

13-015  
ORIGINAL

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ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT

MAR 27 2013

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name:	Advocate Trinity Hospital – Increase Intensive Care Beds				
Street Address:	2320 East 93 <sup>rd</sup> Street				
City and Zip Code:	Chicago				60617
County:	Cook	Health Service Area	6	Health Planning Area:	A-03

Applicant /Co-Applicant Identification (See next page for additional applicants)

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Advocate Health and Hospitals Corporation dba Advocate Trinity Hospital				
Address:	2025 Windsor Drive, Oak Brook, Illinois 60523				
Name of Registered Agent:	Gail D. Hasbrouck				
Name of Chief Executive Officer:	Jonathan R. Bruss, President, Advocate Trinity Hospital				
CEO Address:	2320 East 93 <sup>rd</sup> Street, Chicago, Illinois 60617				
Telephone Number:	773-967-5070				

Type of Ownership of Applicant/Co-Applicant

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Non-profit Corporation | <input type="checkbox"/> Partnership         |
| <input type="checkbox"/> For-profit Corporation            | <input type="checkbox"/> Governmental        |
| <input type="checkbox"/> Limited Liability Company         | <input type="checkbox"/> Sole Proprietorship |
|  | <input type="checkbox"/> Other               |

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name:	William Safian
Title:	Director, Business Development
Company Name:	Advocate Trinity Hospital
Address:	2320 East 93 <sup>rd</sup> Street, Chicago, Illinois 60617
Telephone Number:	773-967-5523
E-mail Address:	<a href="mailto:William.safian@advocatehealth.com">William.safian@advocatehealth.com</a>
Fax Number:	773-967-3293

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	Janet Scheuerman
Title:	Senior Consultant
Company Name:	PRISM Healthcare Consulting
Address:	1808 Woodmere Drive, Valparaiso, Indiana 46383
Telephone Number:	219-464-3969
E-mail Address:	<a href="mailto:prismjanet@aol.com">prismjanet@aol.com</a>
Fax Number:	219-464-0027

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT**

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION****This Section must be completed for all projects.****Facility/Project Identification**

Facility Name:	Advocate Trinity Hospital – Increase Intensive Care Beds				
Street Address:	2320 East 93 <sup>rd</sup> Street				
City and Zip Code:	Chicago			60617	
County:	Cook	Health Service Area	6	Health Planning Area:	A-03

**Applicant /Co-Applicant Identification (See next page for additional applicants)****[Provide for each co-applicant [refer to Part 1130.220].**

Exact Legal Name:	Advocate Health Care Network				
Address:	2025 Windsor Drive, Oak Brook, Illinois 60523				
Name of Registered Agent:	Gail D. Hasbrouck				
Name of Chief Executive Officer:	James H. Skogsbergh				
CEO Address:	2025 Windsor Drive, Oak Brook, Illinois 60523				
Telephone Number:	(630) 990-5008				

**Type of Ownership of Applicant/Co-Applicant**

<input checked="" type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership		
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental		
<input type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship	<input type="checkbox"/>	Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

**APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Primary Contact**

[Person to receive all correspondence or inquiries during the review period]

Name:	William Safian				
Title:	Director, Business Development				
Company Name:	Advocate Trinity Hospital				
Address:	2320 East 93 <sup>rd</sup> Street, Chicago, Illinois 60617				
Telephone Number:	773-967-5523				
E-mail Address:	William.safian@advocatehealth.com				
Fax Number:	773-967-3293				

**Additional Contact**

[Person who is also authorized to discuss the application for permit]

Name:	Janet Scheuerman				
Title:	Senior Consultant				
Company Name:	PRISM Healthcare Consulting				
Address:	1808 Woodmere Drive, Valparaiso, Indiana 46383				
Telephone Number:	219-464-3969				
E-mail Address:	prismjanet@aol.com				
Fax Number:	219-464-0027				

**Additional Contact**

[Person who is also authorized to discuss the application for permit]

Name: Joe Ourth
Title: Attorney
Company Name: Arnstein & Lehr, LLP
Address: 120 S. Riverside Plaza, Suite 1200, Chicago, IL 60606-3910
Telephone Number: (312) 876-7815
E-mail Address: jourth@arnstein.com
Fax Number: (312) 876-6215

**Additional Contact**

[Person who is also authorized to discuss the application for permit]

Name: Jeffrey So
Title: Director, Business Development/Community Relations
Company Name: Advocate Christ Medical Center
Address: 9401 S. Pulaski, Suite 201, Evergreen Park, IL 60805
Telephone Number: (708) 684-5763
E-mail Address: Jeffrey.So@advocatehealth.com
Fax Number: (708) 684-5707

**Post Permit Contact**

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**

Name:	Albert Manshum
Title:	Vice President, Facilities and Construction
Company Name:	Advocate Health Care
Address:	2025 Windsor Drive, Oak Brook, Illinois 60523
Telephone Number:	630-990-5546
E-mail Address:	Albert.Manshum@advocatenhealth.com
Fax Number:	630-990-4798

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Advocate Health and Hospitals Corporation
Address of Site Owner:	2025 Windsor Drive, Oak Brook, Illinois 60523
Street Address or Legal Description of Site:	2320 East 93 <sup>rd</sup> Street, Chicago, Illinois 60617
<b>Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.</b>	
<b>APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>	

**Operating Identity/Licensee**

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name:	Advocate Trinity Hospital	
Address:	2320 East 93 <sup>rd</sup> Street, Chicago, Illinois 60617	
<input checked="" type="checkbox"/> Non-profit Corporation <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Partnership <input type="checkbox"/> Governmental <input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other
<ul style="list-style-type: none"> <li>○ Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>○ Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li> <li>○ <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li> </ul>		
<b>APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>		

**Organizational Relationships**

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

**APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Flood Plain Requirements**

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at [www.FEMA.gov](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://www.illinoisfloodmaps.org). **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS **ATTACHMENT -5**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS **ATTACHMENT-6**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**DESCRIPTION OF PROJECT****1. Project Classification**

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

- Substantive  
 Non-substantive

Part 1120 Applicability or Classification:

[Check one only.]

- Part 1120 Not Applicable  
 Category A Project  
 Category B Project  
 DHS or DVA Project

Note: The Project is classified as non-substantive. The Project does not meet the criteria to be substantive because it is not building or replacing a facility, it does not offer a new category of care, and it does not change the bed count by more than 20 beds. It is a Category B Project because it costs more than \$12.2 million.

## 2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Advocate Health Care Network and Advocate Health and Hospitals Corporation d/b/a Advocate Trinity Hospital are proposing to add 12 intensive care beds to relieve the excessively high utilization of the existing 12 intensive care beds and to accommodate patients that could be better served with the additional capacity close to their homes. IDPH Bed Need Determinations have identified the need for these intensive care beds.

Advocate Trinity Hospital is located at 2320 East 93<sup>rd</sup> Street in Chicago. The Hospital's service area includes several Chicago Community Areas on the Southeast Side. This area's population is 83.4 percent black Non-Hispanic residents, 8.9 percent Hispanic, 5.8 percent White Non-Hispanic, 0.5 percent Asian and South Pacific Island Non-Hispanic, and 1.4 percent All Other. The communities are characterized by poverty, high unemployment rates, and lower family income than Illinois; low education levels; and a very high incidence of disease and especially cardiovascular disease, diabetes, cancer and stroke. Approximately 45 percent of the population depends on Medicaid or are self-pay, compared to 28 percent in Illinois.

The applicants are proposing a two-phase Project ("Project"). Phase I is an enabling phase and includes relocating the Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation services into modernized vacant business occupancy space. Phase II includes modernizing the institutional occupancy space vacated by Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation for 12 proposed new intensive care beds. Phase I is expected to be completed by May 31, 2014. The modernization of the space for the intensive care beds is expected to be completed by October 31, 2015. The entire Project, including IDPH inspections and filing of final cost reports, is expected to be completed by April 30, 2016.

A site plan showing the modernization locations and stacking diagrams showing the current and proposed locations of the three Project areas are included as Narrative Exhibits 1 and 2.

### Project Size

The amount of total physical space programmed for the proposed Project is necessary and conservative when compared to State Standards.

### Project Size Compared to State Standards

Department/Service	Number of Key Rooms	Proposed DGSF	State Standard	Met Standard?
Intensive Care Beds	12 existing and 12 new = 24 total	13,539 DGSF or 565 DGSF per bed	600-685 DGSF per bed	Yes
Outpatient Physical Medicine	14	6,615 DGSF	NA	Yes
Outpatient Cardiac Rehab	1	3,300 DGSF	NA	Yes

#### Project Utilization

The utilization of all Project Departments will exceed State Standard Target Occupancy by the second full year of utilization.

### Project Utilization Compared to State Standards

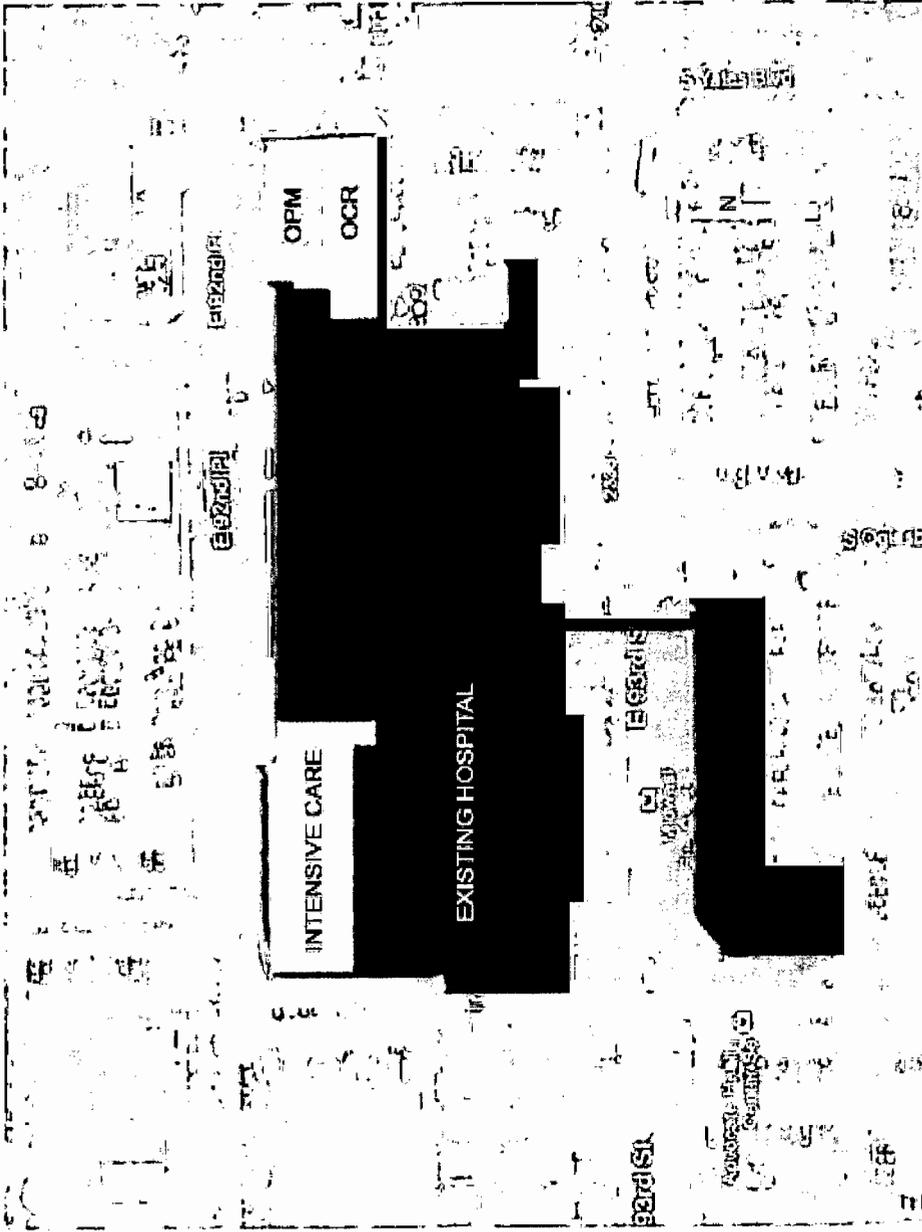
Department/Service	Projected Utilization, Second Full Year	Proposed Rooms	Proposed Percent Occupancy	State Standard	Met Standard?
Intensive Care	6,570 days	24	75.0	60 percent	Yes
Outpatient Physical Medicine	34,658 visits	14	NA	NA	Yes
Outpatient Cardiac Rehabilitation	8,627 visits	1	NA	NA	Yes

The Project has received strong community support; letters of support are included as Narrative, Exhibit 3.

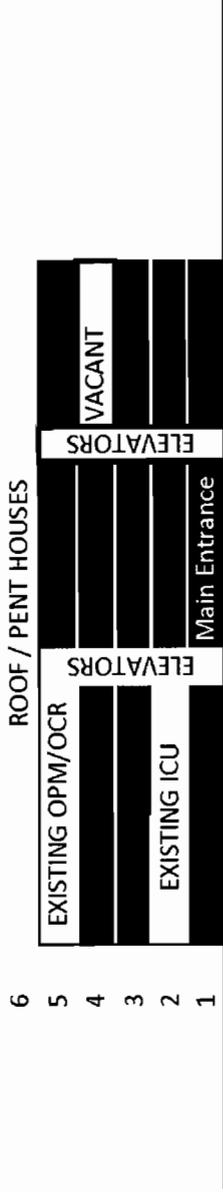
Of the total square footage, 23,454 DGSF will be clinical space (16,965 modernized and 6,489 existing) and 3,095 DGSF will be non clinical for a total of 26,549 DGSF.

Total Project cost is expected to be \$18,238,256. The project will be funded with cash and securities and debt.

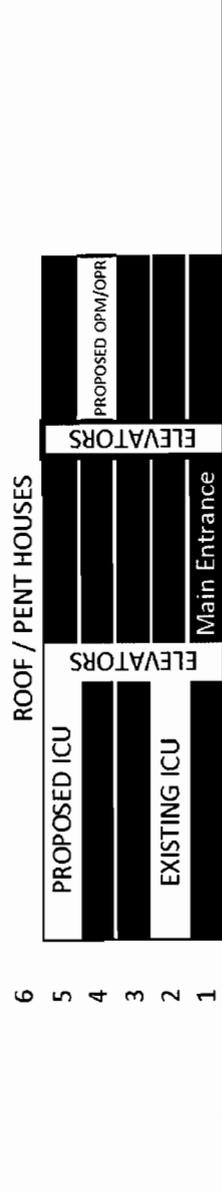
In accordance with the Public Act 96-31, the Project is classified as non substantive; further, total Project cost exceeds the HFSRB threshold of \$12.2 million.



**Proposed Advocate Trinity Hospital Campus Plan**



**Existing Advocate Trinity Hospital Stacking Diagram**



**Proposed Advocate Trinity Hospital Stacking Diagram**

## Letters of Support

Kwame Raoul	Illinois State Senator, 13 <sup>th</sup> District
Donne E. Trotter	Illinois State Senator, 17 <sup>th</sup> District
Elgie R. Sims, Jr.	Illinois State Representative, 34 <sup>th</sup> District
Marcus C. Evans, Jr.	Illinois State Representative, 33 <sup>rd</sup> District
Michelle A. Harris	Alderman, 8 <sup>th</sup> Ward, City Council, City of Chicago
John A. Pope	Alderman, 10 <sup>th</sup> Ward, City Council, City of Chicago
Calumet Heights Community Association	Coleman Conley, President
Claretian Associates	Angela Hurlock, Executive Director
Southeast Calumet Heights Homeowners Association	Dr. James Collum, President Betty D. Porter, Director
South Chicago Chamber of Commerce	Kimi Ellen, Board President
Calumet Area Industrial Commission	Ted Stalnos, President
South Chicago Chamber of Commerce	Mark Walden, Executive Director
SCR Medical Transportation	Stan Rakestraw, Vice President/COO
Chicago Family Health Center	Warren J. Brodine, Chief Executive Officer
Commonwealth Edison Company	Jose Andrade, South Region Director, External Affairs
Advocate Christ Medical Center	Ken Lukhard, Market President
Advocate Medical Group	Ken R. Richards, MD
Dr. Julie V. Taylor, MD	
Sabree Medical Services, Inc.	Latifah Sabree, MD
Donald Amuh, MD	
Associates in Nephrology, S.C.	Paul W. Crawford, MD
Angelina Villanueva	Advocate Trinity Hospital Governing Council, Member
Frank M. Iglesias	Advocate Trinity Hospital Governing Council, Chairman
Greta Pope Wimp	Advocate Trinity Hospital Governing Council, Vice-Chairperson

# ILLINOIS STATE SENATE

Capitol Office  
111 Capitol Building  
Springfield, Illinois 62706  
217.782-5338  
FAX: 217.782-2331  
kraoul@senatedem.ilga.gov



Committees:  
Pensions & Investments - Chairperson  
Redistricting - Chairperson  
Criminal Law - Vice-Chairperson  
Judiciary  
Consumer Protection  
Telecommunications & Technology

District Office:  
1509 E. 63rd Street, 2nd Floor  
Chicago, Illinois 60615  
773/363-1986  
FAX: 773/691-7166  
senatorkraoul@sbcglobal.net

**KWAME RAOUL**  
STATE SENATOR • 13TH DISTRICT

March 7, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery:

As the state senator representing the 13<sup>th</sup> District and its southside communities, I am intensely interested in ensuring my constituents have access to quality health care. As the son of a community physician who worked on the South Side, I am proud to support my district's hospitals and the outstanding work they do, especially for medically underserved and vulnerable populations.

Advocate Trinity Hospital proposes expanding its intensive care unit. Trinity's ICU critically needs to add 12 beds (for a total of 24) in order to serve the 90,000 patients it sees each year. The state has also identified Trinity's planning area as one in need of additional beds. The expansion project will address this community shortage and improve the medical care provided on Chicago's Southeast Side.

Advocate Trinity has served the Southeast Side communities for more than 110 years, and this project will allow the hospital to continue providing the same quality care into the future. Chicago's South Side, compared with other areas of the city, suffers from health disparities in cancer, heart disease and stroke. Trinity has proactively addressed these inequities by providing first-rate resources such as its Infusion Center, advanced heart attack care and stroke center.

Trinity's mission is to provide excellent care close to home for residents of the Southeast Side. There is a significant amount of outmigration in Trinity's area, with patients traveling long distances, even to Indiana, to obtain health care. The ICU expansion will improve access to the excellent, locally-available care this community so desperately needs.

A shortage of ICU beds detracts from Trinity's ability to improve access and recruit physicians. Particularly as the state looks toward expanding its Medicaid program, limited bed capacity will adversely affect hospital care and health care in general. I ask you to please consider Advocate Trinity Hospital's expansion application. Please do not hesitate to contact me with any additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kwame Raoul".

Kwame Raoul  
IL State Senator - 13<sup>th</sup> District

**CAPITOL OFFICE:**

6271 CAPITOL BUILDING  
SPRINGFIELD, ILLINOIS 62706  
217/782-3201  
FAX: 217/782-8201

**DISTRICT OFFICES:**

8729 S. STATE STREET  
CHICAGO, ILLINOIS 60619  
773/933-7715  
FAX: 773/933-5498

STATE OF ILLINOIS



**DONNE E. TROTTER**  
MAJORITY CAUCUS CHAIR  
STATE SENATOR · 17TH DISTRICT

**COMMITTEES:**

APPROPRIATIONS I  
APPROPRIATIONS II  
ENERGY  
EXECUTIVE  
PENSIONS & INVESTMENTS

**COMMISSIONS:**

COMMITTEE ON  
GOVERNMENT FORECASTING  
AND ACCOUNTABILITY

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 W. Jefferson St.  
Springfield, IL 62762

March 5, 2013.

Re: Expansion of ICU of Advocate Trinity Hospital

Dear Ms. Avery:

This is a letter of support for Advocate Trinity's Hospital's proposal to expand the Intensive Care Unit of the hospital. As a State Senator I am aware of the health concerns of the 17<sup>th</sup> legislative district, and I do commend Advocate Trinity Hospital's commitment to commit and serve the underserved Southeast Chicago and the surrounding areas with quality care and a continuity of service.

It is my understanding that Trinity will expand its Intensive Care Unit from 12 to 24 beds. The expansion of Trinity's ICU is an important step in supporting the strategic initiatives of the hospital and expanding access to surgical care in the local community.

Trinity provides quality care for residents of the Southeast Side. Currently there is a significant amount of patients in Trinity's service-area who are traveling far distances (even to Indiana) to get their health care. An expansion of the ICU will enhance the quality of care that this community certainly needs.

Trinity is part of the Advocate Health Care, one of the state's largest health care delivery systems and provides care to almost 100,000 patients annually.

I do hope that you will assist and fund Trinity Hospital's proposal. When Trinity grows and expands, the surrounding communities are the beneficiaries.

Sincerely,

A handwritten signature in black ink, appearing to read "Donne E. Trotter".

Donne E. Trotter  
Illinois State Senator

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SPRINGFIELD OFFICE:  
401 S. SPRING, 270-S  
SPRINGFIELD, ILLINOIS 62706  
217.782.6476  
217.782.0952 FAX



CHICAGO OFFICE:  
8729 S. STATE  
CHICAGO, ILLINOIS 60619  
773.783.8800  
773.783.8773 FAX

**ELGIE R. SIMS, JR.**  
STATE REPRESENTATIVE • 34<sup>TH</sup> DISTRICT  
[repsims34@gmail.com](mailto:repsims34@gmail.com)

March 20, 2013

Ms. Courtney Avery  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery

As State Representative of the 34<sup>th</sup> District, Advocate Trinity Hospital provides care for over 90,000 patients annually, many of whom live in or near my district. The proposed expansion of the intensive care unit would provide double the amount of beds for patients to help meet the needs of the patients in our community.

Trinity's mission is to help enhance excellent, quality care close to home for residents of the Southeast Side. An expansion to the ICU will enhance the access to excellent care locally that this community so desperately needs.

Advocate Trinity Hospital has made significant inroads in bringing quality physicians to the hospital. Over the past three years the hospital has recruited top ranked surgical specialists and sub-specialists in areas that include thoracic surgery, neurosurgery and gynecology, not only does this bolster the reputation of the hospital but also significantly enhances the quality of care provided to our community residents.

We support the efforts of Trinity's dedicated administrators, physicians and clinicians that have diligently and tirelessly worked on a strategic plan to expand the ICU. Trinity's strategic initiative focuses on expanding access to surgical care and to provide quality health care to our community residents. We urge you to consider this a worthwhile investment in our community, and its residents.

Sincerely,

A handwritten signature in cursive script that reads "Elgie R. Sims, Jr.".

**Elgie R. Sims, Jr.**  
State Representative-34<sup>th</sup> District

District Office:  
8539 S. Cottage Grove  
Chicago, Illinois 60619  
773/783-8492  
Fax: 773/783-8625

Springfield Office:  
401 S. Spring  
Room 272 South  
Springfield, Illinois 62706  
217/782-8272  
Fax: 217/782-2404  
repevaas33@gmail.com

General Assembly  
State of Illinois



Committees:  
Appropriations- Elementary &  
Secondary Education  
Environmental Health  
Health Care Licenses  
Labor  
Telecommunications

**MARCUS C. EVANS, JR.**  
State Representative • 33rd District

March 6, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery:

Advocate Trinity Hospital has proposed an expansion of their intensive care unit (ICU), which provides care to over 90,000 patients annually. Trinity has identified a critical need for an expansion of its ICU from 12 to 24 beds to meet the needs of the patients it serves. Many of these patients are constituents within my district who receive services and go to Advocate Trinity Hospital for treatment.

