

ORIGINAL

REQUEST

TO RENEW PERMIT 12-066

at

ADVOCATE HEALTH and HOSPITALS CORPORATION

d/b/a

ADVOCATE CHRIST MEDICAL CENTER

Oak Lawn, Illinois

and

ADVOCATE HEALTH CARE NETWORK

and

ADVOCATE AURORA HEALTH

 Advocate Christ Medical Center

4440 West 95th Street || Oak Lawn, IL 60453 || T 708.684.8000 || advocatehealth.com

9/20/2018

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Request for Permit Renewal Section 1130.750

Permit #12-066: Advocate Christ Medical Center, Oak Lawn
Permit Holder: Advocate Health and Hospitals Corporation d/b/a Advocate Christ
Medical Center and Advocate Health Care Network
Permit Amount: \$299,990,191


Dear Ms. Avery:

Advocate Health and Hospitals Corporation and Advocate Health Care Network are seeking to renew Permit 12-066 granted to Advocate Christ Medical Center in Oak Lawn. The current permit is approved to expire on July 31, 2019; the applicants request that the permit be renewed through June 30, 2020.

This report summarizes the current status of the project. An alteration to this permit is being filed concurrently with this request for permit renewal.

Enclosed is a \$500 permit renewal filing fee.

Sincerely,


Matthew Primack
President
Advocate Christ Medical Center

Cc: Mike Constantino, Supervisor of Project Review
Mike Ferrell, President, Advocate Christ Medical Center
Janet Scheuerman, PRISM Healthcare Consulting.

Advocate Christ Medical Center
Request for Permit Renewal Draft Letter

September 15, 2018
Serving individuals, families and communities

Recipient of the Magnet award for excellence in nursing services by the American Nurses Credentialing Center



Request for Permit Renewal Section 1130.750

Permit Holder: Permit 12-066 Advocate Christ Medical Center, Oak Lawn
Advocate Health and Hospitals Corporation a d/b/a
Advocate Christ Medical Center and Advocate Health Care
Network
Permit Amount: \$299,990,191

1. The requested completion date:

Permit 12-066 was approved on December 10, 2012; the Permit completion date is July 31, 2019. The requested completion date is June 30, 2020.

2. A status report on the project detailing what percent has been completed and a summary of project components yet to be finished and the amount of funds expended on the project to date.

The Permit includes the construction of a 7-level patient tower including the addition of 50 adult intensive care beds, 17 obstetric beds and 27 neonatal intensive care beds. The project includes 308,090 square feet of new construction and 87,646 square feet of modernization. The inpatient tower was occupied in January 2016. Space vacated in existing towers as the result of services being relocated to either the new Ambulatory Care Building completed in March 2014 or the New Patient Tower is being backfilled or rearranged to better meet evolving patient care requirements.

As of July 2018, the project is 85 percent complete. Table 1 is a comparison of cost incurred to July 18 and cost approved in the Permit.

Table 1

Attachment 7 – Costs Incurred and Costs Approved in the Permit

Use of Funds	Costs Incurred to Date	In Permit
Preplanning Costs	\$4,370,500	\$4,370,500
Site Survey and Soil Investigation	\$202,074	\$263,400
Site Preparation	\$1,540,000	\$1,540,000
Off Site Work	\$4,583,000	\$4,583,000
New Construction Contracts	\$139,374,375	\$140,474,500
Modernization Contracts	\$31,514,042	\$29,397,568
Contingencies	\$9,063,898	\$16,678,705
Architectural/Engineering Fees	\$10,890,419	\$10,834,629
Consulting and Other Fees	\$6,945,368	\$9,916,000
Movable or Other Equipment (not in construction contracts)	\$33,053,862	\$44,282,000
Bond Issuance Expense (project related)	\$408,660	\$2,150,600
Net Interest Expense During Construction (project related)	\$3,307,671	\$13,707,723
Fair Market Value of Leased Space or Equipment	\$0	\$0
Other Costs To Be Capitalized	\$10,433,966	\$21,791,566
Acquisition of Building or Other Property (excluding land)	\$0	\$0
Total Uses of Funds	\$255,687,835	\$299,990,191

3. A statement as to the reasons why the project has not been completed.

Work on the project has proceeded with due diligence. The project was obligated and all Annual Progress Reports have been filed in a timely way. Construction has proceeded according to the schedule in place at the time of permit approval and the Neonatal Intensive Care Unit modernization will be completed and occupied before the initial completion date.



However, in mid-2017, the leadership of Advocate Health and Hospitals and Advocate Christ Medical Center began to assess the status of Permit 12-066 in view of the many changes in health care delivery that transpired since the Permit was approved more than 6 years before. Several major findings in the Medical Center's utilization trends needed to be addressed.

