park MOB more recently became a destination for screening mammography, alongside bone density testing and a broad spectrum of women's health care.

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UCMC's team of clinicians at the Orland Park MOB flex academic expertise in a community setting, using an integrated approach across specialty areas that include cancer, digestive diseases, heart and vascular, neurology, orthopedics, otolaryngology (ENT), and women's health. At Orland Park, UCMC provides expertise and access,

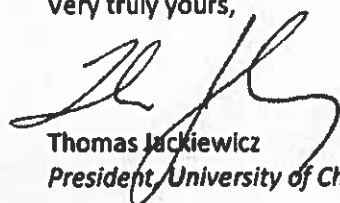
offering extended daytime and weekend hours, same-day appointments, and on-site pharmacy, laboratory and imaging services, all so its patients can receive necessary medical care without a commute.

Shifting Paradigm of Outpatient Care

Updating the existing care delivery model is essential to help cope with levels of demand that had been rising for many years before the COVID-19 crisis. In the US, while inpatient stays steadily declined from 2005 through 2015, outpatient visits rose. UCMC's monthly clinic visits at Orland Park MOB have almost 70% from May 2020 through April 2023. During the same period, the average time from making an appointment to coming in for the clinic visit for new patients has increased 12%. A paradigm shift is also vital to help quickly clear the backlog of patients whose care may have been postponed because of the pandemic.

We are pleased to submit our replacement application for completion of UCMC's existing Orland Park MOB to the Review Board and look forward to working with you to complete the construction necessary to continue to bring exceptional care to the patients in the communities we serve.

Very truly yours,



Thomas Jackiewicz
President, University of Chicago Health System