There is a significant amount of outmigration in Trinity's area, with patients traveling far distances, even from Indiana, to get their health care. Without this expansion potential patients will suffer from not being able to receive the necessary care they require. As a cancer survivor, I understand just how important it is to receive critical care.

This project will address our community's needs and improve the medical care provided for Southeast Chicago residents and well as those who reside outside of Chicago. Trinity's mission is to help enhance excellent, quality care for residents of the Southeast Side. In order to help fulfill this mission, an expansion to the ICU is well needed.

Sincerely,

A handwritten signature in black ink, appearing to read "M. C. Evans Jr.", written over a horizontal line.

Marcus C. Evans Jr.  
State Representative, 33rd District

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For access to Illinois General Assembly information including legislation - [www.ilga.state.il.us](http://www.ilga.state.il.us)



**MICHELLE A. HARRIS**  
**ALDERMAN -- 8TH WARD**  
**PRESIDENT PRO TEMPORE**

PUBLIC SERVICE OFFICE  
8038 SOUTH COYLAKE GROVE AVENUE  
CHICAGO, ILLINOIS 60619  
TELEPHONE 773-274-3300  
FAX: 773-224-2420

**MICHELLE A. HARRIS**

CITY HALL, ROOM 200  
121 NORTH LA SALLE STREET  
CHICAGO, ILLINOIS 60602  
TELEPHONE 312-744-3075

**COMMITTEE MEMBERSHIPS**

BUDGET AND GOVERNMENT  
OPERATIONS

FINANCE

HEALTH & ENVIRONMENTAL  
PROTECTION

PEDESTRIAN AND TRAFFIC SAFETY

PUBLIC SAFETY

RULES & ETHICS

SPECIAL EVENTS, CULTURAL AFFAIRS  
AND RECREATION

WORKFORCE DEVELOPMENT & AUDIT

ZONING, LANDMARKS AND  
BUILDING STANDARDS

February 11, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery,

As Alderman of the 8<sup>th</sup> Ward, I can appreciate an establishment that provides great healthcare to those in need of it, having two hospitals in my ward; Jackson Park Hospital and South Shore Hospital. Although Advocate Trinity Hospital is not located in the 8<sup>th</sup> Ward, many of my constituents utilize its facility and I assure you, it is an essential part of my community and its residents.

Advocate Trinity Hospital has proposed an expansion of the intensive care unit at the hospital. As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves.

Advocate Trinity has served the Southeast Side communities for more than 110 years and this project will help the Hospital continue to be an important health care provider into the future. The south side of Chicago is riddled with health disparities in cancer, heart disease and stroke. Trinity has proactively addressed these issues by providing first-rate resources such as a state-of-the-art Infusion Center, advanced heart attack care and its role as a primary stroke center.

A lack of ICU beds detracts from Trinity's ability to improve access to care for the community and to recruit other needed physicians. Limited bed capacity results in hospitals having to go on bypass and patients being held in the cardiac catheterization unit and surgery as they wait for an ICU bed.

Trinity serves a largely minority population in a service area that includes over 580,000 individuals. With the health disparities in both outcomes and access that affect these groups, it is critical to provide this hospital the ability to expand services that will demonstrate a positive impact in the health of the community.

Sincerely,

Michelle A. Harris  
Committeeman, 8<sup>th</sup> Ward



**JOHN A. POPE**  
ALDEMAN, 10TH WARD  
3522 EAST 106TH STREET  
CHICAGO, ILLINOIS 60617  
TELEPHONE: 773-721-1988  
FAX: 773-721-5945

**CITY COUNCIL**  
**CITY OF CHICAGO**  
**COUNCIL CHAMBER**

THIRD FLOOR - CITY HALL  
121 NORTH LA SALLE STREET  
CHICAGO, ILLINOIS 60602  
TELEPHONE: 312-744-3078  
FAX: 312-744-6824

**COMMITTEE MEMBERSHIPS**

COMMITTEES, RULES AND ETHICS  
ECONOMIC AND CAPITAL DEVELOPMENT  
ENERGY, ENVIRONMENTAL PROTECTION  
& PUBLIC UTILITIES  
HOUSING AND REAL ESTATE  
POLICE AND FIRE  
SPECIAL EVENTS AND CULTURAL AFFAIRS

February 27, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery,

Please accept this correspondence as a letter of support for Advocate Trinity Hospital's proposal for an expansion of the intensive care unit for the hospital.

As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves.

The State of Illinois has also identified a need for intensive care beds in the Hospital's planning area. This project will address this community need and improve the medical care provided on Chicago's Southeast Side.

Advocate Trinity has served the Southeast Side communities for more than 110 years and this project will help the Hospital continue to be an important health care provider into the future. The south side of Chicago is ridden with health disparities in cancer, heart disease and stroke. Trinity has proactively addressed these issues by providing first-rate resources such as a state-of-the-art Infusion Center, advanced heart attack care and its role as a primary stroke center.

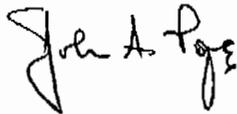


As part of Advocate Health Care, the state's largest health care delivery system, Trinity has the advantage of providing patients access to high standard of care and continuity of care across the entire system.

Trinity serves a largely minority population in a service area that includes over 580,000 individuals. With the health disparities in both outcomes and access that affect these groups, it is critical to provide this hospital the ability to expand services that will demonstrate a positive impact in the health of the community.

I would greatly appreciate your consideration of Advocate Trinity Hospital's proposal for their expansion of the intensive care unit. I sincerely believe that these services are vital to the community. If you have any questions, please feel free to contact me at (773) 721-1999. Thank you.

Sincerely,

A handwritten signature in black ink that reads "John A. Pope". The signature is written in a cursive style with a large initial "J" and a distinct "P".

John A. Pope  
Alderman, 10<sup>th</sup> Ward

C:\Word\SL\AdvocateTrinityHospital\022713

# CALUMET HEIGHTS COMMUNITY ASSOCIATION

Fax: 773-346-7280 | P.O. Box 17974 CHICAGO, IL. 60617

February 28, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery,

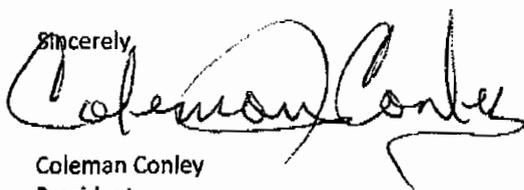
I am the President of the Calumet Heights Community Association, a local non-profit community association located in the Calumet Heights community within the city of Chicago. This also happens to be the same community that Trinity hospital is located. Our community and the hospital have had a long standing working relationship seeking to be of service to one.

We, as residents realize the extreme value Trinity hospital provides to the community and city at large. The leadership team comprised of dedicated administrators, physicians and clinicians have worked on a strategic plan to expand access to surgical care in the local community Trinity serves. This project (the expansion of the ICU) is critical to support the strategic initiatives of the hospital which focuses on expanding access to surgical care in the local community.

The State of Illinois has also identified a need for intensive care beds in the Hospital's planning area. This project will address this community need and improve the medical care provided on Chicago's Southeast Side.

As part of Advocate Health Care, the state's largest health care delivery system, Trinity has the advantage of providing patients access to a high standard of care and continuity of care across the entire system.

Advocate Trinity Hospital has made significant inroads in bringing quality physicians to the hospital. Over the past three years the hospital has recruited top ranked surgical specialists and sub-specialists in areas that include thoracic surgery, neurosurgery and gyne-oncology.

Sincerely,  


Coleman Conley  
President  
Calumet Heights Community Association



**Claretian Associates**

Building Community  
in South Chicago

9108 South Brandon Avenue  
Chicago, Illinois 60617

Phone 773.734.9181  
Fax 773.734.9221  
www.claretianassociates.org

February 28, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery,

Since 1991, we have built a web of relationships and activities that have affirmed our faith in the future of South Chicago. Continuing our housing development activities in a targeted 12-block area where we have created a total of 130 affordable homes and apartments. Claretian Associates has simultaneously worked with other community partners to undertake housing development projects and other quality of life services that have enriched the lives of the entire Southeast Chicago area. In the process, we have transformed a geographic area into a community. Our partnership with Advocate Trinity Hospital has been vital in this transformation.

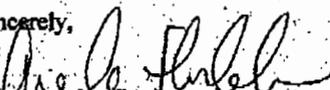
Advocate Trinity Hospital serves a largely minority population in a service area that includes over 580,000 individuals. With the health disparities in both outcomes and access that affect these groups, it is critical to provide the hospital the ability to expand services that will demonstrate a positive impact in the health of the community.

Advocate Trinity's mission is to help enhance excellent, quality care close to home for residents of the Southeast Side. Many of our residents count on the care they receive at Trinity for the well fare of their family. There is a significant amount of outmigration in Trinity's area, with patients traveling far distances, even to Indiana, to get their health care. An expansion to the ICU will enhance the access to excellent care locally that this community so desperately needs.

A lack of ICU beds detracts from Trinity's ability to improve access to care for the community and to recruit other needed physicians. Limited bed capacity results in hospitals having to go on bypass and patients being held in the cardiac catheterization unit and surgery as they wait for an ICU bed.

As a key stakeholder in the community, we value the efforts that Advocate Trinity Hospital brings to support the health of the people in our community. We strongly support their application to the facilities review board.

Sincerely,

  
Angela Hurlock, Executive Director

SOUTHEAST CALUMET HEIGHTS HOMEOWNERS ASSOCIATION



*Dr. James Collum, President/CEO*  
*Betty D. Porter, Intergovernmental Affairs*

*Nina McAlpin, Secretary*  
*Debra Lacy-Lane, Treasurer*

9101 S. Jeffrey  
Chicago, IL 60617  
Phone: 773- 834-7300  
Website: [www.theschha.org](http://www.theschha.org)

February 28, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery,

This letter is to support the application of Advocate Trinity Hospital for expansion of the ICU unit which will help fill a critical community need. The purpose of the Southeast Calumet Heights Homeowners Association (SCHHA) is to address the concerns of the homeowners, renters, and business owners of Chicago's Southeast side. With over 1,000 members, we support any positive goal or venture which will enhance or strengthen our neighborhoods. We believe that working together in collaboration with Advocate Trinity Hospital as we have for the past eight years will only make us a more effective community.

Advocate Trinity has served the Southeast Side communities for more than 110 years and the proposed project will help the hospital continue to be an important health care provider to our community members. Trinity has proactively addressed health disparities for cancer, stroke and heart disease by providing resources such as a state-of-the-art Infusion Center, advanced heart attack care and serving as a primary stroke center.

As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves. SCHHA has partnered with Trinity Hospital on many programs to meet the needs of the community and fully supports its application to the review board.

Sincerely,

*James W. Collum*  
Dr. James Collum  
President

*Betty D. Porter*  
Betty D. Porter  
Director Intergovernmental Affairs



8334 S. Stony Island • Chicago, IL 60617 • 773-734-0626 • Fax 773-734-0649

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February 28, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery,

The Southeast Chicago Chamber of Commerce is one of the oldest chambers of commerce in Chicago. We have provided supportive services to businesses on the southeast side of Chicago for decades. For our entire existence, Advocate Trinity has been a long time supporter of our chamber and we have been a long time advocate of the awesome care that they provide the community.

Advocate Trinity has served the Southeast Side communities for more than 110 years and this project will help the Hospital continue to be an important health care provider into the future. The south side of Chicago is ridden with health disparities in cancer, heart disease and stroke.

Trinity has proactively addressed these issues by providing first-rate resources such as a state-of-the-art Infusion Center, advanced heart attack care and its role as a primary stroke center. Advocate Trinity Hospital has proposed an expansion of the intensive care unit at the hospital. As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves.

The leadership team of dedicated administrators, physicians and clinicians have worked on a strategic plan to expand access to surgical care in the local community Trinity serves. This project (the expansion of the ICU) is critical to support the strategic initiatives of the hospital which focuses on expanding access to surgical care in the local community.

Respectfully,

---

Kimi Ellen  
Board President  
South Chicago Chamber of Commerce



March 6, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery,

The Calumet Area Industrial Commission is a membership organization formed in 1967 by the leaders and principals of industry on the south side of Chicago. Our 120 members consist of better known names including Ford Motor, ArcelorMittal, Kelloggs and a host of others. Also a number of smaller family owned companies make up our membership base. Our members employ over 10,000 individuals locally.

Advocate Trinity's mission is to help enhance excellent, quality care close to home for residents of the Southeast Side. There is a significant amount of outmigration in Trinity's area, with patients traveling far distances, even to Indiana, to get their health care. An expansion of the ICU will enhance the access to excellent care locally that this community so desperately needs.

The State of Illinois has also identified a need for intensive care beds in the Hospital's planning area. This project will address this community need and improve the medical care provided on Chicago's Southeast Side.

Advocate Trinity Hospital has made significant inroads in bringing quality physicians to the hospital. Over the past three years the hospital has recruited top ranked surgical specialists and sub-specialists in areas that include thoracic surgery, neurosurgery and gyne-oncology.

We fully support Advocate Trinity Hospital's application to the facilities review board.

Sincerely,

Ted Stalnos  
President

**THE SOUTH CHICAGO CHAMBER OF COMMERCE**  
**8826 S. Commercial Avenue \* Chicago, IL 60617**  
**(773) 768-1221 \* sochicagochamber@yahoo.com**

March 4, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery:

The South Chicago Chamber of Commerce is pleased to provide this letter expressing our support for Advocate Trinity Hospital's expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves.

Advocate Trinity has served the Southeast Side communities for more than 110 years and this project will help the Hospital continue to be an important health care provider into the future. As part of Advocate Health Care, the state's largest health care delivery system, Trinity has the advantage of providing patients access to a high standard of care and continuity of care across the entire system.

Trinity serves a largely minority population in a service area that includes over 580,000 individuals. With the health disparities in both outcomes and access that affect these groups, it is critical to provide this hospital the ability to expand services that will demonstrate a positive impact in the health of the community.

The South Side unfortunately bears a disproportionate share of the city's needs for intensive care, given trauma and other health care issues. We are pleased to see Advocate Trinity stepping up to meet our needs; the Chamber fully supports Advocate Trinity Hospital's application for expansion of its ICU unit.

Sincerely,



Mark Walden  
Executive Director

February 19, 2013



*The Vision to Move Forward*

8801 S. Greenwood Ave.  
Chicago, IL 60619

Phone: 773-768-7000  
T.D.D. 773-768-7320  
Fax: 773-768-7099

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery:

I am the operator of a large medical transportation company in the service area of Advocate Trinity Hospital. I also recently joined the Advocate Trinity Hospital Governing Council.

Advocate Trinity Hospital has proposed an expansion of the intensive care unit at the hospital. As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves. The State of Illinois has also identified a need for intensive care beds in the Hospital's planning area. This project will address this community need and improve the medical care provided on Chicago's Southeast Side.

Advocate Trinity has served the Southeast Side communities for more than 110 years and this project will help the Hospital continue to be an important health care provider into the future. The south side of Chicago is ridden with health disparities in cancer, heart disease and stroke. Trinity has proactively addressed these issues by providing first-rate resources such as a state-of-the-art Infusion Center, advanced heart attack care and its role as a primary stroke center.

The leadership team comprised of dedicated administrators, physicians and clinicians have worked on a strategic plan to expand access to surgical care in the local community Trinity serves. This project (the expansion of the ICU) is critical to support the strategic initiatives of the hospital which focuses on expanding access to surgical care in the local community.

Trinity serves a largely minority population in a service area that includes over 580,000 individuals. With the health disparities in both outcomes and access that affect these groups, it is critical to provide this hospital the ability to expand services that will demonstrate a positive impact in the health of the community.

Sincerely,

A handwritten signature in black ink that reads "Stan Rakestraw". The signature is written in a cursive style and is positioned above the printed name.

Stan Rakestraw  
Vice President/COO

*SCRtransport.com*

February 19, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery:

Chicago Family Health Center (CFHC) enthusiastically supports Advocate Trinity Hospital's plan to expand its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves. This project will address will directly improve the medical care provided on Chicago's southeast side.

For 36 years, CFHC has provided affordable, quality comprehensive medical, dental, behavioral health and enabling services to the medically underserved living on the far south side of Chicago. CFHC and Advocate Trinity Hospital have built a longstanding partnership which benefits the health and wellness of hundreds of our patients. Trinity Hospital is the primary admitting hospital for CFHC patients. Our providers and OB/GYNs deliver more than 600 babies at Trinity each year. Our patients have come to rely on the quality care and service they receive at Trinity.

As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit. Trinity has served the Southeast Side communities for more than 110 years and this project will help the Hospital continue to be an important health care provider into the future. Because the south side of Chicago is ridden with health disparities in cancer, heart disease and stroke, Trinity has proactively addressed these issues by providing first-rate resources such as a state-of-the-art Infusion Center, advanced heart attack care and its role as a primary stroke center.

Additionally, as part of Advocate Health Care, the state's largest health care delivery system, Trinity has the advantage of providing patients access to a high standard of care and continuity of care across the entire system. Trinity is committed to providing programs that help support the health and well being of southeast Chicago residents. An expansion to the ICU will enhance the access to excellent care locally that residents so desperately need and will demonstrate a positive impact in the health of the community.

Sincerely,



Warren J. Brodine  
Chief Executive Officer

SOUTH CHICAGO  
9119 South Exchange Avenue  
Chicago, IL 60617-4321  
tel. 773.768.5000  
fax 773.768.6153

PULLMAN  
556 East 115th Street  
Chicago, IL 60628-5740  
tel. 773.768.5000  
fax 773.785.9661

ROSELAND  
120 West 111th Street  
Chicago, IL 60628-4247  
tel. 773.768.5000  
fax 773.995.5523

EAST SIDE  
10536 S. Ewing Avenue  
Chicago, IL 60617-7008  
tel. 773.768.5000  
fax 773.978.4806

CHICAGO LAWN  
3223 West 63rd Street  
Chicago, IL 60629-3333  
tel. 773.768.5000  
fax 773.778.9593

February 22, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery:

I grew up and still live in the Advocate Trinity Hospital service area. I work in external affairs for ComEd in this same community. And I also recently joined the Advocate Trinity Hospital Governing Council.

Advocate Trinity Hospital has proposed an expansion of the intensive care unit at the hospital. As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves.

Advocate Trinity has served the Southeast Side communities for more than 110 years and this project will help the Hospital continue to be an important health care provider into the future. The south side of Chicago is ridden with health disparities in cancer, heart disease and stroke. Trinity has proactively addressed these issues by providing first-rate resources such as a state-of-the-art Infusion Center, advanced heart attack care and its role as a primary stroke center.

Trinity's mission is to help enhance excellent, quality care close to home for residents of the Southeast Side. There is a significant amount of outmigration in Trinity's area, with patients traveling far distances, even to Indiana, to get their health care. An expansion to the ICU will enhance the access to excellent care locally that this community so desperately needs.

A lack of ICU beds detracts from Trinity's ability to improve access to care for the community and to recruit other needed physicians. Limited bed capacity results in hospitals having to go on bypass and patients being held in the cardiac catheterization unit and surgery as they wait for an ICU bed.

Sincerely,



Jose Andrade  
South Region Director, External Affairs

March 13, 2012

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

Dear Ms. Avery:

As president of the Advocate South Market, I fully support the expansion of Advocate Trinity Hospital's intensive care unit. This is of utmost importance to Advocate Trinity Hospital, which will allow them to provide high-quality intensive care services to post-surgical and medically complex patients from the South Chicago Community.

Advocate Trinity Hospital's ICU expansion is driven by our market strategy to keep surgical cases closer to the patient's home. To meet the goals of this strategy, Advocate Christ Medical Center (ACMC) will provide the surgical specialists and program expertise to be delivered at Advocate Trinity Hospital, leaving ACMC's beds open to more complex inpatient care.

Additionally, an expansion of ICU beds at Advocate Trinity Hospital will give highly specialized physicians a greater choice of where to send their patients that require care. This will support the ultimate purpose of the south market strategy and create improved access to surgical and medically complex care in the South Chicago Community.

Sincerely,



Ken Lukhard  
Market President  
Advocate Christ Medical Center

A faith-based health system serving individuals, families and communities

Recipient of the Magnet award for excellence in nursing services by the



2320 E. 93rd Street  
Chicago, Illinois 60617  
Telephone 773.967.4130  
www.advocatehealth.com



February 28, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery,

Advocate Trinity Hospital has proposed an expansion of the intensive care unit at the hospital. As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves. As a general surgeon practicing at Advocate Trinity Hospital since 2008 and currently a member of the Medical Executive Council, I support this project.

Advocate Trinity Hospital has made significant inroads in bringing quality physicians to the hospital. Over the past three years the hospital has recruited top ranked surgical specialists and sub-specialists in areas that include thoracic surgery, neurosurgery and gynecology.

The leadership team comprised of dedicated administrators, physicians and clinicians have worked on a strategic plan to expand access to surgical care in the local community Trinity serves. This project (the expansion of the ICU) is critical to support the strategic initiatives of the hospital which focus on expanding access to surgical care in the local community.

Trinity serves a largely minority population in a service area that includes over 580,000 individuals. With the health disparities in both outcomes and access that affect these groups, it is critical to provide this hospital the ability to expand services that will demonstrate a positive impact in the health of the community.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken R. Richards".

Ken R. Richards, MD

Advocate Medical Group is a division of Advocate Health Care

Dr. Julie Taylor  
2315 E. 83<sup>rd</sup> Street  
Suite 240  
Chicago, Illinois 60617

02/20/2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery,

My name is Dr. Julie Taylor and I have been a practicing, board-certified, family physician on Advocate Trinity's medical staff for over 15 years. Over the years I have held multiple medical staff leadership positions and currently am serving on Advocate Trinity's hospital APP/PHO board.

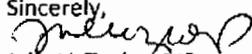
I fully support Advocate Trinity Hospital's proposed expansion of the intensive care unit at the hospital. As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves.

Advocate Trinity has served the Southeast Side communities for more than 110 years and this project will help the Hospital continue to be an important health care provider into the future. The south side of Chicago is ridden with health disparities in cancer, heart disease and stroke. Trinity has proactively addressed these issues by providing first-rate resources such as a state-of-the-art Infusion Center, advanced heart attack care and its role as a primary stroke center.

The leadership team comprised of dedicated administrators, physicians and clinicians have worked on a strategic plan to expand access to surgical care in the local community Trinity serves. This project (the expansion of the ICU) is critical to support the strategic initiatives of the hospital which focuses on expanding access to surgical care in the local community.

Furthermore, the lack of ICU beds detracts from Trinity's ability to improve access to care for the community and to recruit other needed physicians. Limited bed capacity results in hospitals having to go on bypass and patients being held in the cardiac catheterization unit and surgery as they wait for an ICU bed.

Sincerely,

  
Julie V. Taylor, MD

**Sabree Medical Services, Inc  
8541 South State Street  
Suite B  
Chicago, Illinois 60619**

March 1, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

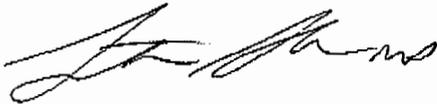
Dear Ms. Avery:

Advocate Trinity Hospital has proposed an expansion of the intensive care unit at the hospital. As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves. As a long standing member of the Trinity medical staff and primary care physician practicing in the service area for over 20 years, I support this project.

Advocate Trinity has served the Southeast Side communities for more than 110 years and this project will help the Hospital continue to be an important health care provider into the future. The south side of Chicago is ridden with health disparities in cancer, heart disease and stroke. Trinity has proactively addressed these issues by providing first-rate resources such as a state-of-the-art Infusion Center, advanced heart attack care and its role as a primary stroke center.