1. During the design development process, it became evident that the space available for the modernized Neonatal Intensive Care Unit could not support the approved number of neonatal beds.
2. The demand for pediatric cardiac services and especially pediatric cardiac surgery increased substantially so that the current pediatric intensive care bed complement is extremely undersized.
3. The Neuro Critical Care Unit has experienced growth and additional bed capacity is needed.

Based on these findings, leadership determined that an alteration to the Permit would be necessary. This alteration is being filed concurrently with this Permit Renewal and includes:

- a. The reduction of 3 neonatal intensive care beds due to structural limitations of the vacated space to be remodeled and the adoption of a private room configuration for all neonatal beds.
- b. The addition of 16 pediatric intensive care beds. These beds will be located in modernized space in an area that was formerly occupied by an adult intensive care unit. The unit has a direct connection between Advocate Christ and Advocate Children's Hospital – Oak Lawn and is adjacent to the surgical suite.
- c. The addition of one adult intensive care bed to meet the expanding needs of the Neuro Critical Care Unit.

In aggregate these changes account for the addition of 14 beds – well within the 20-bed maximum defined in the Rules. Exhibit 1 is a summary of existing and proposed beds. The proposed remodeling of 17,690 sf is also within the State's guideline.

Although the reduction of the neonatal intensive care beds can be completed within the original completion date, July 31, 2019, it is unlikely that the other components of the alteration will be



able to meet that deadline. To be conservative, Advocate Christ is requesting a one-year extension of the project completion data. This additional time is needed to accommodate the phasing of the pediatric intensive care beds and completing the modernization of the neuro intensive care room.

4. Confirming Evidence of financial commitment to fund the alteration projects.

The original funding approved for the project will be adequate to cover the project costs incurred to date, the alteration costs, and all other costs related to completing the project.

Costs incurred to date	\$255, 687,836
Alteration costs (NICU, PICU, NCCU)	16,817,261
Cost to complete	<u>12,931, 038</u>
Total	\$285,326,125

\$285,326,135 (project cost at completion) < \$299,990,191
(approved permit amount.)

Attachment 1 is a letter signed by the Chief Executive Officer of Advocate Christ Medical Center stating that the project's costs and scope comply with the HFSRB approved application and that sufficient financial resources are available to complete the project.

Final cost of the project will be within the approved and funded permit amount. The project will continue to be funded with cash and securities and debt. The following letter assures the funding of the project.

Conclusion

Advocate Christ Medical Center's proposed alterations to Permit #12-066 appear to be in compliance with the Administrative Code 1130.750. These alterations will be completed before the project's proposed renewed completion date, June 30, 2020.

Sincerely,

Matthew Primack

Advocate Christ Medical Center
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 Advocate Christ Medical Center

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President
Advocate Christ Medical Center

Cc: Mike Constantino, Supervisor of Project Review
Janet Scheuerman, PRISM Healthcare Consulting.

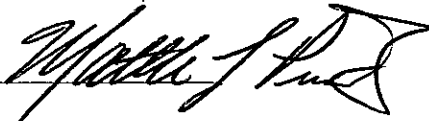
Enclosure: Check \$500.00 Filing Fee



9/20/2018

In accordance with Section 1130.740 part c, of the Illinois Health Facilities and Services Review Board rules for renewal of a permit:

I do hereby certify that construction of the project described in Permit 12-066 was obligated in October 2013 and that the financial resources to fund the project are available and that the project's addition of beds, amount of additional square footage and the cost of the project are in compliance with that which the State Board has approved.

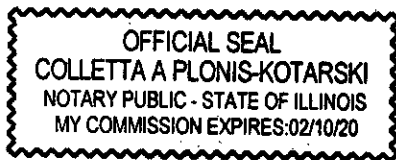
By: 
Matthew Primack

ITS:
President
Advocate Christ Medical Center

Notarization

Subscribed and sworn to before me this 20th day of SEPTEMBER 2018

Notary





Advocate Christ Medical Center
Request for Permit Renewal Draft Letter
September 15, 2018

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Attachment 1



Advocate Christ Medical Center			
	Authorized Beds ¹	Proposed Bed Alteration	Proposed Beds
Medical / Surgical	394		394
Intensive Care			
Adult	129	+1	130
Pediatric	<u>24</u>	+16	<u>40</u>
Total	153		170
Neonatal Intensive Care	64	-3	61
General Pediatrics	45		45
Rehabilitation	37		37
Acute Mental Illness	39		39
Obstetrics	<u>44</u>		<u>44</u>
Total	788	+14	802

¹ At no time has the number of operational beds by service exceeded the number of authorized beds.