A lack of ICU beds detracts from Trinity's ability to improve access to care for the community and to recruit needed physicians. In addition, limited bed capacity results in hospitals having to go on bypass and patients being held in the cardiac catheterization unit and surgery as they wait for an ICU bed.

Sincerely,



Latifah Sabree, MD

DONALD AMUH, M.D.

INFECTIOUS DISEASE AND INTERNAL MEDICINE

2315 EAST 93<sup>RD</sup> STREET, SUITE #337

CHICAGO, IL 60617

TEL (773)336-8589

FAX (708)331-6425

February 21, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 W Jefferson Street  
Springfield, IL 62762

Dear Ms. Avery,

I am an Infectious Disease physician practicing in the South Side of Chicago. I am currently also the president of the Medical Staff of Advocate Trinity Hospital.

Advocate Trinity Hospital has proposed an expansion of the intensive care unit at the hospital. As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves.

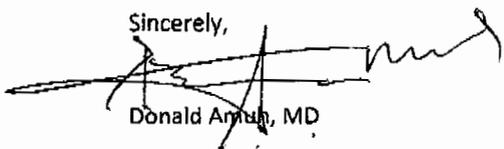
Advocate Trinity Hospital has made significant inroads in bringing quality physicians to the hospital. Over the past three years the hospital has recruited top ranked surgical specialists and sub-specialists in areas that include thoracic surgery, neurosurgery and gynecology.

The leadership team comprised of dedicated administrators, physicians and clinicians have worked on a strategic plan to expand access to surgical care in the local community Trinity serves. This project (the expansion of the ICU) is critical to support the strategic initiatives of the hospital which focuses on expanding access to surgical care in the local community.

A lack of ICU beds detracts from Trinity's ability to improve access to care for the community and to recruit other needed physicians. Limited bed capacity results in hospitals having to go on bypass and patients being held in the cardiac catheterization unit and surgery as they wait for an ICU bed.

Trinity serves a largely minority population in a service area that includes over 580,000 individuals. With the health disparities in both outcomes and access that affect these groups, it is critical to provide this hospital the ability to expand services that will demonstrate a positive impact in the health of the community.

Sincerely,

  
Donald Amuh, MD

**ASSOCIATES IN NEPHROLOGY, S.C.**  
*NEPHROLOGY AND HYPERTENSION*  
210 SOUTH DES PLAINES STREET  
CHICAGO, ILLINOIS 60661  
(312) 654-2700

PAUL W. CRAWFORD, M.D., F.A.C.P.  
AZZA S. SULEIMAN, M.D.  
SATYA P. AHUJA, M.D., F.A.C.P., F.A.S.N.  
MARIA I. SOBRERO, M.D.  
VINITHA RAGHAVAN, M.D.  
DANIEL KNIAZ, M.D., F.A.C.P.  
EDGAR V. LERMA, M.D., F.A.S.N.  
RAMESH SOUNDARARAJAN, M.D., F.A.C.P., F.A.S.N.  
NEETHA S. DHANANJAYA, M.D.  
MARK P. LEISCHNER, M.D.  
SREEDEVI CHITTINENI, M.D.  
CHIRAG P. PATEL, M.D.  
MADHAV RAO, M.D.  
APRIL BROOKS, M.D.  
RIZWAN MOINUDDIN, M.D.

SUDESH K. VOHRA, M.D.  
VIJAYKUMAR M. RAO, M.D., F.A.C.P., F.A.S.N.  
CLARK MCCLURKIN, JR., M.D.  
WADAH ATASSI, M.D., M.B.A.  
HAROLD BREGMAN, M.D., F.A.C.P.  
CONSTANTINE G. DELIS, D.O.  
KAREEN R. SIMPSON, M.D., F.A.S.N.  
AMITABHA MITRA, M.D.  
JIM JIANLING YAO, M.D.  
EDUARDO J. CREMER, M.D.  
RICHARD HONG, M.D.  
LO-KU CHIANG, M.D.  
HARESH MUNI, M.D.  
BOGDAN DERYLO, M.D., M.Sc.

March 4, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery,

Advocate Trinity Hospital's mission is to provide excellent, quality care close to home for residents of the Southeast Side. There is a significant amount of outmigration in Trinity's service area, with patients traveling far distances, even to Indiana, to get their health care. A proposed expansion of the intensive care unit will enhance the access to excellent care locally that this community so desperately needs.

Trinity Hospital has served the Southeast Side communities for more than 110 years and this project will help the Hospital continue to be an important health care provider into the future. The south side of Chicago is ridden with health disparities in cancer, heart disease and stroke. Trinity has proactively addressed these issues by providing first-rate resources such as a state-of-the-art Infusion Center, advanced heart attack care and its role as a primary stroke center.

As a long-standing member of the Trinity Hospital medical staff and nephrologist practicing in the community, I support this project. A lack of ICU beds detracts from Trinity's ability to improve access to care for the community and to recruit needed physicians. Limited bed capacity results in hospitals having to go on bypass and patients being held in the cardiac catheterization unit and surgery as they wait for an ICU bed. It is critical to provide this hospital the ability to expand services that will demonstrate a positive impact on the health of the community.

Sincerely,



Paul W. Crawford, MD

**angelina**  
VILLANUEVA

3508 E. 114th Street Chicago, IL 60617 773.495.0429

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February 22, 2013  
Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery:

I am writing to you as a resident of the Advocate Trinity Hospital service area and as a member of the Advocate Trinity Hospital Governing Council.

Advocate Trinity Hospital has proposed an expansion of the intensive care unit at the hospital. As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves.

Advocate Trinity Hospital has made significant inroads in bringing quality physicians to the hospital. Over the past three years the hospital has recruited top ranked surgical specialists and sub-specialists in areas that include thoracic surgery, neurosurgery and gyne-oncology.

A lack of ICU beds detracts from Trinity's ability to improve access to care for the community and to recruit other needed physicians. Limited bed capacity results in hospitals having to go on bypass and patients being held in the cardiac catheterization unit and surgery as they wait for an ICU bed.

Trinity serves a largely minority population in a service area that includes over 580,000 individuals. With the health disparities in both outcomes and access that affect these groups, it is critical to provide this hospital the ability to expand services that will demonstrate a positive impact in the health of the community.

Sincerely,



Angelina Villanueva

[angelina@adesign-studio.com](mailto:angelina@adesign-studio.com)

FRANK M. IGLESKI  
9042 SOUTH LEAVITT STREET  
CHICAGO, ILLINOIS 60643-6438

20 February 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

RE: Advocate Trinity Hospital Expansion of the Intensive Care Unit

Dear Ms. Avery;

I am writing to you in the position as the Chairman of the Advocate Trinity Hospital Governing Council, and as a long-time resident/business Leader in the Trinity Hospital service area.

Advocate Trinity Hospital has proposed an expansion of the Intensive Care Unit (ICU) at the Hospital. Trinity Hospital provides care to over 90,000 patients annually. Trinity has identified a critical need for an expansion of the ICU from 12 to 24 beds; a desperate requirement to meet the needs of our patients.

Advocate Trinity Hospital has served the Southeast Side Communities for more than 110 years, and this Project will assist the Hospital to continue to be a vital health care provider into the future. The South Side of Chicago is ridden with health disparities in Cancer, Heart Disease, and Stroke issues. Trinity Hospital has proactively addressed these issues by providing first-rate resources such as a state-of-the-art Infusion Center, advanced Heart Attack Care, and its role as a Primary Stroke Center.

As an integral part of the Advocate Health Care System, the State's largest health care delivery System, Trinity has the advantage of providing patients access to a high-standard of care, and continual care across the entire System!

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board

Page 2/2

Trinity Hospital's Mission is to help enhance excellent quality care close to home for residents of the Southeast Side. There is a significant amount of out migration in the Trinity's service area, with patients traveling long distances, *even to Indiana*, for their health care.

An expansion of the ICU will enhance access to excellent care locally that this Community so desperately needs!

Respectfully submitted,



Frank M. Iglesias  
Governing Council Chairman  
Advocate Trinity Hospital

FMI/jr

*Greta Pope*  
Entertainment  
*...for the finest in entertainment*

February 19, 2013

Ms. Courtney Avery  
Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, Illinois 62762

Dear Ms. Avery,

I am writing to you as a resident of the Advocate Trinity Hospital community and a member of the Advocate Trinity Hospital Governing Council.

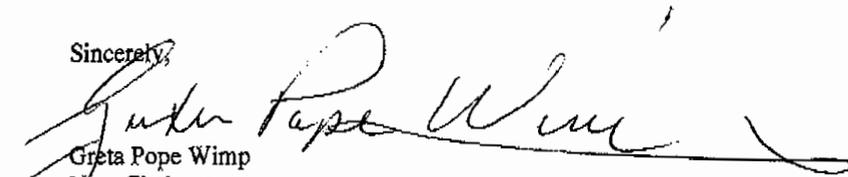
Advocate Trinity Hospital has proposed an expansion of the intensive care unit at the hospital. As a hospital that provides care to over 90,000 patients annually, Trinity has identified a critical need for an expansion of its intensive care unit from 12 to 24 beds to meet the needs of the patients it serves.

The State of Illinois has also identified a need for intensive care beds in the Hospital's planning area. This project will address this community need and improve the medical care provided on Chicago's Southeast Side.

Trinity's mission is to help enhance excellent, quality care close to home for residents of the Southeast Side. There is a significant amount of outmigration in Trinity's area, with patients traveling far distances, even to Indiana, to get their health care. An expansion to the ICU will enhance the access to excellent care locally that this community so desperately needs.

Trinity serves a largely minority population in a service area that includes over 580,000 individuals. With the health disparities in both outcomes and access that affect these groups, it is critical to provide this hospital the ability to expand services that will demonstrate a positive impact in the health of the community.

Sincerely,

  
Greta Pope Wimp  
Vice-Chairperson  
Advocate Trinity Hospital Governing Council

Phone: 773-965-4200

P.O. Box 438937 • Chicago, Illinois 60643

Fax: 773-994-0068

[www.gretapope.com](http://www.gretapope.com)

**Project Costs and Sources of Funds**

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Pre-Planning	\$156,000	\$30,026	\$186,026
Site survey		\$18,000	\$18,000
Site Preparation		\$65,867	\$65,867
Off-Site Work		\$396,000	\$396,000
New Construction			
Modernization	\$5,191,700	\$1,465,000	\$6,656,700
Contingencies	\$584,720	\$212,425	\$797,145
Architect/Eng Fees	\$535,549	\$151,934	\$687,483
Consulting and Other Fees	\$640,798	\$216,712	\$857,510
Movable / Equipment	\$4,080,000		\$4,080,000
Bond Issuance Expense (project related)	\$97,102	\$27,548	\$124,650
Interest Expense	\$366,553	\$103,990	\$470,543
Fair Market Value of Lease			
Other Costs to be Capitalized	\$3,036,801	\$861,531	\$3,898,332
Acquisition of Building or Other Property			
<b>TOTAL USES OF FUNDS</b>	<b>\$14,689,223</b>	<b>\$3,549,033</b>	<b>\$18,238,256</b>
Source of Funds			
Cash and Securities			\$11,529,796
Bond Financing			\$6,708,461
<b>TOTAL</b>			<b>\$18,238,256</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

Detailed project costs are appended as Attachment 7, Exhibit 1.



**Cost Space Requirements**

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>REVIEWABLE</b>							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
<b>NON REVIEWABLE</b>							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
<b>TOTAL</b>							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



**Facility Bed Capacity and Utilization**

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available**. Include **observation days in the patient day totals for each bed service**. Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

<b>FACILITY NAME: Advocate Trinity Hospital</b>		<b>CITY: Chicago, Illinois</b>			
<b>REPORTING PERIOD DATES: From: December 31, 2010 to: December 31, 2011</b>					
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days <sup>1</sup></b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
Medical/Surgical	158	9,178	41,135	-	158
Obstetrics	23	1,304	3,059	-	23
Pediatrics	-	-	-	-	-
Intensive Care	12	423	3,692	-	12
Comprehensive Physical Rehabilitation	-	-	-	-	-
Acute/Chronic Mental Illness	-	-	-	-	-
Neonatal Intensive Care	-	-	-	-	-
General Long Term Care	-	-	-	-	-
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
<b>TOTALS:</b>	<b>193</b>	<b>10,905</b>	<b>47,886</b>	<b>-</b>	<b>193</b>

Source: *Hospital Profiles*, 2011

<sup>1</sup> Includes observation days

<sup>2</sup> See Facility Bed Capacity and Utilization, Exhibit 1

**Facility Bed Capacity and Utilization**

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available**. Include **observation days in the patient day totals for each bed service**. Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

<b>FACILITY NAME: Advocate Trinity Hospital</b>		<b>CITY: Chicago, Illinois</b>			
<b>REPORTING PERIOD DATES: From: January 1, 2012 to: December 31, 2012</b>					
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days <sup>1</sup></b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
Medical/Surgical	158	10,268	38,102	-	158
Obstetrics	23	1,201	2,609	-	23
Pediatrics	-	-	-	-	-
Intensive Care	12	441	3,682	+12	24
Comprehensive Physical Rehabilitation	-	-	-	-	-
Acute/Chronic Mental Illness	-	-	-	-	-
Neonatal Intensive Care	-	-	-	-	-
General Long Term Care	-	-	-	-	-
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
<b>TOTALS:</b>	<b>193</b>	<b>11,910</b>	<b>44,393</b>	<b>+12</b>	<b>205</b>

Source: Hospital Financial Records

<sup>1</sup> Includes observation days

<sup>2</sup> See Facility Bed Capacity and Utilization, Exhibit 1

## Facility Bed Capacity and Utilization

During the preparation of this certificate of need application, the applicants noticed that admissions to the existing Intensive Care Unit had not been correctly reported on recent Annual Hospital Questionnaires. Although the applicants reported direct admissions to the intensive care beds, they did not report transfers in. While this omission does not change total admissions or patient days to Advocate Trinity Hospital, it does distort the average length of stay for the intensive care beds.

Corrected intensive care utilization for the years 2009 to 2011 (preliminary) are provided on the following table.

Revised Intensive Care Utilization including Patients Transferred from Another Unit of the Hospital, 2009 to 2011 Preliminary.

	ICU Utilization		
	2009	2010	2011
ICU Cases	942	920	870
Direct Admits	414	476	423
Transfers (per AHQ Definition)	528	444	447
ICU Days	3,918	3,797	3,692
Average Daily Census	10.7	10.4	10.1
Percent Occupancy Rate	87.6	86.7	84.3

Source: Hospital Financial Records

In the future, the applicants will continue to use the Hospital's financial records to report utilization data. Advocate Trinity Hospital is committed to providing complete and accurate information to the Illinois Department of Public Health. The Hospital has put procedures in place to insure that revisions will not be required in the future.

A Declaratory Ruling request has been sent to the Health Facilities and Services Review Board.

**CERTIFICATION**

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

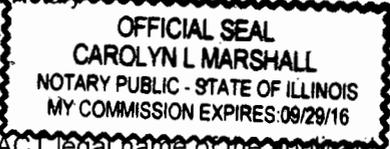
**This Application for Permit is filed on the behalf of Advocate Health and Hospitals Corporation dba Advocate Trinity Hospital \* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.**

Jonathan R. Bruss  
SIGNATURE  
JONATHAN R. BRUSS  
PRINTED NAME  
PRESIDENT  
PRINTED TITLE

William Santulli  
SIGNATURE  
William Santulli  
PRINTED NAME  
Executive Vicepresident & COO  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 20<sup>th</sup> day of March 2013

Notarization:  
Subscribed and sworn to before me  
this 18 day of March 2013

Carolyn L. Marshall  
Signature of Notary  
Seal  
  
\*Insert EXACT legal name of the applicant

Cristin G. Foster  
Signature of Notary  
Seal  


**CERTIFICATION**

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

**This Application for Permit is filed on the behalf of Advocate Health Care Network** \*  
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

*William Santulli*  
SIGNATURE

William Santulli  
PRINTED NAME

Executive Vice President & COO  
PRINTED TITLE

*James H. Skogsbergh*  
SIGNATURE

James H. Skogsbergh  
PRINTED NAME

President & Chief Executive Officer  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 18 day of March 2013

*Cristin G. Foster*  
Signature of Notary

Seal

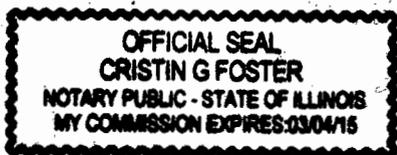
Notarization:  
Subscribed and sworn to before me  
this 18 day of March 2013

*Cristin G. Foster*  
Signature of Notary

Seal



\*Insert EXACT legal name of the applicant



After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit: **To be completed...**

<b>INDEX OF ATTACHMENTS</b>		
<b>ATTACHMENT NO.</b>		<b>PAGES</b>
1	Applicant/Co-applicant Identification including Certificate of Good Standing	47 - 49
2	Site Ownership	50 - 52
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	53 - 55
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	56 - 58
5	Flood Plain Requirements	59 - 60
6	Historic Preservation Act Requirements	61 - 62
7	Project and Sources of Funds Itemization	63 - 65
8	Obligation Document if required	66
9	Cost Space Requirements	67 - 69
10	Discontinuation	NA
11	Background of the Applicant	70 - 75
12	Purpose of the Project	76 - 99
13	Alternatives to the Project	100 - 129
14	Size of the Project	130 - 142
15	Project Service Utilization	143 - 144
16	Unfinished or Shell Space	NA
17	Assurances for Unfinished/Shell Space	NA
18	Master Design Project	NA
19	Mergers, Consolidations and Acquisitions	NA
	<b>Service Specific:</b>	
20	Medical Surgical Pediatrics, Obstetrics, ICU	145 - 164
21	Comprehensive Physical Rehabilitation	NA
22	Acute Mental Illness	NA
23	Neonatal Intensive Care	NA
24	Open Heart Surgery	NA
25	Cardiac Catheterization	NA
26	In-Center Hemodialysis	NA
27	Non-Hospital Based Ambulatory Surgery	NA
28	General Long Term Care	NA
29	Specialized Long Term Care	NA
30	Selected Organ Transplantation	NA
31	Kidney Transplantation	NA
32	Subacute Care Hospital Model	NA
33	Post Surgical Recovery Care Center	NA
34	Children's Community-Based Health Care Center	NA
35	Community-Based Residential Rehabilitation Center	NA
36	Long Term Acute Care Hospital	NA
37	Clinical Service Areas Other than Categories of Service (Emergency, Imaging)	165 - 173
38	Freestanding Emergency Center Medical Services	NA
	<b>Financial and Economic Feasibility:</b>	
39	Availability of Funds	174 - 196
40	Financial Waiver	197
41	Financial Viability	198
42	Economic Feasibility	199 - 203
43	Safety Net Impact Statement	204 - 214
44	Charity Care Information	215 - 219
Appendix A	Site Ownership Information	220 - 249

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

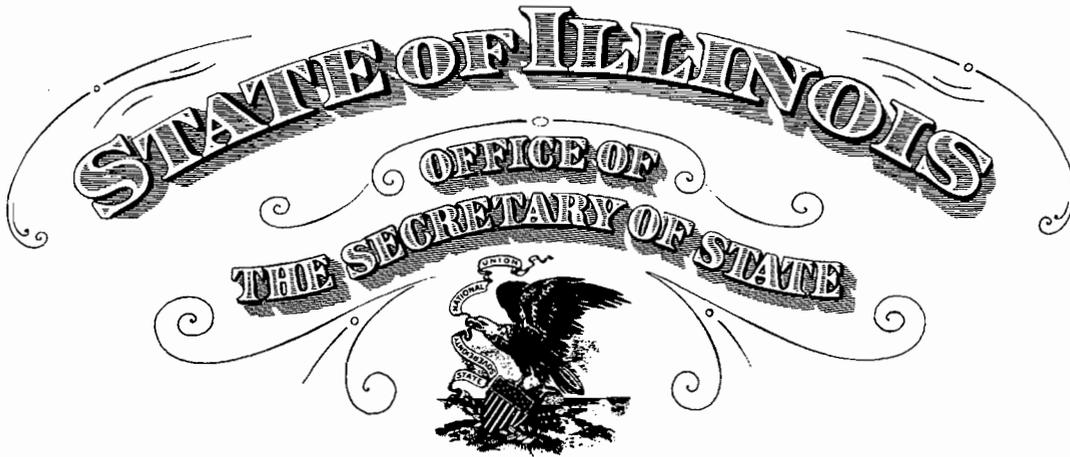
**This Section must be completed for all projects.**

**Type of Ownership of Applicant/Co-Applicant**

- |                                     |                           |                          |                     |                          |       |
|-------------------------------------|---------------------------|--------------------------|---------------------|--------------------------|-------|
| <input checked="" type="checkbox"/> | Non-profit Corporation    | <input type="checkbox"/> | Partnership         |                          |       |
| <input type="checkbox"/>            | For-profit Corporation    | <input type="checkbox"/> | Governmental        |                          |       |
| <input type="checkbox"/>            | Limited Liability Company | <input type="checkbox"/> | Sole Proprietorship | <input type="checkbox"/> | Other |

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

**APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**



**To all to whom these Presents Shall Come, Greeting:**

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that*

ADVOCATE HEALTH AND HOSPITALS CORPORATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 12, 1906, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



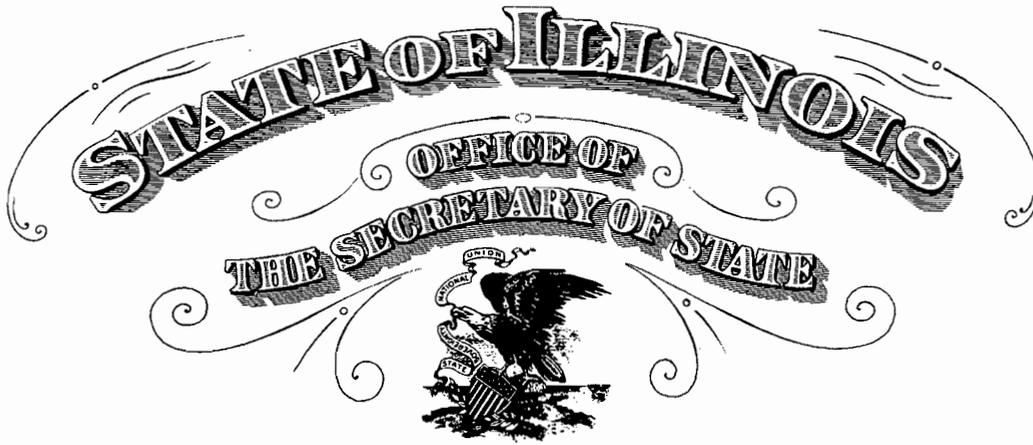
Authentication #: 1236201996

Authenticate at: <http://www.cyberdriveillinois.com>

***In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of DECEMBER A.D. 2012 .***

*Jesse White*

SECRETARY OF STATE



**To all to whom these Presents Shall Come, Greeting:**

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that*

ADVOCATE HEALTH CARE NETWORK, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 14, 1923, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1236202006  
Authenticate at: <http://www.cyberdriveillinois.com>

***In Testimony Whereof,*** I hereto set  
my hand and cause to be affixed the Great Seal of  
the State of Illinois, this 27TH  
day of DECEMBER A.D. 2012 .

*Jesse White*

SECRETARY OF STATE

## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

### Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Advocate Health and Hospitals Corporation
Address of Site Owner:	2025 Windsor Drive, Oak Lawn, Illinois 60523
Street Address or Legal Description of Site:	2320 East 93 <sup>rd</sup> Street, Chicago, Illinois 60617
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.	
APPEND DOCUMENTATION AS <u>ATTACHMENT-2</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Proof of Site Ownership is appended as Attachment 2, Exhibit 1. The full Commitment for Title Insurance is included in Appendix A.

COMMITMENT FOR TITLE INSURANCE



# Chicago Title Insurance Company

Providing Title Related Services Since 1847

CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, herein called the Company, for a valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A (which policy or policies cover title risks and are subject to the Exclusions from Coverage and the Conditions and Stipulations as contained in said policy/ies) in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor, all subject to the provisions of Schedules A and B hereof and to the Commitment Conditions and Stipulations which are hereby incorporated by reference and made a part of the Commitment. A complete copy of the Commitment Conditions and Stipulations is available upon request and such include, but are not limited to, the proposed Insured's obligation to disclose, in writing, knowledge of any additional defects, liens, encumbrances, adverse claims or other matters which are not contained in the Commitment; provisions that the Company's liability shall in no event exceed the amount of the policy/ies as stated in Schedule A hereof, must be based on the terms of this Commitment, shall be only to the proposed Insured and shall be only for actual loss incurred in good faith reliance on this Commitment; and provisions relating to the General Exceptions, to which the policy/ies will be subject unless the same are disposed of to the satisfaction of the Company.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by issuance of a revised Commitment.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

This Commitment is based upon a search and examination of Company records and/or public records by the Company. Utilization of the information contained herein by an entity other than the Company or a member of the Chicago Title and Trust Family of Title Insurers for the purpose of issuing a title commitment or policy or policies shall be considered a violation of the proprietary rights of the Company of its search and examination work product.

This Commitment shall not be valid or binding until signed by an authorized signatory.

Issued By:

CHICAGO TITLE INSURANCE COMPANY  
1725 S. NAPERVILLE RD  
WHEATON, IL 60187

Refer Inquiries To:

(630)871-3500

CHICAGO TITLE INSURANCE COMPANY

By

*Henry S. Gery*  
Authorized Signatory



Commitment No.: 1410 008284165 UL

COMMIT 4/00.dg

J55

08/24/07

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE A

YOUR REFERENCE: ADVOCATE TRINITY HOSPITAL

ORDER NO.: 1410 008284165 UL

EFFECTIVE DATE: JULY 30, 2007

1. POLICY OR POLICIES TO BE ISSUED:

LOAN POLICY: ALTA LOAN 1992  
AMOUNT: \$10,000.00  
PROPOSED INSURED: TO COME

2. THE ESTATE OR INTEREST IN THE LAND DESCRIBED OR REFERRED TO IN THIS COMMITMENT AND COVERED HEREIN IS A FEE SIMPLE UNLESS OTHERWISE NOTED.

3. TITLE TO SAID ESTATE OR INTEREST IN SAID LAND IS AT THE EFFECTIVE DATE VESTED IN:  
ADVOCATE HEALTH AND HOSPITALS CORPORATION, AN ILLINOIS NOT FOR PROFIT CORPORATION

4. MORTGAGE OR TRUST DEED TO BE INSURED:  
TO COME.

R2NRCSA1  
JS5

PAGE A1

JS5

08/24/07

10:12:56

**Operating Identity/Licensee**

[Provide this information for each applicable facility, and insert after this page.]

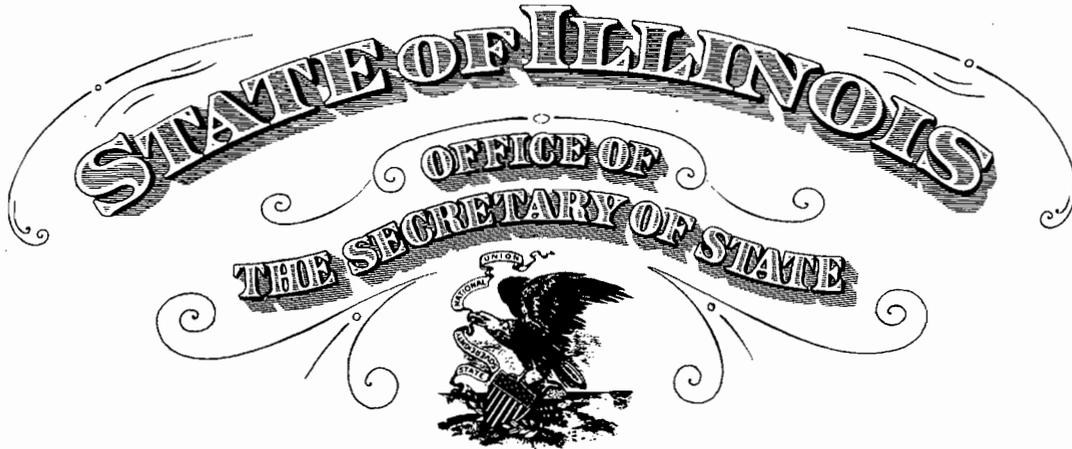
Exact Legal Name: Advocate Health and Hospitals Corporation dba Advocate Trinity Hospital

Address: 2320 East 93<sup>rd</sup> Street, Chicago, Illinois 60617

- |                                     |                           |                          |                     |                                |
|-------------------------------------|---------------------------|--------------------------|---------------------|--------------------------------|
| <input checked="" type="checkbox"/> | Non-profit Corporation    | <input type="checkbox"/> | Partnership         |                                |
| <input type="checkbox"/>            | For-profit Corporation    | <input type="checkbox"/> | Governmental        |                                |
| <input type="checkbox"/>            | Limited Liability Company | <input type="checkbox"/> | Sole Proprietorship | <input type="checkbox"/> Other |

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



**To all to whom these Presents Shall Come, Greeting:**

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that*

ADVOCATE HEALTH AND HOSPITALS CORPORATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 12, 1906, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



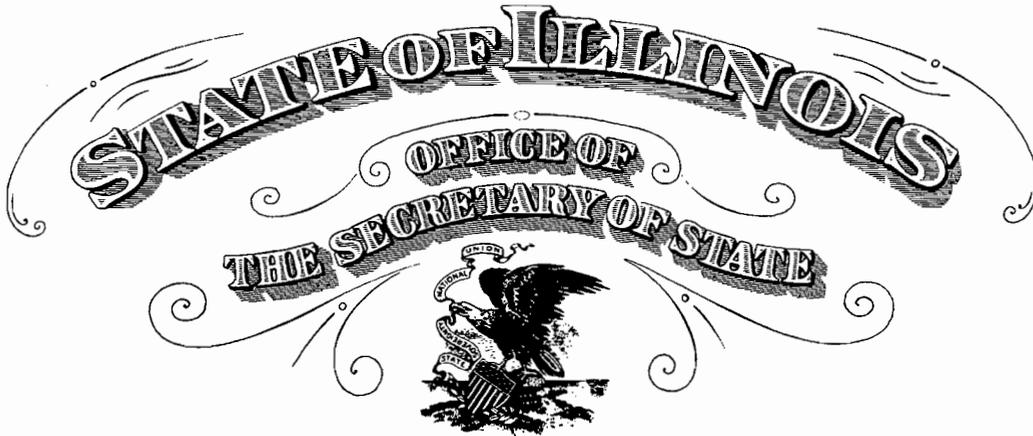
Authentication #: 1236201996

Authenticate at: <http://www.cyberdriveillinois.com>

***In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of DECEMBER A.D. 2012 .***

*Jesse White*

SECRETARY OF STATE



**To all to whom these Presents Shall Come, Greeting:**

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that*

ADVOCATE HEALTH CARE NETWORK, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 14, 1923, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1236202006

Authenticate at: <http://www.cyberdriveillinois.com>

***In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of DECEMBER A.D. 2012 .***

*Jesse White*

SECRETARY OF STATE

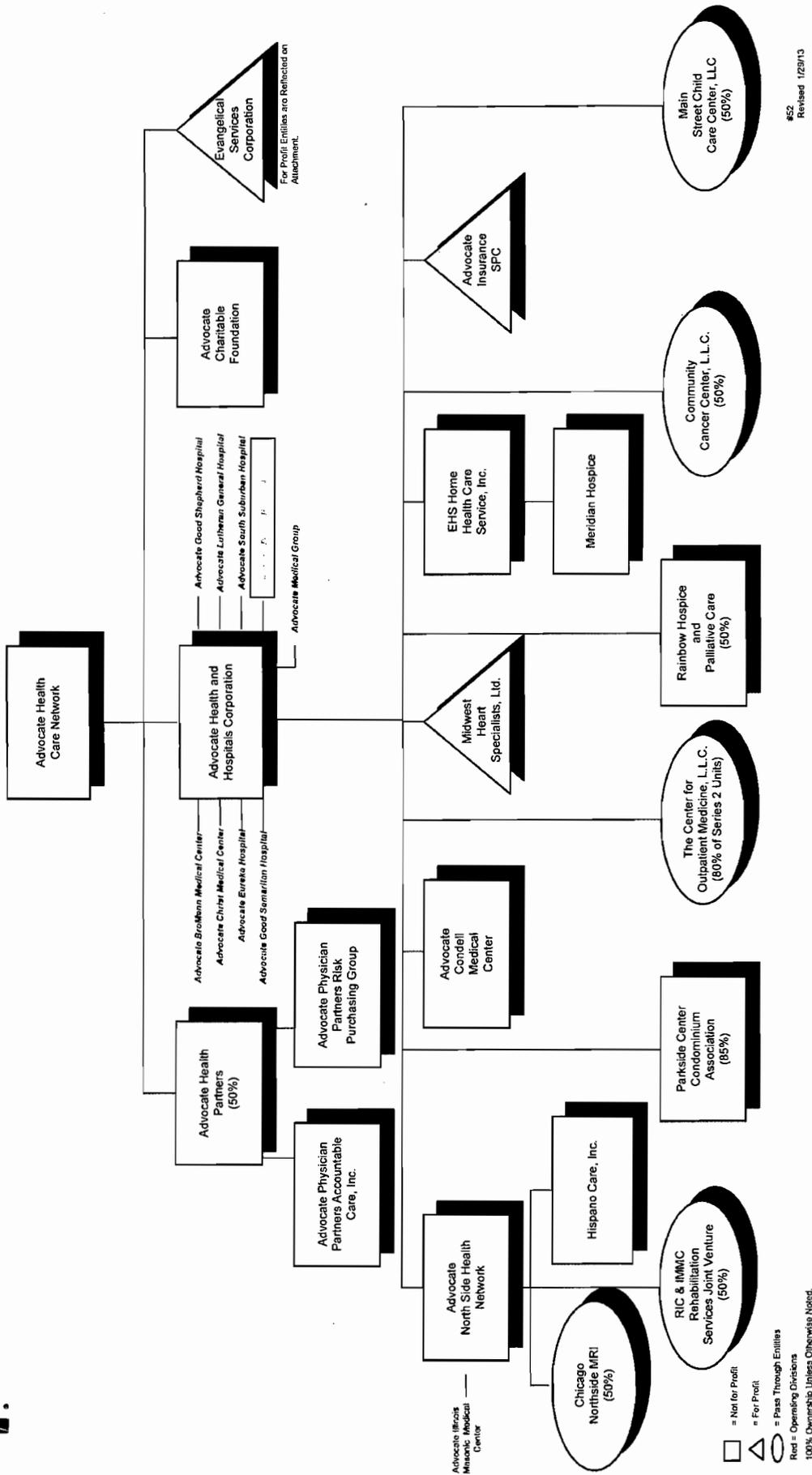
## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

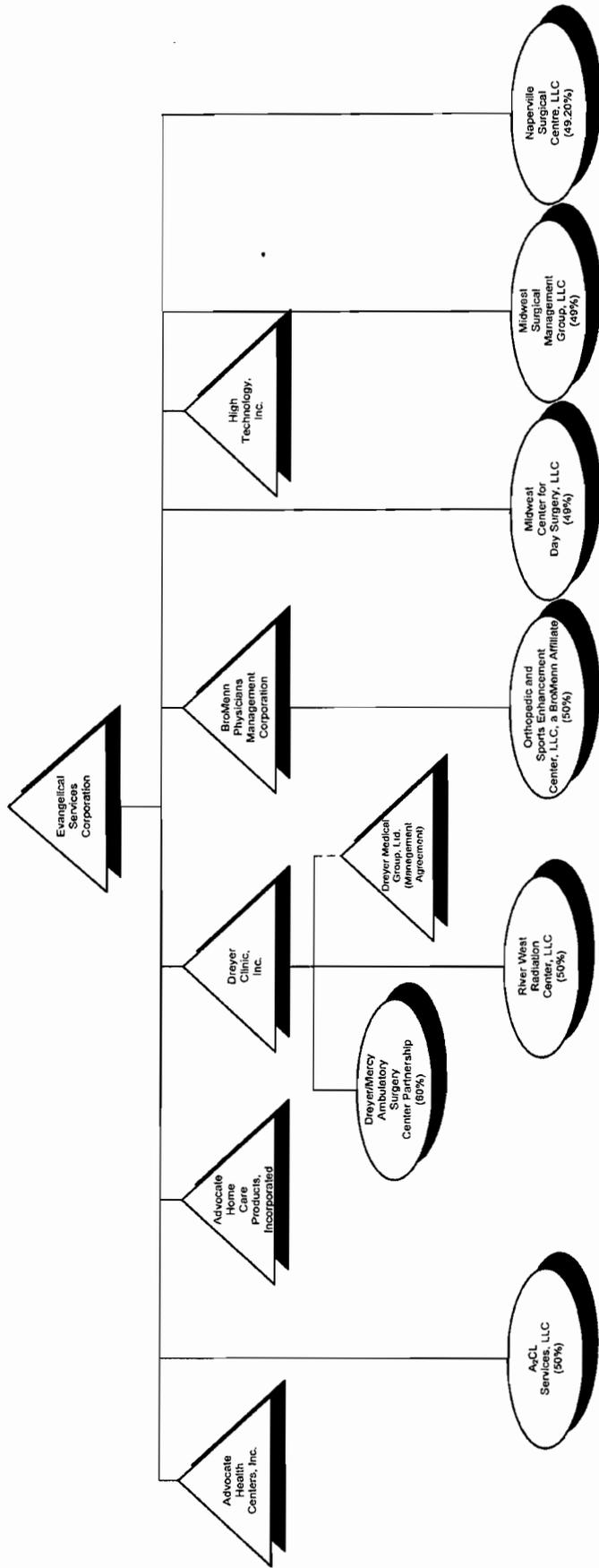
### Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Attachment 4, Exhibit 1, is an organizational chart of Advocate Health Care Network. It shows all of the relevant organizations including Advocate Health Care, Advocate Health and Hospitals Corporation and Advocate Trinity Hospital. Detail pertaining to Evangelical Services Corporation is included as Attachment 4, Exhibit 2.





▽ For Profit Corporation  
 ▽ Fees Through Entities  
 100% Ownership Unless Otherwise Noted

#52  
Revised 2/23/10

## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

### Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at [www.FEMA.gov](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://www.illinoisfloodmaps.org). **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

In accordance with the Flood Plain Requirements in the May 10, 2010 Edition of the Certificate of Need application and Illinois Executive Order #2005-5, and by the signatures on this application, Advocate Health and Hospitals Corporation submits the following.

Advocate Health and Hospitals Corporation dba Advocate Trinity Hospital attests that the proposed modernization of intensive care beds, Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation is not a flood plain and that the location complies with Flood Plain Rule under Executive Order #2005-5.

In addition, the applicants are providing a flood plain map of the Hospital's location.



## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

### Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Attachment 6, Exhibit 1, is a letter from the Historic Resources Preservation Agency which documents that no historic, architectural, or archeological sites exist within Advocate Trinity Hospital's proposed construction site.



**Illinois Historic  
Preservation Agency**

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • [www.illinois-history.gov](http://www.illinois-history.gov)

Cook County  
Chicago

Modernization of 2 Floors in NE Building, Advocate Trinity Hospital  
2320 E. 93rd St.  
IHPA Log #003011413

January 30, 2013

Janet Scheuerman  
Prism Consulting Services, Inc.  
Building 4, Suite 317  
799 Roosevelt Road  
Glen Ellyn, IL 60137

Dear Ms. Scheuerman:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker  
Deputy State Historic  
Preservation Officer

*A teletypewriter for the speech/hearing impaired is available at 217-524-7128. It is not a voice or fax line.*

## Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Pre-Planning	\$156,000	\$30,026	\$186,026
Site survey		\$18,000	\$18,000
Site Preparation		\$65,867	\$65,867
Off-Site Work		\$396,000	\$396,000
New Construction			
Modernization	\$5,191,700	\$1,465,000	\$6,656,700
Contingencies	\$584,720	\$212,425	\$797,145
Architect/Eng Fees	\$535,549	\$151,934	\$687,483
Consulting and Other Fees	\$640,798	\$216,712	\$857,510
Movable / Equipment	\$4,080,000		\$4,080,000
Bond Issuance	\$97,102	\$27,548	\$124,650
Interest Expense	\$366,553	\$103,990	\$470,543
Fair Market Value of Lease			
Other Costs to be Capitalized	\$3,036,801	\$861,531	\$3,898,332
Acquisition of Building or Other Property			
<b>TOTAL USES OF FUNDS</b>	<b>\$14,689,223</b>	<b>\$3,549,033</b>	<b>\$18,238,256</b>
Source of Funds			
Cash and Securities			\$11,529,796
Bond Financing			\$6,708,461
<b>TOTAL</b>			<b>\$18,238,256</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

Detailed project costs are appended as Attachment 7, Exhibit 1.

Cost Items	CLINICAL	NON-CLINICAL	TOTAL
Pre-Planning	\$156,000	\$30,026	\$186,026
Pre-Planning with Michuda & HED	\$156,000	\$30,026	\$186,026
Site survey		\$18,000	\$18,000
Soils Investigation		\$8,000	\$8,000
Site Survey & Title		\$10,000	\$10,000
Site Preparation		\$65,867	\$65,867
Prep Work		\$65,867	\$65,867
Off-Site Work		\$396,000	\$396,000
ADA ramp, grading, landscaping		\$396,000	\$396,000
New Construction			
Modernization	\$5,191,700	\$1,465,000	\$6,656,700
Intensive Care Beds	\$2,400,700		\$2,400,700
Outpatient Physical Medicine	\$1,861,000		\$1,861,000
Outpatient Cardiac Rehabilitation	\$930,000		\$930,000
Administrative		\$17,100	\$17,100
Non-Clinical Storage, Processing & Distribution		\$10,000	\$10,000
Public Amenities		\$190,900	\$190,900
Building Components		\$107,000	\$107,000
Unrelated to Square Footage		\$1,140,000	\$1,140,000
Contingencies	\$584,720	\$212,425	\$797,145
Architect/Eng Fees	\$535,549	\$151,934	\$687,483
Consulting and Other Fees	\$640,798	\$216,712	\$857,510
CON Consultant and Legal fees	\$85,011	\$23,989	\$109,000
CON Architect/Engineer Assistance	\$24,178	\$6,822	\$31,000
Permit/Government Fees	\$95,150	\$26,850	\$122,000
A/E: contract admin, RFI's, Mechanical and Evaluation, Misc.	\$43,644	\$12,316	\$55,960
Interior Design	\$49,915	\$14,085	\$64,000
Equipment Planner	\$74,092	\$20,908	\$95,000
Commissioning Agent	\$58,923	\$16,627	\$75,550
Contract Project Manager	\$187,181	\$52,819	\$240,000
Permit Expeditor	\$11,699	\$3,301	\$15,000
Miscellaneous	\$11,004	\$38,996	\$50,000
Movable / Equipment	\$4,080,000		\$4,080,000
ICU Medical Equipment, headwalls	\$3,197,000		\$3,197,000
PT/OT Exercise Equipment	\$240,000		\$240,000
Furniture	\$440,000		\$440,000
PT/OT Misc Equipment	\$23,000		\$23,000
Audio Video Equipment	\$145,000		\$145,000
Artwork/Cubicle Curtains	\$35,000		\$35,000

Bond Issuance	\$97,102	\$27,548	\$124,650
Interest Expense	\$366,553	\$103,990	\$470,543
Fair Market Value of Lease			\$0
Other Costs to be Capitalized	\$3,036,801	\$861,531	\$3,898,332
Nurse stations	\$68,552	\$19,448	\$88,000
Utilities / Taps	\$19,475	\$5,525	\$25,000
Exterior Signage	\$69,331	\$19,669	\$89,000
Interior Signage	\$21,033	\$5,967	\$27,000
Telecom/ Data Infrastructure	\$248,501	\$70,499	\$319,000
Cerner Smart Room Technology	\$264,860	\$75,140	\$340,000
Telecom / Data Cabling	\$19,475	\$5,525	\$25,000
Telecom Switch	\$19,475	\$5,525	\$25,000
PACS Hardware / Server / Station Equipment	\$292,125	\$82,875	\$375,000
Security System / Access Control	\$89,585	\$25,415	\$115,000
City, County and Municipal Fees	\$22,591	\$6,409	\$29,000
CON Fee	\$31,939	\$9,061	\$41,000
IDPH Fee	\$19,475	\$5,525	\$25,000
New HVAC Unit	\$1,412,327	\$400,673	\$1,813,000
New Roofing	\$211,109	\$59,891	\$271,000
Asbestos Testing	\$9,348	\$2,652	\$12,000
Asbestos Removal and Abatement	\$217,600	\$61,732	\$279,332
Acquisition of Building or Other Property			
Sub Total			
TOTAL	\$14,689,223	\$3,549,033	\$18,238,256
Source of Funds			
Cash and Securities			\$11,529,796
Bond Financing			\$6,708,461
TOTAL			\$18,238,256

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

**Project Status and Completion Schedules**

Indicate the stage of the project's architectural drawings:

- |   |  |
|---|--|
| <input type="checkbox"/> None or not applicable | <input type="checkbox"/> Preliminary   |
| <input checked="" type="checkbox"/> Schematics  | <input type="checkbox"/> Final Working |

Anticipated project completion date (refer to Part 1130.140): April 30, 2016

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

- Purchase orders, leases or contracts pertaining to the project have been executed.
- Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
- Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

**Space Requirements**

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>REVIEWABLE</b>							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
<b>NON REVIEWABLE</b>							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
<b>TOTAL</b>							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



Space in an existing building is being modernized to house the proposed additional 12 intensive care beds. The building is a 1954 building which underwent modernization in 1992, or more than 20 years ago. Hence, the building's infrastructure needs to be upgraded as part of this project. The infrastructure modernization costs are listed on Attachment 42 as costs Unrelated to Square Footage and include the following:

Medical Gas Manifold Expansion	\$ 509,000
Switchgear and Generator Upgrades	388,000
Plumbing Infrastructure Upgrades	<u>243,000</u>
Total	\$1,140,000

**SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS**

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

**Criterion 1110.230 – Background, Purpose of the Project, and Alternatives**

READ THE REVIEW CRITERION and provide the following required information:

<p><b>BACKGROUND OF APPLICANT</b></p> <ol style="list-style-type: none"> <li>1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.</li> <li>2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.</li> <li>3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. <b>Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.</b></li> <li>4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.</li> </ol>
<p><b>APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.</b></p>

1. *A listing of all health care facilities owned or operated by the applicant, including licensing, and certification, if applicable.*

. Attachment 11, Table 1  
Current License and Joint Commission Identification Numbers

Applicant Facility	Location	License	Joint Commission Accreditation No.	DNV Accreditation No.
Advocate Trinity Hospital	2320 East 95 <sup>th</sup> Street Chicago, Illinois	2087333 Illinois		
Advocate Trinity Hospital	2320 East 95 <sup>th</sup> Street Chicago, Illinois	16382 Chicago		
Advocate Trinity Hospital	2320 East 95 <sup>th</sup> Street Chicago, Illinois		120735-2012- AHC-USA- NIAHO	

The Advocate Trinity Hospital Illinois and City of Chicago licenses are included as Attachment 11, Exhibits 1 and 2. The Hospital's Certificate of Accreditation is included as Attachment 11, Exhibit 3. Advocate Trinity Hospital participates in Medicaid and Medicare.

Additional Hospitals owned and operated as part of Advocate Health Care Network

<b>Facility</b>	<b>Location</b>	<b>License</b>	<b>Joint Commission Accreditation No.</b>	<b>DNV Accreditation No.</b>
Advocate BroMenn Medical Center	1304 Franklin Ave. Normal, IL	0005645	NA	127532-2012-AHC-USA-NIAHO
Advocate Christ Medical Center	4440 W. 95 <sup>th</sup> St. Oak Lawn, IL	0000315	7397	NA
Advocate Condell Medical Center	801 S. Milwaukee Ave. Libertyville, IL	0005579	7372	NA
Advocate Eureka Hospital	101 S. Major Eureka, IL	0005652	NA	127988-2012-AHC-USA-NIAHO
Advocate Good Samaritan Hospital	3815 Highland Ave. Downers Grove, IL	0003384	NA	115804-2012-AHC-USA-NIAHO
Advocate Good Shepherd Hospital	450 W. Highway, #22 Barrington, IL	0003475	NA	114892-2012-AHC-USA-NIAHO
Advocate Illinois Masonic Medical Center	836 W. Wellington Chicago, IL	0005165	4068	NA
Advocate Lutheran General Hospital	1775 Dempster Park Ridge, IL	0004796	NA	117368-2012-AHC-USA-NIAHO
Advocate South Suburban Hospital	17800 S. Kedzie Ave Hazel Crest, IL	0004697	NA	120375-2012-AHC-USA-NIAHO

2. *A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.*

Certified Listing of Adverse Action Against Any Facility Owned and Operated by the Applicants in Illinois

By the signatures on this application, Advocate Health and Hospitals Corporation attests there have been no adverse actions against any facility owned and/or operated by Advocate Health and Hospitals Corporations by any regulatory agency which would affect its ability to operate as a licensed entity during the three years prior to the filing of this application.

3. *Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH 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 such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB*

Authorization Permitting HFSRB and IDPH to Access Necessary Documentation

By the signatures on this application, Advocate Health and Hospitals Corporation and Advocate Health Care Network hereby authorize the Health Facilities and Services Review Board and the Department of Public Health to access information in order to verify any documentation or information submitted in response to the requirements of this subsection, or to obtain any documentation or information which the State Board or Department of Public Health find pertinent to this subsection.

4. *If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.*

Exception for Filing Multiple Certificates of Need in One Year

Not applicable. This is the first certificate of need application filed in 2013 by Advocate Trinity Hospital.



**State of Illinois 2087333**  
**Department of Public Health**

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**LA MAR HASEROUCK, MD, MPH**  
 DIRECTOR

Issued under the authority of  
 The State of Illinois  
 Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
03/30/13	BSBD	0004176
FULL LICENSE		
GENERAL HOSPITAL		
EFFECTIVE: 07/01/12		

BUSINESS ADDRESS:

TRINITY HOSPITAL  
 2320 EAST 93RD STREET  
 CHICAGO IL 60617

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

VOID VOID VOID VOID  
VOID VOID VOID VOID  
VOID VOID VOID VOID

**CITY OF CHICAGO**

**LICENSE CERTIFICATE**  
NON-TRANSFERABLE

BY THE AUTHORITY OF THE CITY OF CHICAGO, THE FOLLOWING SPECIFIED LICENSE IS HEREBY GRANTED TO

NAME: ADVOCATE HEALTH AND HOSPITALS CORPORATION  
ADVOCATE TRINITY HOSPITAL  
2320 E 93RD ST  
CHICAGO, IL 60617  
HOSPITAL

LICENSE NO.: 16382      CODE: 1375      FEE: \$\*\*2,200.00  
CATEGORY: Hospital

1000 Beds Max.

This license is a privilege granted and not a property right. This license is the property of the City of Chicago.

PRINTED ON 07/11/2012

THIS LICENSE IS ISSUED AND ACCEPTED SUBJECT TO THE REPRESENTATIONS MADE ON THE APPLICATION THEREFOR, AND MAY BE SUSPENDED OR REVOKED FOR CAUSE AS PROVIDED BY LAW. LICENSEE SHALL OBSERVE AND COMPLY WITH ALL LAWS, ORDINANCES, RULES AND REGULATIONS OF THE UNITED STATES GOVERNMENT, STATE OF ILLINOIS, COUNTY OF COOK, CITY OF CHICAGO AND ALL AGENCIES THEREOF.

WITNESS THE HAND OF THE MAYOR OF SAID CITY AND THE CORPORATE SEAL THEREOF  
THIS 15 DAY OF JULY, 2012

ATTEST:      EXPIRATION DATE: July 15, 2014

*Rahm I. Emanuel*      *Susan Mendez*  
MAYOR      CITY CLERK

ACCOUNT NO. 82041      SITE: 1  
TRANS NO.

THIS LICENSE MUST BE POSTED IN A CONSPICUOUS PLACE UPON THE LICENSED PREMISES.



---

# DNV HEALTHCARE INC.

---

## CERTIFICATE OF ACCREDITATION

---

Certificate No. 120735-2012-AHC-USA-NIAHO

*This is to certify that*

### **Advocate Trinity Hospital**

2320 E. 93<sup>rd</sup> Street, Chicago, IL 60617

*Complies with the requirements of the:*

### **NIAHO<sup>®</sup> Hospital Accreditation Program**

Pursuant to the authority granted to Det Norske Veritas Healthcare, Inc. by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, this organization is deemed in compliance with the Medicare Conditions of Participation for Hospitals (42 C.F.R. §482). This certificate is valid for a period of three (3) years from the Effective Date of Accreditation.

*Effective Date of Accreditation:*

December 11, 2012

*for the Accreditation Body:*

DET NORSKE VERITAS  
HEALTHCARE, INC.  
HOUSTON, TEXAS

Patrick Florine  
*Executive Vice President, Accreditation*



Yehuda Dror  
*President*

Lack of continual fulfillment of the conditions set out in the Certification/Accreditation Agreement may render this Certificate invalid.

ACCREDITED UNIT: DNV HEALTHCARE INC., 400 TECHNECENTER DRIVE, SUITE 100 MILFORD, OHIO 45150, OH, UNITED STATES, TEL: 513-947-8334  
WWW.DNVACCREDITATION.COM

**SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS**

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

**Criterion 1110.230 – Background, Purpose of the Project, and Alternatives**

READ THE REVIEW CRITERION and provide the following required information:

**PURPOSE OF PROJECT**

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

**NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.**

**APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.**

1. *Document that the project will provide health services that improve the health care or well-being of the market population to be served.*

Advocate Health Care's mission, values and philosophy are grounded in more than a century of caring for individuals, families and communities.

The mission, values and philosophy of Advocate Health Care are:

Mission

The mission of Advocate Health Care is to serve the health needs of individuals, families and communities through a wholistic philosophy rooted in the fundamental understanding of human beings as created in the image of God.

## Values

Advocate exists to serve. The core values of compassion, equality, excellence, partnership and stewardship guide our actions as we work together to provide health services to others in our communities.

## Philosophy

The care we provide is wholistic. The philosophy means that we understand people have physical, emotional and spiritual needs and their relations to God, themselves, their families and society are vital to health and healing. Finally, we believe all people are created in the image of God. All human beings live under God's care and must be treated with dignity and respect.

## Advocate's Mission, Values and Philosophy and Advocate Trinity Hospital.

Advocate Trinity Hospital ("Trinity," "Hospital") is a shining example of the Advocate Health Care's mission, values and philosophy translated into everyday life.

Trinity joined Advocate more than 15 years ago. It is an inner city Chicago hospital serving a working class community that has low household income, high unemployment, and extensive health care needs including a very high incidence of disease including heart, stroke, cancer, and diabetes and all related comorbidities. Today, this community benefits in very tangible ways from Advocate's mission, philosophy and values.

As part of its mission, Advocate has provided funds for charity care, operations, and capital to serve this community. Between 2008 and 2012, Advocate Health and Hospitals provided to Advocate Trinity Hospital and its Southeast Side community \$72.0 million in capital (including funds for the proposed intensive care bed expansion) and \$28.6 million for operations and charity care, or a total of more than \$100.6 million. These funds are possible because Advocate also has other more fortunate hospitals including Advocate Christ Medical Center, Advocate Good Shepherd Hospital, Advocate Illinois Masonic Medical Center, Advocate Condell Hospital and the others that are part of the system. Revenue from all Advocate hospitals is used to provide funds for Trinity and its underserved Southeast Side Chicago community. Further, as part of its mission, Advocate provides guidance through its South Market and other initiatives that bring clinical, management and other skills and programs to the leadership at the Trinity. For example, it was through support from the Advocate Christ Medical Center that Trinity was able to develop and implement Trinity's Joint Commission accredited Primary Stroke Program that is so valuable to the local community.

But funding is only part of what has created the strong, vibrant provider that Advocate Trinity Hospital is today. The Hospital has a staff of leaders, physicians, associates, and volunteers who have embraced the mission, values and philosophy and have been the “boots on the ground” serving the health care needs of individuals, families, and the community. The leadership team works collaboratively with Advocate to achieve the mission, vision and philosophy. Day-by-day, they exemplify commitment to the Advocate mission of service to this underserved community. They provide high quality health care, develop essential new programs and services, ensure a safe, healing, and welcoming environment; and treat all who pass through their doors with dignity and respect. Further, it is noteworthy that in these times of decreasing revenue to hospitals, as part of its value of stewardship, this team has substantially improved operations so that losses from operations have declined consistently and are now approaching break even.

Advocate and Advocate Trinity Hospital together have improved the health and well-being of the Hospital’s patients and community and look forward to continued service to those in need. The addition of 12 intensive care beds requested in this application is essential to continue access to essential services to this community.

#### The Project Will Improve the Health Care and Well-being of the Residents of Chicago’s Southeast Side

Access to health care resources in Southeast Chicago has been reduced in recent years due to the closing and reduction of service offerings at many area hospitals. For example, in September 2009, Michael Reese Hospital and Medical Center received a permit to discontinue the facility thereby reducing 433 beds including 23 intensive care beds from the area bed availability. In August 2011, Oak Forest Hospital was also granted a permit to discontinue thereby reducing access to 137 beds including 8 intensive care beds. Finally, between 2008 and 2011, the number of authorized beds at Provident Hospital of Cook County was reduced from 222 to 113 beds and the emergency service was reduced from comprehensive to stand by status. In 2011, Provident reported no intensive care utilization in their 11 intensive care beds. These closures and reductions in services mean less access and financial commitment to caring for this underserved Southeast Chicago area. Advocate continues to invest in Trinity and the community to expand services for this same area.

The primary purpose of the proposed Project is to continue to serve these underserved communities by improving access to intensive care services, especially surgical intensive care services.

Trinity proposes to improve access by increasing the Hospital intensive care bed complement from 12 to 24 beds. These beds will be specially staffed and equipped as a dedicated surgical intensive care unit.

The Medical Staff Redevelopment Plan developed in 2012 by 3<sup>d</sup> Health, Inc. identified a severe shortage of more than 100 surgeons within 5 miles of the Hospital, approximately the area described as Trinity's primary service area. Trinity has aggressively recruited surgeons to the Hospital's medical staff to meet this community need. However, many new physicians are limited in their ability to admit surgery patients to the Hospital because their patients require post-surgery intensive care and there is a severe shortage of intensive care beds at Trinity. Intensive care occupancy was 84.3 percent in 2011 or substantially higher than the State Agency Occupancy Target of 60 percent. The availability of these needed beds will provide health care services that improve health and well being of the population being served.

2. *Define the planning or market area, or other, per the applicants' definition.*

Attachment 12, Table 1  
 Advocate Trinity Hospital Service Area  
 As Determined by Source of Patients, 2011

	Zip Code	Chicago Community Area	HFSRB HPA	Admissions	Percent of Total Admissions
<b>Primary Service Area</b>					
	60617	South Chicago – 46	03	4,285	38.7
	60619	Grand Crossing – 69	03	1,850	16.7
	60628	Roseland – 49	03	1,210	10.9
	60649	South Shore/West Pullman – 43	03	747	6.7
	60620	Auburn Park – 71	04	471	4.3
	60643	Morgan Park – 75	04	244	2.2
<b>Primary Service Area Total</b>				<b>8,807</b>	<b>79.5</b>
<b>Secondary Service Area</b>					
	60637	Woodlawn (Jackson Park) – 22	03	220	2.0
	60627	Englewood – 68	03	218	2.0
	60827	Riverdale – 54	04	171	1.5
	60636	West Englewood (Ogden Park) – 67	03/04	145	1.3
	60409	Calumet City - NA	04	134	1.2
	60633	Hegewisch – 55	04	116	1.0
<b>Secondary Service Area Total</b>				<b>1,004</b>	<b>9.1</b>
<b>Total Service Areas</b>				<b>9,811</b>	<b>88.5</b>
<b>Other</b>				<b>1,270</b>	<b>11.5</b>
<b>Total</b>				<b>11,081</b>	<b>100.0</b>

Source: Advocate Trinity Records

Trinity is a community hospital located in Health Planning Area A-03. Attachment 12, Table 1 is a summary of the Hospital's 2011 total patient origin (excluding newborns). As shown, 88.5 percent of Trinity's patients are from the defined primary ("PSA") and secondary ("SSA") service areas including the Chicago Community Areas of South Chicago, Grand Crossing, Roseland/West Pullman, South Shore, Auburn Park, Woodlawn (Jackson Park), Englewood, Riverdale, West Englewood (Ogden Park), Calumet City and Hegewisch.

Of the Hospital's total inpatients, more than 75 percent are from Health Planning Area A-03, with another 10 percent from adjacent Health Planning Area A-04.

Attachment 12, Exhibit 1 is a map of the Hospital's service area. Attachment 12, Exhibit 2 is a map showing the location of the service area within Cook County. Advocate Trinity Hospital has demonstrated that 88.5 percent of the Hospital's patients are from the defined PSA and SSA, or more than 50 percent.

3. *Identify the existing problems or issues that need to be addressed, and applicable and appropriate for the project. [See 1110.230 (b) for examples of documentation.]*

Advocate Trinity Hospital is proposing to modernize existing space on 5 NW (Level 5 of the Northwest Building) to provide 12 additional intensive care beds. At the completion of the Project, the Hospital will have 2 intensive care units, each with 12 beds, or a total of 24 intensive care beds.

In order to vacate institutional occupancy space for the expansion of the intensive care bed complement, the Hospital must first relocate Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation to business occupancy space available in a building connected to the Hospital. This enabling move is necessary to make space available for the additional intensive care beds. There are no major equipment purchases related to the relocation.

The following issues necessitated that the Hospital develop plans to expand the number of authorized intensive care beds.

1. Current Shortage of Intensive Care Beds

Advocate Trinity Hospital's ability to care for patients is compromised because of the current shortage of intensive care beds. During 2011, the current 12-bed intensive care bed complement operated at an average 84.3 percent occupancy. On 182 days, the average occupancy was 92.6 percent. These occupancy rates are substantially higher than the State Guideline Occupancy Target of 60 percent.

Because of this overall occupancy level and peaks in utilization, especially on Mondays and Tuesdays (often busy days for surgery), it is not uncommon for patients to be held in the Emergency Department until a bed can be made available. This, in turn, reduces access to incoming emergency patients and increases the number of patients leaving without being seen. The number of patients leaving without being seen increased from 1.8 percent in 2011 to 5.9 percent in January of 2013 and to 5.1 percent in February. This compares very unfavorably to the national average of 2.5 percent.

Similarly, in periods of high occupancy patients are held in the Cardiac Cath Lab, or on medical surgical units because no intensive care bed is available. At times, the Hospital is required to go on bypass.

Detaining patients in the Emergency Department, the Cath Lab, or on a medical surgical unit places additional stress on not only on the patients, but also on the clinical staff in these areas already treating acutely ill patients and may detract from patient care.

2. Lack of Intensive Care Beds Limits Surgery that Can Be Performed at the Hospital and Takes Patients away from the Community

The lack of intensive care beds detracts from the Hospital's ability to provide surgery including general, orthopedic, vascular, and thoracic surgery. There is an identified need for all these surgical specialties in the service area.

As a result of this shortage, many patients each year leave the service area. In RY 2012, 13,442 surgery patients outmigrated from the service area for care. Transportation becomes a major hardship for these patients because they must either use public transportation (if it is an option), rely on friend or family member to take them, or incur the extra expense of a taxi or other form of transportation. These commutes back and forth from the community to a distant hospital are also difficult for family members and friends who want to be with the patient.

3. Existing Intensive Care Unit is a General Unit

The Hospital's existing intensive care bed unit is a general unit. The intensive care nurses are well educated and benefit from ongoing continuing education. However, each nurse must care for both medical and surgical patients with a very wide range of needs. This can be very challenging for the nurses.

#### 4. Area Socioeconomics Describe a Underserved Population

##### Health Disparity

Health disparity is generally defined as adverse differences in incidence (new cases), prevalence (all existing cases), death rate (mortality), survivorship, and burden of health conditions that exist among certain population groups in the United States. These population groups may be characterized by age, disability, education, ethnicity, gender, geographic location, income or race. Complex and interrelated factors contribute to the observed disparities in incidence among racial, ethnic, and underserved groups. The most obvious factors are associated with low economic status which is based on income, education level, certain occupations, health insurance, and living conditions. Low socioeconomic income status predicts the likelihood of an individual's access to education, certain occupations and living conditions – including conditions where exposure to environmental toxins is most common. Research also shows that individuals from medically underserved populations are more likely to be diagnosed with end-stage diseases that might have been treated more effectively or cured if diagnosed earlier.

Health disparities between African Americans and other racial and ethnic populations are striking and apparent in life expectancy rates, infant mortality, and other measures of health status and risk conditions and behaviors. Obesity is more prevalent in African American and Hispanic American populations than for White Americans.

The following profiles of the age, race/ethnicity composition, poverty rates, household income, unemployment rates, education level, and payor source describe a low socioeconomic income status/underserved population.

Trinity regularly monitors the socioeconomic characteristics of the Hospital's service area to identify health needs and to provide direction to physician recruitment and new program development. The following profiles describe the socioeconomics of the Southeast Side of Chicago.

## Population Change

Attachment 12, Table 2  
Population Change in the Advocate Trinity Hospital Service Area, 2012 to 2017

2012	PSA	SSA	Total	0-15	15-44	45-64	65+
	382,098	200,323	582,421	132,684	249,703	129,984	70,05
	363,788	190,136	553,924	129,634	230,372	122,848	71,070
Percent Change	-4.8	-5.1	-4.9	-2.3	-7.7	-5.5	+1.5

Source: Claritas (US Census-based projections.)

Chicago's Southeast Side communities are densely populated with population in the 65+ age group increasing. Seniors require more health care services. Attachment 12, Table 2 is a summary of data presented on Attachment 12,

Exhibit 3.

## Race/Ethnicity Profile and Major Health Concerns

Attachment 12, Table 3  
Race/Ethnicity Profile of the Advocate Trinity Hospital Service Area Population, 2012

Race/Ethnicity	Percent Primary Service Area	Percent Total Service Area	Percent Cook County	Percent Illinois
White Non Hispanic	4.7	5.8	42.9	62.8
Black Non Hispanic	84.2	83.4	24.2	12.3
Hispanic	9.6	8.9	25.0	17.0
Asian and South Pacific Island Non Hispanic	0.2	0.5	6.3	5.0
All Other	1.3	1.4	1.6	2.9

Sources: Thomson Reuters (Market Expert) and The Nielson Company

Attachment 12, Table 3 shows that the distribution of population in the Hospital's service area includes 83.4 black non-Hispanic residents or substantially higher than all of Cook County and the State of Illinois. The Hispanic population is concentrated in the Eastside, South Chicago, South Deering and Hegewisch communities where 39 percent of the population is Hispanic. The remaining population is 5.8 percent White Non Hispanic, 0.5 percent Asian and South Pacific Island Non Hispanic, and 1.4 percent All Other.

## Leading Causes of Death

Attachment 12, Table 4  
Comparison of Leading Causes of Death  
Trinity's PSA, SSA, and Chicago

Leading Causes of Death (Rates)	PSA	SSA	Chicago
Cardiovascular Disease	307.4	283.2	227.7
Cancer	227.5	272.2	170.3
Stroke	81.5	75.5	44.9
Unintentional Injuries (Accidents)	64.7	47.8	31.7
Diabetes	40.6	41.7	25.8
Chronic Lower Respiratory Disease	33.8	31.3	20.7
Nephritis	27.6	35.9	19.2
Homicide	39.9	46.1	20.7

Source: Chicago Health Systems Project, Community Health Inventory Report  
Chicago Department of Public Health

As shown on the above Attachment 12, Table 4, the rates of the leading causes of death in the Hospital's primary and secondary service areas substantially exceed the rates in all categories when compared to Chicago overall.

For example, cardiovascular disease is the leading cause of death in the service area and is higher than Chicago by 34 percent in the primary service area and 24.4 percent in the secondary service area. The rate for cancer is 33.6 percent higher in the primary service area and 59.8 percent in the secondary service area. The rate for stroke is 81.5 percent higher in the primary service area and 68.2 percent in the secondary service area. The rate for diabetes is 57.4 percent higher in the primary service area and 61.6 percent higher in the secondary service area.

Advocate Trinity Hospital is addressing these high incidence rates with new programs, such as the Primary Stroke Center, and through community education on behavioral health risk factors.

Poverty Rates, Household Income and Unemployment Rates

Poverty Rates

Attachment 12, Table 5  
Poverty Rates in the Advocate Trinity Hospital’s Service Area, 2011

Area	Poverty Rates
Primary Service Area	20.0 percent
Secondary Service Area	28 percent
Chicago	15.8 percent
Illinois	13.1 percent

Sources: CDPH, UIMCC, and  
US Census Bureau ([www.census.gov](http://www.census.gov))

As described in Attachment 12, Table 5, the poverty rate of Trinity’s service area population in both the primary and secondary service areas substantially exceeds the rate in Chicago or Illinois.

Household Income

Attachment 12, Table 6  
2011 Household Income in Advocate Trinity Hospital’s Service Area

2011 Household Income	Percent Primary Service Area	Percent Secondary Service Area	Percent Total Service Area	Percent Cook County	Percent Illinois	Percent US (2012)
<\$15K	20.6	27.7	22.9	13.3	11.6	13.0
\$15K-\$25K	12.5	13.9	13.6	9.5	9.6	10.8
\$25K-\$50K	29.3	27.5	28.7	25.2	25.4	26.7
\$50K-\$75K	17.5	15.7	16.9	19.3	20.2	19.5
\$75K-\$100K	9.4	7.7	8.8	12.4	13.1	11.9
Over \$100K	10.7	7.5	9.6	20.3	20.1	18.2

Source: Thomson Reuters (Market Planner), The Nielsen Company

The average household income in the Hospital’s service area is compared to the State of Illinois and Cook County in Attachment 12, Table 6. The proportion of low income households, those typically with the most challenging access to health care, is higher in the Hospital’s service area than in Cook County or Illinois.

Gallup-Healthways Well Being Index data documents the severity of health disparities between low- and high-income Americans. Those making less than \$24,000 per year suffer from much lower mental and physical health, have poorer health habits, and have significantly less access to medical care – all of which combine to lower the overall Well-Being Index score. Of the total population in Trinity’s service area, 36.5 percent have a household income of less than \$24,000.

## Unemployment

Attachment 12, Table 7  
Unemployment Rates in Advocate Trinity Hospital's Service Area, 2011

	Percent Primary Service Area	Percent Secondary Service Area	Percent Total Service Area	Percent Illinois	Percent MSA
Percent Unemployment	12.1	13.7	12.6	8.7	9.1

Source: Thomson Reuters (Market Planner)

Attachment 12, Table 7, compares unemployment for the Hospital's service area with the State of Illinois and with the Chicago MSA. The unemployment rates across the service area are higher than the State and SMA averages. According to the National Institutes of Health, there is reasonably good evidence that unemployment itself is detrimental to health and has an effect on health outcomes - increasing mortality rates, causing physical and mental illness and greater use of health services.

## Education

Attachment 12, Table 8  
Adult (Age 25+) Educational Level in Advocate Trinity's Service Area, 2011

2011 Adult Education Level	Percent Primary Service Area	Percent Secondary Service Area	Percent Total Service Area	Percent Cook County	Percent Illinois
Less than High School	6.1	6.0	6.1	8.4	6.1
Some High School	11.9	14.4	12.7	8.4	7.6
High School Degree	28.2	31.1	29.2	24.5	27.6
Some College/Associate Degree	33.9	31.9	33.2	28.3	28.3
Bachelor's Degree or Higher	10.7	16.5	18.7	33.3	30.4

Source: Thompson Reuters (Market Expert)

As shown on Attachment 12, Table 8, the adult education achievement level of the Hospital's service area population is lower than that of Cook County or Illinois, with a higher proportion of the population age 25+ with less than high school or some high school and a lower proportion with a college bachelor's degree or greater.

Education is strongly linked to health and determinants of health such as health behaviors, risk contexts, and preventive service use. Hence, education is an important means for enhancing health and well-being of individuals because it reduces the need for health care, the associated costs of dependence, lost earning, and human suffering. It also helps promote and sustain healthy lifestyles and positive choices, supporting and nurturing human development, human relationships and personal, family and community well-being. Trinity is actively involved in providing health education to the patients and the community.

## Payor Sources

Attachment 12, Table 9  
Payor Source Inpatient at Advocate Trinity Hospital, 2011

Payor Source	Percent Primary Service Area	Percent Secondary Service Area	Percent Illinois
Medicaid	30.1	37.9	20.4
Self Pay	7.2	6.5	2.9
Private Insurance/Managed Care	17.3	15.8	30.4
Medicare	37.9	34.2	41.1
Other	7.5	5.6	5.3

Source: Illinois COMPdata and *2011 Hospital Profiles*

Note: Totals may not add due to rounding.

\*Includes other public and charity care.

The payor sources at Trinity are displayed on Attachment 12, Table 9.

Medicaid and self-pay patient patients account for a higher proportion of the Hospital's payor mix than Illinois.

### Summary

As shown on the above tables, the population of Advocate Trinity Hospital's service area has:

- A very high incidence of disease and especially cardiovascular disease, cancer, stroke, and diabetes
- A service area that is 83.4 Black Non Hispanic, 8.9 percent Hispanic, 5.8 percent White Non Hispanic, 0.5 percent Asian and South Pacific Island Non Hispanic, and 1.4 percent All Other
- High poverty rates, low average household income, high unemployment, and
- Low education levels.
- Approximately 45 percent of the population depends on Medicaid or are self pay (including other public sources and charity care) compared 28 percent in Illinois.

This socioeconomic profile describes a population with a great need for health care services and very limited ability to pay for them. The federal Health Resources and Service Administration (HRSA) defines medically underserved areas/population as areas or population designated by HRSA as having too few primary care physicians, high infant mortality, high poverty and/or high elderly population. HRSA has designated Trinity's service area as "medically underserved" confirming the Hospital's assessment, that its service area is underserved..

4. *Cite the sources of the information provided as documentation.*

The following sources of information were used in developing the responses in this application.

- Advocate Health and Hospitals Corporation and Advocate Trinity Hospital clinical, administrative, and financial data
- External sources of market and utilization data including:
  - National, State, and local demographic reports
  - *Hospital Profiles, 2007-2011*, Illinois Department of Public Health
  - Claritas population data based on the US Census
  - Thomson Reuters
  - The Nielson Company
  - MapQuest
  - Illinois COMPData
- Community Health Profile prepared by Advocate Trinity Hospital using data from the Chicago Department of Public Health, Chicago Health & System Project; University of Illinois at Chicago, Center for Economic Development; and U.S Census Bureau.
- Medical Staff Development Plan and other studies performed by external planners, architects, and engineers
- HFSRB Rules
- HFSRB Guidelines and Standards
- Technical Assistance from HFSRB Project Review Staff
- Health care literature related to trends in intensive care and rehabilitation services
- Health care literature related to the likely implication of State and National health care reform initiatives
- Illinois Department of Public Health Licensing Code
- Illinois and City of Chicago building, mechanical, electrical and accessibility codes

5. *Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.*

Advocate Trinity Hospital has a deficit of intensive care beds. In order to add these beds in a cost effective manner, the Hospital is relocating Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation to available business occupancy space in order to vacate a unit on 5 NW (institutional occupancy) that is suitable for the development of 12 intensive care beds. The project will improve the previously referenced issues as well as the population's health status and well being in the following ways.

1. Project Resolves Current Shortage of Intensive Care Beds

The purpose of the proposed project is to add 12 intensive care beds. These additional beds will preclude the Hospital's need to go on bypass as well as to hold patients in the Emergency Department and Cath Labs because an intensive care bed is not available. Further, it will allow immediate transfer of patients on medical surgical units to intensive care when their condition deteriorates. The availability of additional intensive care beds will improve access to the community. Improved access will assure that critically ill and injured patients have the most appropriate level of care and achieve improved outcomes.

2. Project Resolves Limits on Surgery

The proposed 12 additional intensive care beds will provide vital resources so that the newly recruited surgeons – especially the vascular, thoracic, orthopedic and general surgeons – can perform needed surgical procedures for patients in the community close to their homes and substantially reduce the number of patients that must be transferred or otherwise out-migrate to hospitals at substantial distances from where they live and where their support systems reside.

3. Project Resolves Limitations of General Intensive Care Unit

The proposed new 12-bed intensive care unit will be staffed and equipped for the special needs of surgical intensive care patients. Nurses with special training in all aspects of intensive care and best practices will staff the unit. Both the current unit and the proposed new unit will be equipped with eICU. Most Advocate hospitals are equipped with this leading edge technology that features 24/7 simultaneous audio and video monitoring of intensive care patients from one central command center in Oak Brook.

The goal of this very sophisticated life-saving technology is to enhance quality of care by reducing complications and lengths of a patients' stay, as well as overall health and costs. The intensive care unit at Trinity is an open staffing model and there are no medical residents (as there are in many other hospitals). Hence, at Trinity the eICU system supplements regular visits by the patients' health team members. The eICU system increases patient safety and reduces errors.

With the completion of the proposed Project, the residents of Advocate Trinity's community service area will have improved access to intensive care services with back-up support by a very sophisticate eICU system, which in turn will improve patient status and well-being.

6. *Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.*

### Overriding Goal

Advocate Trinity Hospital's overriding goal for this Project is to improve access and continually improve quality of care outcomes by expanding the intensive care bed complement in the most cost effective manner.

#### Objective 1

Relocate Outpatient Physical Rehabilitation and Outpatient Cardiac Rehabilitation to business occupancy space in the Northeast Building which part of Advocate Trinity Hospital. This relocation will be completed by May 31, 2014.

#### Objective 2

##### Increase access to Trinity's intensive care services

The first goal is to increase access to the Hospital's intensive care service by 12 beds, thus increasing the total intensive care bed complement to 24 beds, or 13 percent of the medical surgical bed total. This is consistent with industry norms. These additional beds are needed to address the high occupancy in the unit, or 84.2 percent, compared to the State Agency Target Occupancy of 60 percent. Current occupancy alone justifies the need for 17 beds. The completion of the modernization of the intensive care beds and resulting improved access will be completed by May 31, 2015.

### Objective 3

Improve access to surgical services at the Hospital. This will be accomplished by providing additional intensive care beds.

A critical need for surgeons has been identified in the Hospital's service area. The Hospital has begun to address this need by recruiting more than 25 surgeons to the staff; many of them represent specialties whose patients require post-surgery intensive care. Because of overall 84.2 percent occupancy of the existing intensive care beds and because 182 days per year the beds are operating at 92.6 percent occupancy, physicians are reluctant to schedule surgery at the Hospital because of inadequate intensive care capability for their patients post-surgery. By increasing the number of intensive care beds, there will be capacity to support the new surgeons and their patients can have high quality surgery services close to home with their families and support systems close by. Improved access to surgical services will be achieved when the modernization is completed by May 31, 2015.

### Objective 4

Reduce the number of patients that out-migrate, must be transferred or use alternative settings in the Hospital.

As the acuity of the patient mix at the Hospital continues to increase, the demand for intensive care resources has also increased. Consequently, there are many days when there are no available intensive care beds. During these times, patients must be transferred to another facility or be held in the Emergency Department, Cath Lab or on a medical surgical unit at the Hospital. As more and more community residents become aware of Trinity's successful recruitment of surgeons and the availability of intensive care beds, they will be less likely to out migrate from the area to Indiana and other parts of Illinois. The reduction of outmigration and transfers as well as having patients in the most appropriate setting will be achieved when the modernization is completed by May 31, 2015.

### Objective 5

Provide increasingly skilled nurses and other support staff in all intensive care beds.

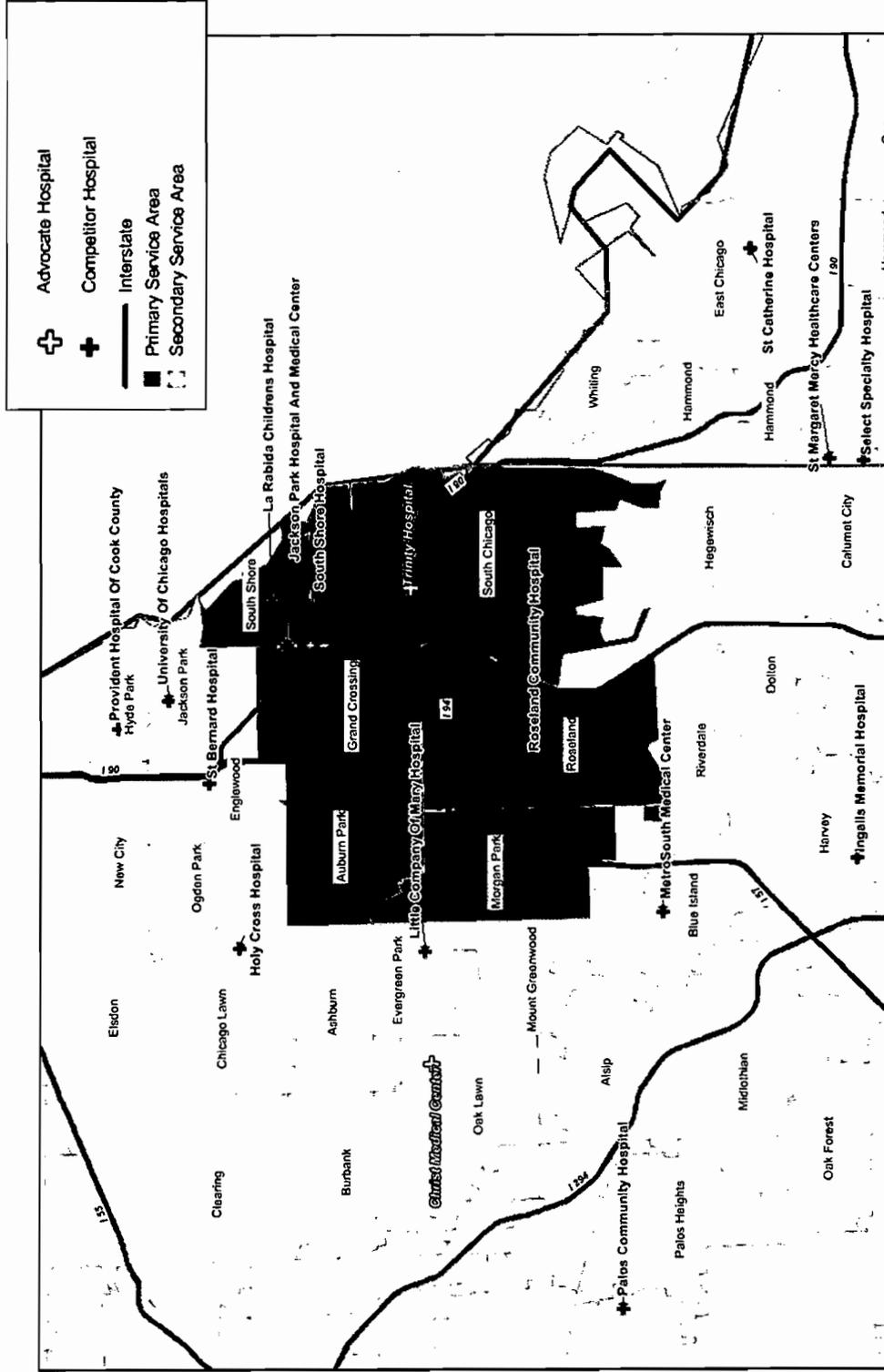
The intensive care case mix at the Hospital includes a wide range of medical and surgical patients. Nurses and other support staff in the intensive care unit tend to be more competent when they can concentrate their continuing education and skill enhancement on a limited group of patients – and in the case of Trinity, medical patients or surgical patients. By having dedicated medical and surgical intensive care units, patient care and outcomes will continue to improve. This will become most evident when the modernization is complete by May 31, 2015.

## Objective 6

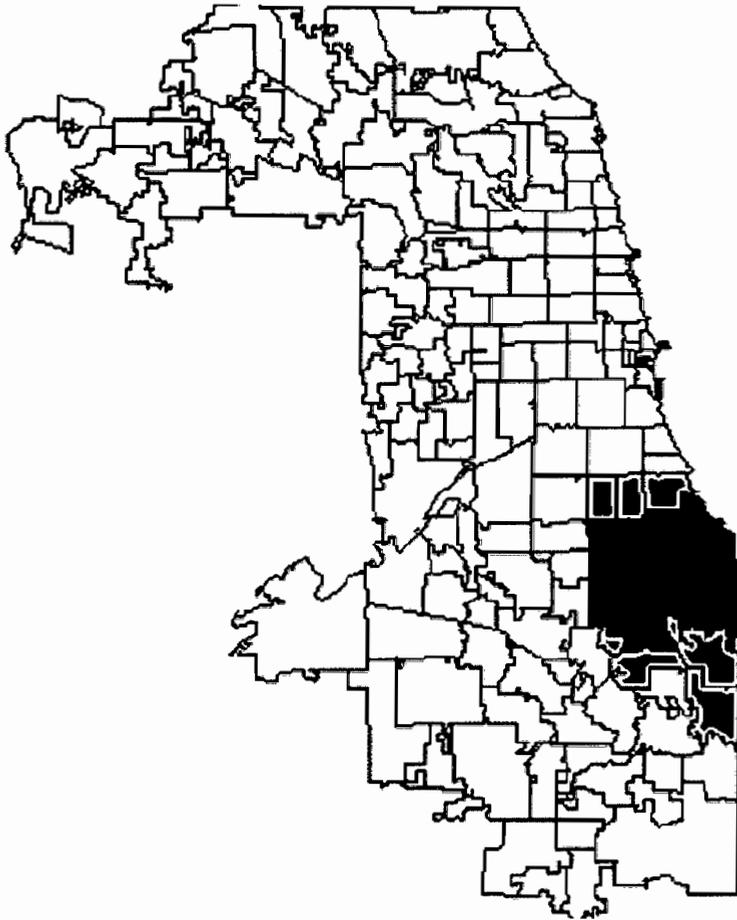
### Improve access to intensive care and surgery in a cost effective manner.

The Hospital investigated several options for the development of the proposed new intensive care beds. In that process, Hospital leadership determined that by making only one enabling move, institutional space could be vacated for a new intensive care unit. That enabling move involved relocating the Outpatient Physical Medicine and Outpatient Cardiac Rehab services to vacant space in a connected business occupancy building. Based on this option, the Hospital is able to develop the needed new intensive care beds and the enabling project in existing space at modernization costs which will be substantially lower than new construction costs. The option of using leased space for the outpatient services included in the enabling move was considered but this option was rejected because it would result in disruption of continuity of care. The project will be completed by April 30, 2016.

# Trinity Service Area 2012



# Location of Advocate Trinity Hospital's Service Area Within Cook County



Area	
	TRIN PSA 2012
	TRIN SSA 2012
	Cook County

2012 Total Population: Advocate Trinity Hospital TSA

Service Area	Zip Code	City Name	Population	Population			
				Total 0-14	Total 15-44	Total 45-64	Total 65+
PSA	60617	Chicago	82,667	19,240	35,850	18,303	9,274
	60619	Chicago	62,538	12,586	24,866	15,171	9,915
	60620	Chicago	71,065	15,646	29,708	16,340	9,371
	60628	Chicago	70,585	15,944	30,453	15,385	8,803
	60643	Chicago	49,402	9,601	20,085	13,009	6,707
	60649	Chicago	<u>45,841</u>	<u>10,118</u>	<u>19,665</u>	<u>10,856</u>	<u>5,202</u>
Primary Service Area Subtotal			382,098	83,135	160,627	89,064	49,272
SSA	60409	Calumet City	36,563	8,225	15,628	8,512	4,198
	60621	Chicago	34,905	9,681	15,288	6,413	3,523
	60633	Chicago	12,886	2,607	5,131	3,280	1,868
	60636	Chicago	39,754	10,316	17,856	7,630	3,952
	60637	Chicago	48,855	11,096	22,968	9,452	5,339
	60827	Riverdale	<u>27,360</u>	<u>7,624</u>	<u>12,205</u>	<u>5,633</u>	<u>1,898</u>
Secondary Service Area Subtotal			200,323	49,549	89,076	40,920	20,778
Total			<u>582,421</u>	<u>132,684</u>	<u>249,703</u>	<u>129,984</u>	<u>70,050</u>

Source: 2012 The Nielsen Company, © 2012 Truven Health Analytics Inc.

2017 Projected Total Population: Advocate Trinity Hospital TSA

Population							
Service Area	Zip Code	City Name	Population	Total 0-14	Total 15-44	Total 45-64	Total 65+
PSA	60617	Chicago	78,761	18,851	32,926	17,494	9,490
	60619	Chicago	59,186	12,339	22,913	14,073	9,861
	60620	Chicago	68,067	15,588	27,776	15,167	9,536
	60628	Chicago	66,303	15,544	27,799	14,003	8,957
	60643	Chicago	47,857	9,897	18,935	11,889	7,136
	60649	Chicago	43,614	9,781	17,838	10,631	5,364
	Primary Service Area Subtotal			363,788	82,000	148,187	83,257
SSA	60409	Calumet City	35,610	8,222	14,522	8,611	4,255
	60621	Chicago	32,098	9,015	13,907	5,929	3,247
	60633	Chicago	12,790	2,710	4,888	3,261	1,931
	60636	Chicago	36,701	9,714	16,186	6,966	3,835
	60637	Chicago	46,985	10,760	21,567	9,285	5,373
	60827	Riverdale	25,952	7,213	11,115	5,539	2,085
Secondary Service Area Subtotal			190,136	47,634	82,185	39,591	20,726
Total			553,924	129,634	230,372	122,848	71,070

Source: 2012 The Nielsen Company, © 2012 Truven Health Analytics Inc.

2022 Projected Total Population: Advocate Trinity Hospital TSA

Population							
Service Area	Zip Code	City Name	Population	Total 0-14	Total 15-44	Total 45-64	Total 65+
PSA	60617	Chicago	75,040	17,960	31,370	16,667	9,042
	60619	Chicago	56,014	11,678	21,685	13,319	9,332
	60620	Chicago	65,195	14,930	26,604	14,527	9,134
	60628	Chicago	62,281	14,601	26,113	13,154	8,414
	60643	Chicago	46,360	9,587	18,343	11,517	6,913
	60649	Chicago	<u>41,495</u>	<u>9,306</u>	<u>16,971</u>	<u>10,115</u>	<u>5,103</u>
Primary Service Area Subtotal			346,385	78,063	141,086	79,298	47,938
SSA	60409	Calumet City	34,682	8,008	14,143	8,387	4,144
	60621	Chicago	29,517	8,290	12,789	5,452	2,986
	60633	Chicago	12,695	2,690	4,852	3,237	1,917
	60636	Chicago	33,882	8,968	14,943	6,431	3,540
	60637	Chicago	45,187	10,348	20,741	8,930	5,167
	60827	Riverdale	<u>24,616</u>	<u>6,842</u>	<u>10,543</u>	<u>5,254</u>	<u>1,978</u>
Secondary Service Area Subtotal			180,579	45,145	78,011	37,690	19,732
Total			<u>526,964</u>	<u>123,208</u>	<u>219,097</u>	<u>116,989</u>	<u>67,670</u>

Source: 2012 The Nielsen Company, © 2012 Truven Health Analytics Inc.

2012-2017 Total Population Change: Advocate Trinity Hospital TSA

Service Area	Zip Code	City Name	2012 - 2017									
			Total Population		Age 0-14		Age 15-44		Age 45-64		Age 65+	
			Population	Percent Change	Population	Percent Change	Population	Percent Change	Population	Percent Change	Population	Percent Change
PSA	60617	Chicago	-3,906		-389		-2,924		-809		216	
PSA	60619	Chicago	-3,352		-247		-1,953		-1,098		-54	
PSA	60620	Chicago	-2,998		-58		-1,932		-1,173		165	
PSA	60628	Chicago	-4,282		-400		-2,654		-1,382		154	
PSA	60643	Chicago	-1,545		296		-1,150		-1,120		429	
PSA	60649	Chicago	-2,227		-337		-1,827		-225		162	
Subtotal Primary Service Area			-18,310	-4.8%	-1,135	-1.4%	-12,440	-7.7%	-5,807	-6.5%	1,072	2.2%
SSA	60409	Calumet City	-953		-3		-1,106		99		57	
SSA	60621	Chicago	-2,807		-666		-1,381		-484		-276	
SSA	60633	Chicago	-96		103		-243		-19		63	
SSA	60636	Chicago	-3,053		-602		-1,670		-664		-117	
SSA	60637	Chicago	-1,870		-336		-1,401		-167		34	
SSA	60827	Riverdale	-1,408		-411		-1,090		-94		187	
Subtotal Secondary Service Area			-10,187	-5.09%	-1,915	-3.9%	-6,891	-7.7%	-1,329	-3.2%	-52	-0.3%
Total			-28,497	-4.9%	-3,050	-2.3%	-19,331	-7.7%	-7,136	-5.5%	1,020	1.5%

Source: 2012 The Nielsen Company, © 2012 Truven Health Analytics Inc.

2012-2022 Total Population Change: Advocate Trinity Hospital TSA

Service Area	Zip Code	City Name	2012 - 2022			2012 - 2022							
			Total Population			Age 0-14		Age 15-44		Age 45-64		Age 65+	
			Population	Percent Change		Population	Percent Change	Population	Percent Change	Population	Percent Change	Population	Percent Change
PSA	60617	Chicago	-7,627		-1,280		-4,480		-1,636		-232		
PSA	60619	Chicago	-6,524		-908		-3,181		-1,852		-583		
PSA	60620	Chicago	-5,870		-716		-3,104		-1,813		-237		
PSA	60628	Chicago	-8,304		-1,343		-4,340		-2,231		-389		
PSA	60643	Chicago	-3,042		-14		-1,742		-1,492		206		
PSA	60649	Chicago	-4,346		-812		-2,694		-741		-99		
Subtotal Primary Service Area			-35,713	-9.3%	-5,072	-6.1%	-19,541	-12.2%	-9,766	-11.0%	-1,334	-2.7%	
SSA	60409	Calumet City	-1,881		-217		-1,485		-125		-54		
SSA	60621	Chicago	-5,388		-1,391		-2,499		-961		-537		
SSA	60633	Chicago	-191		83		-279		-43		49		
SSA	60636	Chicago	-5,872		-1,348		-2,913		-1,199		-412		
SSA	60637	Chicago	-3,668		-748		-2,227		-522		-172		
SSA	60827	Riverdale	-2,744		-782		-1,662		-379		80		
Subtotal Secondary Service Area			-19,744	-9.9%	-4,404	-8.9%	-11,065	-12.4%	-3,230	-7.9%	-1,046	-5.0%	
Total			-55,457	-9.5%	-9,476	-7.1%	-30,606	-12.3%	-12,995	-10.0%	-2,380	-3.4%	

Source: 2012 The Nielsen Company, © 2012 Truven Health Analytics Inc.

### SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

#### Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

##### ALTERNATIVES

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
  - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
  - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
  - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
  - 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

**APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

#### Introduction

Advocate Trinity Hospital (“Trinity,” “Hospital”), has a rich history of providing an increasingly sophisticated range of services to its underserved community, consistent with its commitment to providing excellent health care close to home.

Today, the Hospital has more than 300 physicians representing more than 60 specialties serving more than 90,000 patients each year. Trinity provides a comprehensive Emergency Department, Primary Stroke Center, expanded cardiovascular services including a Cardiac Catheterization Lab with interventional cardiology capabilities as well as cardiac rehabilitation, women’s health including a Level 2+ special nursery, and oncology services.

Trinity's planning initiatives, including its strategic and medical staff development plans, have identified a serious shortage of surgical specialists in the Southeast Side service area. Without the availability of these specialties, the community cannot access these services locally and must travel either 15 to 20 miles north to the downtown Chicago academic medical centers or 10 miles west to reach Advocate Christ Medical Center. This is contrary to the Hospital's commitment to provide services close to home and especially unacceptable because many community residents rely on public transportation.

Since 2008, the Hospital has recruited more than 25 needed general, thoracic, vascular, orthopedic, urology, plastic/reconstructive, otolaryngology, ophthalmology, obstetric/gynecology, and podiatric surgeons. Today, the Hospital and the surgeons are able to offer advanced levels of treatment in surgery such as breast reconstruction with microsurgical surgical techniques, peripheral vascular surgery, vascular surgery, and thoracic surgery; da Vinci® robotic surgery and interventional radiology are also available.

Many of these newly recruited surgeons have begun to bring patients to the Hospital; others are discouraged because although the Hospital has adequate surgery capacity, the Hospital's intensive care beds are operating at an average of 84.3 percentage occupancy and 92.6 percent occupancy more than 50 percent of the time. Under these circumstances, patients must be held in the Emergency Department, or the Cath Lab or on a medical surgical unit until an intensive care bed can be made available. Hence, although the Hospital recognized the need for surgeons and recruited them in order to provide needed care for the community close to home, inadequate intensive care capacity has become a bottleneck to providing these services.

Three services, inpatient intensive care, outpatient physical medicine and outpatient cardiac catheterization, are the focus of the present application. These services are essential to meet the needs of the Trinity community.

Advocate Trinity Hospital considered four fundamental alternatives to the currently proposed relocation of Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation and the addition of 12 intensive care beds – all in modernized space.

Alternative 1 Pursue a Joint Venture or Similar Arrangement with One or More Providers or Entities to Meet All or a Portion of the Project's Intended Purposes

Alternative 2 Develop Alternative Settings to Meet All or a Portion of the Project's Intended Purposes

Alternative 3 Develop a Project of Lesser Cost

Alternative 4 Develop a Project of Greater Cost, and

Alternative 5 Develop the Project of Choice.

The following discussion describes the rationale for accepting or rejecting each of the alternatives.

Alternative 1. Pursue a Joint Venture or Similar Arrangement with One or More Providers or Entities to Meet All or a Portion of the Project's Intended Purposes

Alternative 1 envisions pursuing a joint venture for the intensive care beds and/or for the clinical service areas. This alternative was rejected for the following reasons.

A) Intensive Care Beds

- 1) The current Project proposes adding 12 intensive care beds in existing space. The proposed beds will be operated as part of the premises licensed under the Hospital Licensing Act. Consequently a joint venture would involve a joint venture with the entire Hospital; this is not a feasible alternative and for this reason was rejected.

B) Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation

- 1) Trinity is part of Advocate Health System; Trinity's patients have preferred access to Advocate Christ Medical Center's services. For this reason, Trinity rejected the option of developing a joint venture with another tertiary/quaternary care center for outpatient physical medicine and outpatient cardiac rehab services.
- 2) Other community hospitals do not appear to have the same programmatic breadth and depth in their outpatient physical medicine or outpatient cardiac rehabilitation services that are available at Trinity. The Hospital rejected the option of developing joint venture with other community hospitals because Trinity patients would not have access to the same level of care and complex case management.

Alternative 2. Develop Alternative Settings to Meet All or a Portion of the Project's Intended Purposes

Alternative 2 suggests that the three key services that are proposed in this Project could be relocated all or in part to alternative settings.

A) Intensive Care Beds

1. Intensive care beds are needed by patients with the most serious illnesses and injuries, most of which are life threatening and require constant monitoring and support from special equipment such as mechanical ventilators, as well as medication and life-saving techniques. These patients require the expertise of highly trained physicians and nurses who specialize in caring for very sick patients. These patients frequently require immediate access to advanced laboratory services, high tech imaging such as computerized tomography, and other hospital-based ancillary services. Spaces housing intensive care beds have special licensing requirements.

Trinity rejected the alternative of using alternative settings for intensive care beds because of the extensive skills and technology required to deliver excellent patient care that are only available in a hospital setting.

B) Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation

1. The Project proposes the relocation of Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation to an alternative setting. Today, these services are located in institutional/hospital space. Trinity is proposing to relocate the services to a physically connected building. This relocation not only makes the highest and best use of the Hospital/institutional space, but also utilizes currently vacant space and precludes the need to develop costly new space.

2. To relocate Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation to a remote alternative setting in new or leased space would fragment continuity of care and potentially compromise outcomes. Many patients at the Hospital with cardiac events or who are cardiac catheterization patients are among many of the Hospital's cardiac rehab outpatients. To relocate cardiac rehab services to an alternative setting would distance them from their physicians and other care givers. Similarly stroke, diabetes and orthopedic patients who have been inpatients at the Hospital and who require post discharge outpatient physical medicine services would be removed from their patient care team and continuity of care could be compromised. Maintaining continuity of care is especially important for many of Trinity's patients who have multiple comorbidities and depend on the complex case management services available to them at Trinity.

The Hospital concurs with the alternative of using alternative space on the campus for outpatient physical medicine and outpatient cardiac rehab. The Hospital rejects building or leasing space remote from the Hospital campus for these services.

### Alternative 3 Develop a Project of Lesser Cost

Although the cost of the proposed Project is very modest, Advocate Trinity Hospital considered and rejected several even less costly alternatives.

#### A) Intensive Care

- 1) Trinity considered modernizing fewer intensive care beds. However, this option was rejected for the following reasons:
  - a) The Hospital currently has 12 beds and is requesting 12 additional beds, or a total of 24 beds. Current intensive care bed utilization at the Hospital justifies 17 beds at the State Agency Target Occupancy of 60 percent. The option of modernizing 5 beds or fewer was rejected because a minimal expansion of the unit would only meet current need and not anticipate future need.

- b) Some health care futurists have suggested that in the future all inpatient medical surgical beds would be intensive care beds. While Trinity leadership believes that this may be an exaggeration, they are mindful of the goals of the Accountable Care Act with its cost reduction goals related to reducing hospital admissions and readmissions. Advanced technology and new enhancements in care delivery (such as less invasive techniques, treatment protocols and earlier detection) will enable tests and procedures to move some patients from the inpatient to the outpatient setting and reduce utilization for the less acutely ill patients currently occupying general medical surgical beds. This shift to the outpatient setting will have less impact on the need for intensive care beds, although services to reduce readmissions are expected to reduce the historic rate of growth of intensive care services.
  
- c) Based on the incidence of disease in Trinity's service area, the large number of patients with serious comorbidities, the option of reducing the proposed number of intensive care beds was rejected. The growth in their need for intensive care services is not likely to be substantially affected by the Accountable Care Act.
  
- c) According to the Centers of Disease Control, life expectancy in the United States continues to increase. In 2007 American men could expect to live 3.5 years longer and women 1.6 years longer than they did in 1990. With longer life expectancy comes an increasing prevalence of chronic diseases and conditions associated with aging including hypertension, diabetes, end stage renal disease and certain types of cancer. This aging population, including the baby boomers, will benefit from the services provided in intensive care beds. Because of the aging of the population and the other demographic characteristics of the Hospital's service area including low income, low education, and high incidence of chronic disease, the Hospital rejected this option.

- d) The option of adding fewer than 12 beds is impractical.

The existing 12 intensive care beds are located on Level 2 of the Northwest Building. The current beds are operating in 540 DGSF/bed or less than the State Agency Target of from 600 to 685 DGSF per bed. There is no space on the unit to add more beds. There is a small space available, not contiguous to the existing intensive care unit that would provide space for 4 additional intensive care beds. However, this space would not be sufficient to meet current demand. Further, this would be an extremely small intensive care unit creating inefficiencies in clinical coverage and the support spaces of similar size would be required whether it is a 4-bed or a 12-bed intensive care unit. Should another future expansion occur, it would likely be in yet another location, creating more decentralization and increased inefficiency. This alternative would have a \$3.9 million construction cost and \$8.99 million project cost.

Other less costly options considered using other inpatient units. However, the alternative of using medical surgical units was rejected because there are no empty/unused medical surgical units that could be converted. In 2009 and 2010, IDPH removed 48 medical surgical beds from the Hospital's authorized number, leaving only 158 beds. The 48 beds that IDPH were scattered among several units in Trinity's Main Building. They were small and in some cases did not have bathrooms or meet code. These rooms have been converted to offices and other needed non clinical spaces on the unit.

Finally, the alternative of using obstetric space was also rejected. The existing obstetric space could not support the current obstetric program, which is essential to the community, as well as 12 new intensive care beds.

## B) Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation

- 1) Trinity is proposing to relocate Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation from higher cost institutional occupancy space to lower cost business occupancy space. The size of the two areas is increasing to accommodate modest growth. The alternatives of reducing service scope or the amount of modernized square footage was rejected because of the priority clinical needs for rehabilitation services by the community population.

### Alternative 4 Develop a Project of Greater Cost

#### A) Intensive Care

- 1) Although the option of redeveloping intensive care services in new construction at is a very appealing alternative, it was rejected because of campus limitations and cost.
  - a) Trinity is located in an urban neighborhood. The campus could not support a physical expansion of the hospital in order to add intensive care beds unless nearby residences were acquired. Since there is space in the hospital for the modernization of intensive care beds and neighbors would not have to be displaced, this option was rejected.
  - b) The cost of adding intensive care beds in new construction is prohibitive for Trinity. For example, based on RSMeans cost data, the State Agency's Complexity Index and inflation, the construction and contingency cost per square foot for new construction of intensive care beds would be \$492 while for modernization it would be \$363, or substantially less than new construction. This does not include other project costs such as preplanning; site survey, soil investigation, and site prep; additional architect and consulting fees; and the cost of financing. Because of higher cost, this option was rejected.
  - c) Still another larger project option was considered that would not require adding site or displacing neighbors. A proposed larger new intensive care unit could be developed where the footprint cantilevers over the street. This alternative would require a street closure and multiple city approvals

where the certainty of success is unknown. Additional structural support further makes this project undesirable. This alternative would have a \$15 million construction cost and a \$27.4 million project cost.

B) Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation

- 1) Although the option of redeveloping Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation in new construction at is a very appealing alternative, it was rejected because of campus limitations and cost.
  - a) In order to assure continuity of care and ensure access to complex care management, new outpatient physical medicine and outpatient cardiac rehabilitation services would need to be located on the campus. Trinity's existing urban campus cannot support a new physical medicine and cardiac rehabilitation building. However, there is vacant business occupancy space in Trinity's outpatient building. Because a viable alternative is available, this option was rejected because it would require displacing residents in Trinity's urban neighborhood.
  - b) The second reason for rejecting this greater cost alternative is Trinity's inability to finance a larger project. For example, based on RSMeans cost data, the State Agency's Complexity Index and inflation, the construction and contingency cost for new construction of an outpatient physical medicine and outpatient cardiac rehab facility would be \$452 per square foot while it would be only \$363 f per square foot for modernization. This does not include other project costs.

Alternative 5 Develop the Alternative of Choice, the Proposed Project

Advocate Trinity Hospital is proposing a two-phase Project. The first phase is an enabling phase and includes the relocation of Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation to vacant business occupancy space in the Hospital's outpatient building which is connected to the hospital. The second phase includes modernizing the vacated institutional space currently occupied by Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation in order to develop 12 additional intensive care beds. This is the Project of Choice for the following reasons.

## A) Intensive Care

- The addition of 12 new intensive care beds will enhance access to high quality, high acuity intensive care services for community residents close to their homes.
- With the 12 additional beds, the occupancy of the intensive care beds can be reduced from almost 85 percent in 2012 to a level more consistent with the State Agency Occupancy Target of 60 percent. With a lower average occupancy, patients will no longer be held in the Emergency Department, the cath lab, or on a medical surgical unit until an intensive care bed can be made available. Patient care will improve in a more appropriate setting.
- Further, fewer intensive care patient transfers will be required, by pass hours will be reduced, and fewer patients will seek care at out-of-state (Indiana) facilities.
- Studies conducted by the Hospital indicated a severe shortage of surgeons in the Hospital's service area. To address this need, the Hospital recruited 25 surgeons; these surgeons require intensive care capacity for their surgical patients. This Project provides that needed intensive care surgical capacity.
- 12 additional intensive care beds are needed to accommodate current and projected volume. By the end of the second full year of operation, the total 24 bed intensive care complement will be operating by at least 75.0 percent occupancy, or substantially higher than the State Agency Target.
- The additional beds will provide the opportunity to develop a dedicated 12-bed surgical intensive care unit and to use the existing 12-bed unit for medical intensive care. These more specialized units will provide special physician and nursing skills required by critically ill and injured patients and enhance quality of care and outcomes.
- By developing the proposed intensive care beds in existing space, the capital cost of the project is less than new construction and is affordable.

## B) Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation

- By relocating Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation space in the outpatient building, these vital services will continue to be easily accessible to the local population with a high incidence of disease and co-morbidities that require rehabilitation services.
- By modestly increasing the sizes of these services, they will have space to continue to increase volume as the average life span of the community increases and debilitating diseases requiring rehab services become more prevalent.
- These outpatient services will be located in business space which meets all the code requirements for outpatient services, therefore being less costly.
- The outpatient physical medicine and cardiac rehabilitation services will be developed in modernized space which will be less costly than new construction.

A summary of the alternatives and the rationale for accepting or rejecting each of the is on the following table, Attachment 37, Exhibit 1.

Summary of Alternatives

Description	Construction Cost	Project Cost	Rationale
<p>Alternative 1 – Pursue a Joint Venture or Similar Arrangement with One or More Providers to Meet All or a Portion of the Project’s Intended Purposes</p>	<p>NA</p>	<p>NA</p>	<p>Alternative 1 was rejected for the following reasons:</p> <ul style="list-style-type: none"> <li>• A joint venture would involve a joint venture with the entire Advocate Trinity Hospital; this is not a feasible alternative.</li> <li>• A joint venture for Outpatient Physical Medicine and/or Outpatient Cardiac Rehab with another academic medical center was rejected because Trinity is part of the Advocate Health System.</li> <li>• A joint venture for Outpatient Physical Medicine and/or Outpatient Cardiac Rehab with other community hospitals or agencies was rejected because patients would not have access to the same level of care and complex case management.</li> </ul>

Description	Construction Cost	Project Cost	Rationale
Alternative 2 – Develop Alternative Settings to Meet All or a Portion of the Project’s Intended Purposes	NA	NA	<p>Alternative 2 was in part accepted for the following reason:</p> <ul style="list-style-type: none"> <li>• Trinity is using alternative, less costly space for Outpatient Physical Medicine and Outpatient Cardiac Rehab in business space adjacent to the Hospital</li> <li>• Alternative 2 was rejected, in part, for the following reasons: <ul style="list-style-type: none"> <li>• Intensive care requires resources only available in a hospital.</li> <li>• Intensive care has special code requirements that require that it be provided in an inpatient setting.</li> <li>• Outpatient Physical Medicine and Outpatient Cardiac Rehab could not be relocated in new or leased space in a remote alternative setting because it would remove these sick patients, often with comorbidities from their care team, fragment continuity of care and compromise patient outcomes.</li> <li>• Outpatient Cardiac Rehab could not be moved to a remote site because of the need to have a physician on site in case of an unforeseen event.</li> </ul> </li> </ul>

Description	Construction Cost	Project Cost	Rationale
Alternative 3 Develop a Project of Lesser Cost	\$3.9 Million	\$8.99 Million	<p>Alternative 3 was rejected for the following reasons:</p> <ul style="list-style-type: none"> <li>• Developing a 4-bed stand-alone unit would not meet current demand and would be inefficient to operate and staff.</li> <li>• Modernizing fewer intensive care beds was rejected because the proposed 12 beds are needed to address increasing demand.</li> <li>• The number of intensive care patients and the expected growth in intensive care volume is not likely to be substantially affected as the result of the Accountable Care Act.</li> <li>• Life expectancy is increasing and longer life expectancy brings an increasing prevalence of chronic diseases associated with aging. These patients will require an increasing volume of intensive care days.</li> <li>• There is no other existing space in which to develop the needed 12 intensive care beds at the Hospital in a less costly way.</li> <li>• The option of reducing the size of the Outpatient Physical Medicine and Outpatient Cardiac Rehab was rejected because rehabilitation services are a priority need of the community population.</li> </ul>

Description	Construction Cost	Project Cost	Rationale
Alternative 4 Develop a Project of Greater Cost	\$15 Million	\$27.4 Million	<p>Alternative 4 was rejected for the following reasons:</p> <ul style="list-style-type: none"> <li>• Advocate Trinity Hospital is located in a densely populated residential neighborhood. A greater cost alternative would require expanding the campus and displacing nearby residents. Since there was space that could be reused without displacing neighbors, this option was rejected.</li> <li>• A greater project or a project in new construction would have resulted in greater cost. Based on allowable costs and contingencies, the cost of new intensive care would be \$492 per square foot. For modernization the cost would be \$363 per square foot. Due to this substantially higher cost, this option was rejected.</li> <li>• Expanding existing space where the footprint cantilevers over the street was also rejected because of the need for multiple city approvals and the need for structural support.</li> </ul>

Description	Construction Cost	Project Cost	Rationale
Alternative 5 Develop the Alternative of Choice, the Proposed Project	\$7.5 Million	\$18.2 Million	<p>Alternative 5, the Project of Choice was selected for the following reasons:</p> <ul style="list-style-type: none"> <li>• The additional 12 intensive care beds will enhance access to high quality, high acuity services for community residents close to their homes.</li> <li>• With additional beds, fewer patients will be delayed admission to an intensive care bed and “holders,” transfers and bypass can be reduced.</li> <li>• Newly added surgeons will be able to admit their patients who need post-surgery intensive care because a bed can be scheduled for them.</li> <li>• The additional beds will provide the opportunity to develop a surgical intensive care unit with more specialized staff and enhance quality of care and outcomes.</li> <li>• Outpatient Physical Medicine and Outpatient Cardiac Rehab will be relocated in modestly larger space to better meet the needs of the local community and their increasing need for rehabilitation services.</li> <li>• The project cost is prudent and affordable.</li> </ul>

3. *The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.*

Advocate Health and Hospitals Corporation (“AHHC”) is committed to quality improvement and engages in a wide range of initiatives to ensure a high standard of care at each provider site.

#### New Advocate Health Care Model

Advocate Health Care is taking aggressive steps to curb the use of unnecessary services and prevent patients from being inappropriately re-hospitalized while maintaining excellent care, consistent with the goals of state and federal health care reform goals. An example of Advocate’s leadership in process improvement and quality outcomes relates to an accountable health care model developed by the Advocate System and in place at Advocate Trinity Hospital (“Trinity”, “Hospital”). Advocate Health Partners d/b/a/Advocate Physician Partners is the care management contracting venture between Advocate Health Care and selected physicians on the medical staffs of the Advocate Hospitals, including Advocate Trinity Hospital

Advocate Physician Partners is focused on improving health care quality and outcomes, while reducing overall cost of care – both inpatient and outpatient. This group’s award winning, clinically integrated approach to patient care utilizes the best practices in evidence-based medicine, advanced technology, and quality improvement techniques. Over the past 10 years, through its clinical integration program, Advocate has learned that coordinated health care translates to healthier patients. Based on this understanding, Advocate has been working to transform the way health care is delivered. In October 2010, Advocate announced that it was launching a benchmark care delivery system, AdvocateCare, which will further drive collaboration among physicians, hospitals, payors, and employers. The new approach is consistent with the Accountable Care Organization (ACO) model, sets higher clinical expectations, and puts reimbursement at risk for poor outcomes.

The goal of the program is to provide each patient with the right care at the right time in the most cost effective setting. At Trinity, it is expected that some of today’s short-stay general medical surgical patients will receive their care in an ambulatory setting at a lower cost than if they were admitted to an inpatient bed. However, acutely ill patients will continue to require intensive care services, and, unlike general medical surgical utilization, high acuity services including intensive care will continue to grow, although perhaps more modestly, because of new technology and techniques and the growth and aging of the population, including the baby boomers.

Advocate currently has several pilot programs underway with insurance providers to refine this concept.

## Advocate Trinity Hospital's Commitment to Quality Care

Commitment to quality care is evident at Advocate Trinity Hospital where a comprehensive structure and process are in place to continually enhance patient safety and improve quality of care. Trinity's staff has made great strides in the past and is working diligently to continually improve the quality of care at the Hospital.

Attachment 13, Exhibit 1 is an example of the Hospital's Quality Indicator Grid. This is a comprehensive summary of the process improvement initiatives that have been put in place over the past 3 years (or that are in the planning process) and the progress that has been made as the result of the Hospital's quality improvement initiatives.

Trinity has been recognized for other patient care quality by the following organizations:

- *2012 Emergency Medicine Excellence Award* from HealthGrades
- *Stage 6 Designation* from Health Information and Management Systems Society
- *2012 Distinction of Promising Practices* from the Institute for Diversity in Health management for Diversity in Leadership and Governance
- *2012 Primary Stroke Center Certification* from DNV Healthcare
- *2012 "A" Hospital Safety Score* by The Leapfrog Group for Demonstrated Commitment to Patients and the Community Based on Preventable Medical Errors, Injuries, Accidents, and Infections

### Examples of Advocate Trinity Hospital Initiatives to Improve Quality

#### Recipient of American Heart Association's Mission: Lifetime Bronze Quality Achievement Award

In 2012, Trinity qualified for the American Heart Association's Mission: Lifetime Bronze Quality Achievement Award. The award recognizes Trinity's commitment and success in implementing a higher standard of care for heart attack patients that effectively improves the survival and care of STEMI (ST Elevation Myocardial Infarction) patients. For example, the STEMI response rate at Trinity is substantially better than the national average time of 90 minutes. Between 2009 and 2012, STEMI response time decreased from 120 minutes to 77 minutes

Further, Trinity's commitment to clinical excellence is evident by its place in the top of the nation's hospitals for mortality as well as its emergency advances in advance heart attack and stroke care, which fulfills a compelling community need in the area it serves. Trinity was one of 40 hospitals nationally that participated in Johns Hopkins' C-PORT E study to determine if heart angioplasty is safe in community hospitals that do not have open heart surgery back up. In 2012, the study confirmed that these hospitals can perform emergency and non-emergency angioplasty safely and effectively.

## Central Line-Acquired Blood Stream Infections (CLABSI)

Another example, of improving quality relates to CLABSI (Central Line Acquired Blood Stream Infection). According to CDC, an estimated 41,000 central line acquired blood stream infections occur in U.S. hospitals each year. These are serious infections causing prolonged hospital stays and increased risk of mortality as well as increased cost.

Advocate Trinity Hospital monitors quality indicators and uses CMS Hospital Compare to monitor quality measures and safety scores. See Attachment 13, Exhibit 2. This shows that Trinity compares very favorably to reporting U.S. hospitals, Illinois Hospitals and hospitals in Planning Area A-03 as well as two others that are nearby. Attachment 13, Exhibit 3 is a map showing the locations of these hospitals. During this review of quality indicators, Trinity leadership determined that a safety initiative was necessary. The quality improvement team reviewed the CMS measures to compare timely and effective care. These include:

- Daily distribution of house wide central line report
  - Disseminate to nursing managers and educators
  - Nursing managers and educators review charts of patients with central lines in-house for the following:
    - Insertion checklist completion
    - Line necessity
    - Line dressing integrity
    - CHG (chlorhexidine gluconate) daily bath documentation (CHG reduces risk of hospital acquired infections more effectively than soap and water)
- Random chart audits (at least 20) performed by and Infection Control practitioner for documentation of central line insertion check list at time of insertion
- House wide implementation of daily CHG baths for all patients with central lines in place
- Aggressive removal/replacement of emergency placed central line within 24 to 48 hours
- Minimal blood draws from central lines to reduce contamination and subsequent infection

- Multidisciplinary rounding for identification of patients at high risk for CLABSI using criteria set forth by Infection Control
- Avoidance of femoral line insertions whenever clinically feasible, and
- Use of PICC (peripherally inserted central catheter) lines for long-term antibiotic therapy when clinically feasible.

The quality improvement team has put in place policies and procedures to adapt the CMS measures. This is a process that has resulted in very high scores for pneumonia, and other quality improvement and safety initiatives and is expected to be equally effective in improving CLABSI scores. With this initiative as with all quality and safety issues, Trinity strives for 100 percent scores.

Preliminary unpublished 2012 results showed substantial improvement over 2011.



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QUALITY INDICATOR GRID

INDICATOR Dashboard	2009	2010	2011	2012	Performance Improvement Interventions
ICU Mortality Index Rate Data Source: Apache	A	As Expected	Better than Expected	A	Daily Multidisciplinary Rounds: -Central Lines, Palliative Care & Family Care Conferences -Optimize Nutrition Recommendations and ventilators -Mandatory ICU Intensivist for all patients -Collaboration with eICU for Ventilator Liberation -Collaboration with Specialty Consults -Standardized Order Sets -Reduce infection by adherence to CAUTI, CLABSI, and VAP bundles -Daily audits of central lines and ventilator -Revised sedation vacation and ventilator liberation process with multidisciplinary team -Optimize Urgent Hospitalist role in Critical Care
Sepsis Mortality Index Rate Data Source: Apache	A	As Expected	Better than Expected	A	Daily Multidisciplinary Rounds Sepsis Protocol
Core Measure Bundle Rate AMI Heart Failure Community Acquired Pneumonia SCIP	97.7 97.3 88.6 89.0	97.8 83.8 90.8 93.7	98.1 95.0 97.5 96.3	99.3 96.0 100 97.4	Site Bundle Team Project Developed: -Daily concurrent review and feedback to physicians and nursing staff -Site education physicians/nursing staff -Focused education provided to physicians for Core Measure documentation requirements.

Data Source: CMS						<ul style="list-style-type: none"> <li>-Collaborated with Clinical Informatics to hardwire Heart Failure Discharge Instructions in Clinical Summaries for all patients</li> <li>-Revision of Standing Orders to promote Physician utilization.</li> <li>-Collaborated with pharmacy to develop hardwire stop in Omni cell to promote drawing blood cultures prior to antibiotic administration</li> <li>-Developed Red Stamp for Medical Records for Pneumonia Criteria</li> <li>-Daily Huddles for antibiotic discontinuation 24 hours for surgical patients</li> <li>-Developed pink stickers placed in PACU with 24 hour end of surgery time</li> <li>-Collaborated with Clinical Informatics to insert "Alert" when antibiotics are continued over 24 hrs to document reason for surgical patients</li> <li>-Daily Rounds for Foley Catheter maintenance in Post Op patients</li> <li>-Anesthesiologist clinical champion for Beta-Blocker administration</li> </ul>
Ventilator Associated Pneumonia	1.6	0.5	0.0	0.0	0.0	<ul style="list-style-type: none"> <li>ICU VAP team mandated best practices incorporated:</li> <li>-VAP bundles in place. Includes, CHG oral care solution, head of bed elevated 30 deg., in-line suctioning, aggressive weaning/extubation when appropriate. Encourage adherence to HH policy.</li> </ul>
ICU Ventilator Length of Stay	No Data	No Data			1.80	<ul style="list-style-type: none"> <li>Decrease VLOS Project:</li> <li>-Developed Multidisciplinary Critical Care Task Force</li> <li>-Collaboration with eICU for Liberation Protocol</li> <li>-Daily multi-disciplinary rounding</li> </ul>
ICU CLABSI	0.0	0.5	1.2	1.3		Decrease in Central Line Infections Project includes:

						<ul style="list-style-type: none"> <li>-Daily multidisciplinary rounding (review duration, site location)</li> <li>-emergently placed catheters aggressively removed (when medically appropriate).</li> <li>-Central Line bundle insertion checklist usage and documentation.</li> <li>-Avoiding femoral line placements (when possible).</li> <li>-Use of peripheral IV when possible.</li> <li>-Daily review maintenance care of central lines.</li> <li>-CHG bathing protocol for all ICU patients.</li> </ul>
Central Line Days	1,889	1,941	2,399	2,219		Remove lines aggressively when no medical necessity.
C-Diff Rate- Target 4.8	No data	2.6 <small>(data collection started Nov 2010)</small>	3.6	4.6		<ul style="list-style-type: none"> <li>-Collaboration with state-wide ICE-Cdiff initiative.</li> <li>-Partner with EYS and Nursing leadership to improve daily cleaning of patient rooms.</li> <li>-Early identification of cdiff infections for appropriate isolation and to reduce cross-contamination of surfaces.</li> <li>-Education regarding HH using soap and water versus alcohol foam.</li> </ul>
Stemi Response Rate	120min	96min	86min	77min		<ul style="list-style-type: none"> <li>-Door to dilatation times have been trending downward with the diligent efforts of the ER/Cath lab staff.</li> <li>-The national avg time is 90min. Over the last 2yrs we have decreased our times by 10-15%.</li> <li>-The addition of a new RN educator for the ER and the PCI objective education program by the Cath lab are expected to yield further declines.</li> </ul>
ICU Restraint Use (NDQI)	27.3%	28.2%	28.6%	26.8%		<ul style="list-style-type: none"> <li>-Daily Unit Surveillance for Appropriate use of restraints</li> <li>-Site Education for Nurses via Computer-Based Learning Programs</li> <li>-Nurse Leader Participation on System Restraints</li> </ul>



						OB application in progress for Level 2+ Nursery
Falls				x	x	<p>Comprehensive Unit Based Safety Program (CUSP):</p> <ul style="list-style-type: none"> <li>- Unit based project focused on falls reduction.</li> <li>- Developed individualized contract between patients and hospital care providers to identify falls risk and develop individualized patient falls precautions.</li> <li>- Reduced falls by 57% during 2011-2012</li> </ul>
Medication Administration Safety					x	<p>CareMobile initiative:</p> <ul style="list-style-type: none"> <li>Facilitates patient safety through barcode verification of the "Five Rights": CareMobile Barcode Medication Administration Compliance for ICU last quarter was &gt;90%.</li> </ul>
Medication Administration Safety					x	<p>Care Fusion IV Pump System:</p> <ul style="list-style-type: none"> <li>Nurses utilize an IV pump library of medication dosing titrations with the goal of broad compliance across the nursing staff. Compliance is at <u>≥</u>85% during first 3 quarters since launch.</li> </ul>

MEASURE	HOSPITALS							AVERAGE		SOURCE
	Trinity	Jackson Park	Roseland	Little Company of Mary	St. Margaret	South Shore	Illinois Hospitals	All Hospitals reporting in United States		
<b>Pneumonia</b>										
Patients given the most appropriate Initial antibiotic	100%	49%	70%	99%	99%	86%	93%	95%	CMS Hospital Compare	
Patients whose initial ED blood cultures performed prior to administration of the first hospital dose of antibiotics	100%	99%	3%	99%	99%	94%	98%	97%	CMS Hospital Compare	
<b>Heart Failure</b>										
Patients given ACE inhibitor or ARB for Left Ventricle Systolic Dysfunction (LVSD)	97%	100%	69%	100%	98%	97%	97%	96%	CMS Hospital Compare	
Patient given an evaluation of Left Ventricular Systolic Function	100%	100%	85%	100%	98%	95%	99%	99%	CMS Hospital Compare	
Patient given discharge instructions	96%	100%	94%	90%	90%	69%	95%	93%	CMS Hospital Compare	
<b>Heart Attacks</b>										
Patient given prescription for Statin medication at discharge	100%	97%	67%	99%	97%	83%	98%	98%	CMS Hospital Compare	
Patient given aspirin at discharge	100%	100%	77%	100%	99%	Too Few Cases	99%	99%	CMS Hospital Compare	
Patients given PCT within 90 minutes of arrival	82%	97%	Not Available	100%	87%	Too Few Cases	95%	94%	CMS Hospital Compare	
<b>Hospital Safety Score</b>										
Hospital Safety Score	A	F	F	A	Not Available	Not Available				
Central Line Associated Blood Stream Infection (CLABSI)	0.84	NA	0.9	1.437	Not Available	Not Available				
ICU Physician Staffing	100	5	N/A	100	Not Available	Not Available				
Hand Hygiene	30	Not Available	Not Available	30	Not Available	Not Available				
Care of Ventilated Patients	20	Not Available	Not Available	20	Not Available	Not Available				
Able to receive lab results electronically	Yes	No	No	Yes	Available	Available				
Able to track patients' lab results, tests, and referrals electronically between visits	Yes	No	No	Yes	Not Available	Not Available				

Comparison Legend: For Hospital Safety Scores	Worst Hospital Score	Average Hospital Score	Best Performing Hospital Score
Central Line Associated Blood Stream Infection (CLABSI)	2.5	0.55	0
ICU Physician Staffing	0	23.08	100
Hand Hygiene	0	26.85	30
Care of Ventilated Patient	0	17.91	20

MEASURE	AVERAGE							Average All Hospitals reporting in United States
	Trinity	St. Bernard	Holy Cross	University Of Chicago	Mercy Hospital and Medical Center	Provident Hospital	Illinois Hospitals	
<b>Pneumonia</b>								
Patients given the most appropriate Initial antibiotic	100%	95%	92%	100%	95%	95%	93%	95%
Patients whose initial ED blood cultures performed prior to administration of the first hospital dose of antibiotics	100%	97%	98%	96%	93%	87%	98%	97%
<b>Heart Failure</b>								
Patients given ACE inhibitor or ARB for Left Ventricle Systolic Dysfunction (LVSD)	97%	100%	90%	97%	95%	100%	97%	96%
Patient given an evaluation of Left Ventricular Systolic Function	100%	100%	99%	100%	99%	100%	99%	99%
Patient given discharge instructions	96%	96%	89%	93%	94%	97%	95%	93%
<b>Heart Attacks</b>								
Patient given prescription for Statin medication at discharge	100%	Too Few Cases	91%	99%	99%	Not Available	98%	98%
Patient given aspirin at discharge	100%	100%	95%	99%	99%	Not Available	99%	99%
Patients given PCT within 90 minutes of arrival	82%	Not Available	Too Few Cases	95%	100%	Not available	95%	94%
Able to receive lab results electronically	Yes	Not Available	No	Yes	Yes	Yes		
Able to track patients' lab results, tests, and referrals electronically between visits	Yes	Not Available	No	Yes	Yes	Yes		
<b>Hospital Safety Score</b>								
Hospital Safety Score	A	Not Available	C	A	B	Not Available		
Central Line Associated Blood Stream Infection (CLABSI)	0.84	Not Available	1.05	0.76	1.25	NA		
ICU Physician Staffing	100	Not Available	N/A	100	100	NA		
Hand Hygiene	30	Not Available	Not Available	30	30	NA		
Care of Ventilated Patients	20	Not Available	Not Available	20	10	NA		

Comparison Legend: For Hospital Safety Scores	Worst Hospital Score	Average Hospital Score	Best Performing Hospital Score
Central Line Associated Blood Stream Infection (CLABSI)	2.5	0.55	0
ICU Physician Staffing	0	23.08	100
Hand Hygiene	0	26.85	30
Care of Ventilated Patient	0	17.91	20



**SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**

**Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

**SIZE OF PROJECT:**

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
  - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
  - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
  - c. The project involves the conversion of existing space that results in excess square footage.

**Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.**

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

**APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

1. *Document the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.***

**Introduction**

Health care has adopted “lean” principles that have been part of manufacturing since before the 20<sup>th</sup> century. The goal of the lean process is to increase efficiency, decrease waste, and use empirical methods to describe what matters rather than uncritically accepting pre-existing ideas.

The following are the key drivers for the lean process at Advocate.

- Safety
- Patient Focuses
- Efficiency
- Cost Effectiveness, and
- Sustainability.

The process focuses on reducing the need to revisit the same issues on design projects by setting the criteria at the system level. During the development of the Advocate Room Standards, clinical processes were evaluated and inefficiencies eliminated. Redundancies were eliminated with the goal of saving unnecessary project costs.

Two years ago, Advocate Health Care embarked on an effort to make the level of patient care consistent across the system. Clinical leaders and leaders in support departments including infection control from all system hospitals developed Advocate Room Standards to be implemented on all new construction and modernization projects. These room standards defined room layout, equipment locations, and other key components of a room that aligned with the Advocate model of care. Advocate is moving toward a patient beside point of care by minimizing central nurse stations and bringing the clinical staff and physicians to the bedside as the patient is a key participant in determining the treatment program..

The architects, engineers, and equipment consultants all used the Advocate Room Standards as a starting point in designing the intensive care unit at Advocate Trinity Hospital. The layout was modified, however, because the new unit is being developed in existing conditions such as structural/column locations and square footage. These required minor modifications to the overall room sizes. However, the functional components are intact.

The proposed Advocate Trinity Hospital (“Trinity,” “Hospital”) has three clinical components intensive care beds, Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation.

#### Clinical Square Footage

##### Intensive Care Beds

Trinity currently has 12 intensive care beds that are operating at 84.3 percent occupancy. Because of this current high occupancy, the Hospital is requesting approval to add 12 intensive care beds, bringing the total complement to 24 beds.

The proposed new intensive care beds will be located on Level 5 of the Northwest Building in existing space; therefore, the footprint of the new intensive care unit is fixed. The proposed new unit will have 7,050 DGSF and the existing unit has 6,489 DGSF, or a total of 13,539 DGSF. Based on the current and proposed square footage, the average DGSF of the future complement of 24 intensive care beds will be 565 DGSF per bed or less than the State Agency Standard of 600 to 685 DGSF. The lower proposed DGSF reflects two conditions. First the existing intensive care beds are in 6,489 DGSF or 541 DGSF per bed and the proposed beds are being developed in 7,050 DGSF of existing space or 588 DGSF per bed.

6,489 existing ICU DGSF + 7,050 proposed ICU DGSF = 13,539 Total ICU DGSF

$13,539 \text{ DGSF} \div 24 \text{ beds} = 565 \text{ DGSF per bed}$

565 DGSF per bed < State Standard of 600 to 685 DGSF per room

The proposed intensive care unit will have 2 isolation rooms with anterooms, 4 rooms sized for bariatric patients and 6 other rooms. The unit will have a nurse station, nourishment and meds rooms and a small blood gas room as well as a staff lounge and a conference area. The unit will also have clean and soiled utility rooms and equipment storage. It will meet all relevant code requirements.

### Outpatient Physical Medicine

The existing Outpatient Physical Medicine area will be vacated to provide space for the development of the 12 new intensive care beds. The area will be relocated to vacant business occupancy space in a building connected to the building in which it currently exists.

Outpatient Physical Medicine includes physical therapy, occupational, speech therapy, wound therapy and electromyography.

The area will have 14 key rooms. Outpatient Physical Medicine will include an occupational therapy Activities of Daily Living (ADL) room, as well as a wound care evaluation room, a speech therapy room, and an electromyography (EMG) room. The new area will have 6,615 DGSF. The State Agency does not have square footage standards for outpatient physical medicine/rehabilitation areas. The proposed number and configuration of rooms justifies the 6,615 DGSF for Outpatient Physical Medicine.

### Outpatient Cardiac Rehabilitation

Today, Outpatient Cardiac Rehabilitation is located in 1,400 DGSF adjacent to the Outpatient Physical Medicine area and will also be vacated to allow for the addition of the proposed 12 intensive care beds. Phase II and Phase III patients are rehabilitated in this area.

The Outpatient Cardiac Rehabilitation area will have one large gym with an observation center, office and conference space, and a physician work alcove. It will also share spaces with the Outpatient Physical Medicine area. The remodeled area will have 3,300 DGSF. The State Agency does not have square footage standards for outpatient cardiac rehabilitation areas. The proposed number and configuration of rooms justifies the proposed 3,300 DGSF for this department.

## Non Clinical Square Footage

In addition to the clinical square footage, there will also be non clinical square footage as part of this project. In reporting square footage, non clinical square, Trinity has used the Health Facilities and Services Review Board's definition of Administrative, Non Clinical Storage, Public Amenities and Building Components. The Hospital has also included a line item for costs with unrelated square footage.

The following is a brief summary of the functions in each category of square footage.

### Administrative – 90 DGSF

- Physician Work Room

### Non Clinical Storage – 55 DGSF

- Linen Chute Room and Shaft

### Public Amenities – 790 DGSF

- Waiting Room, Consult, and Public Toilets

### Building Components – 615 DGSF

- Stairs and Shafts

The project elements that have no related square footage are:

- Medical Gas Manifold Expansion
- Switchgear and Generator Upgrades
- Plumbing Infrastructure Upgrades

2. *If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy.*

None of the clinical areas in the proposed project exceeds the standards in Appendix B. Therefore there is no discrepancy that must be justified.

3. *Floor by Floor Drawings*

Though not required, the applicants are providing floor-by floor drawings of the proposed project areas. These drawings are included as Attachment 14, Exhibits 1 and 2.

4. *Impediments Letters*

Though not required, the applicants are including impediments letters from the architect and the construction team. These letters describe extraordinary circumstances involved in the modernization proposed in this project.

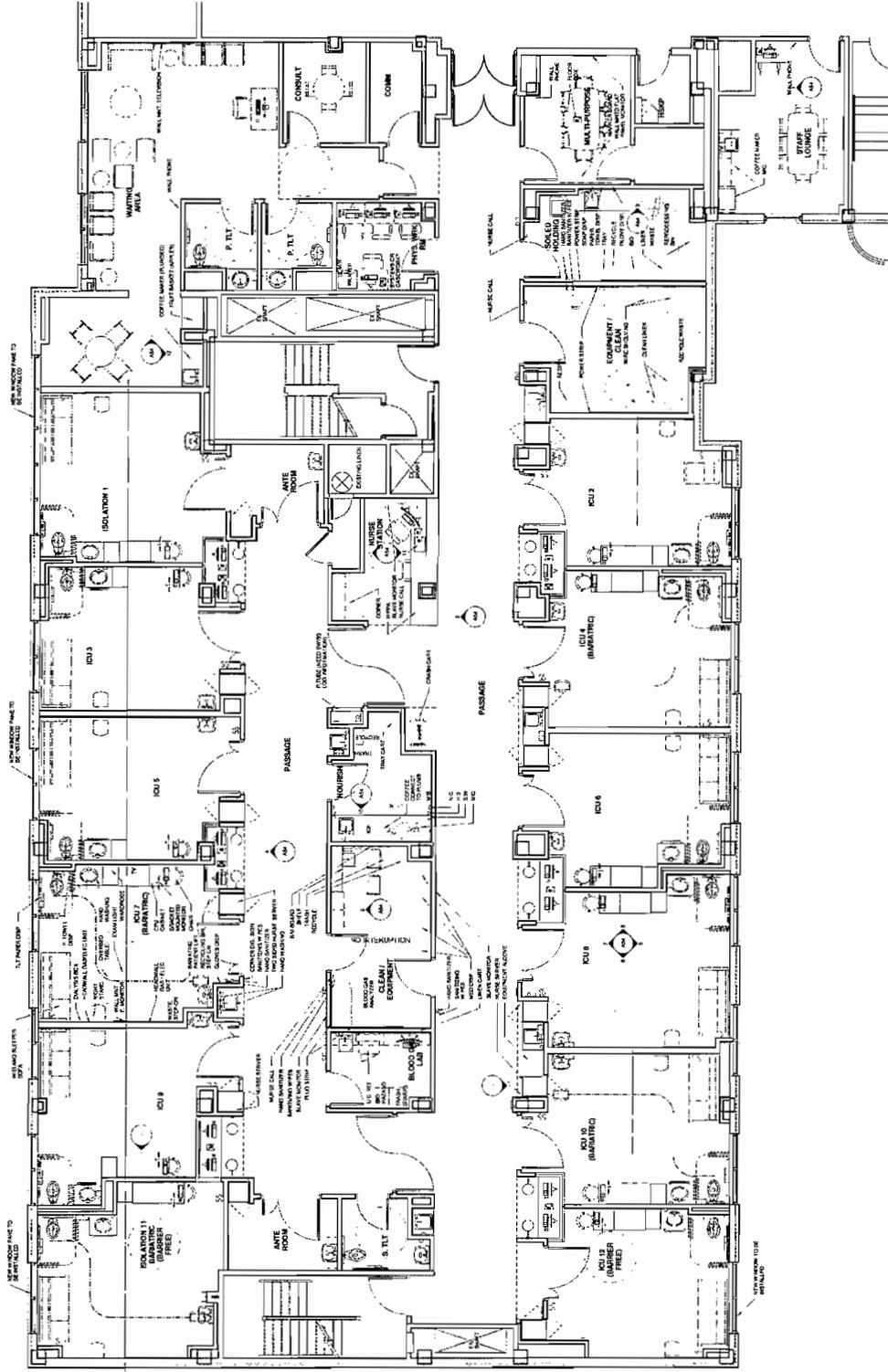
5. *Use of Non Clinical Space*

The Size of Project table is appended as Attachment 14, Table 1

Attachment 14, Table 1  
Comparison of Project Square Footage to State Guidelines

Department/ Service	Number of Key Rooms	Proposed DGSF	Proposed DGSF per Room	State Guideline/ Allowable	Difference per Key Room	Met Standard?
Intensive Care	24	13,539	565	600 – 685	(120)	Yes
Outpatient Physical Medicine	14	6,615	473	NA	NA	Yes
Outpatient Cardiac Rehabilitation	1	3,300	3,300	NA	NA	Yes

Floor – by – Floor Drawings.



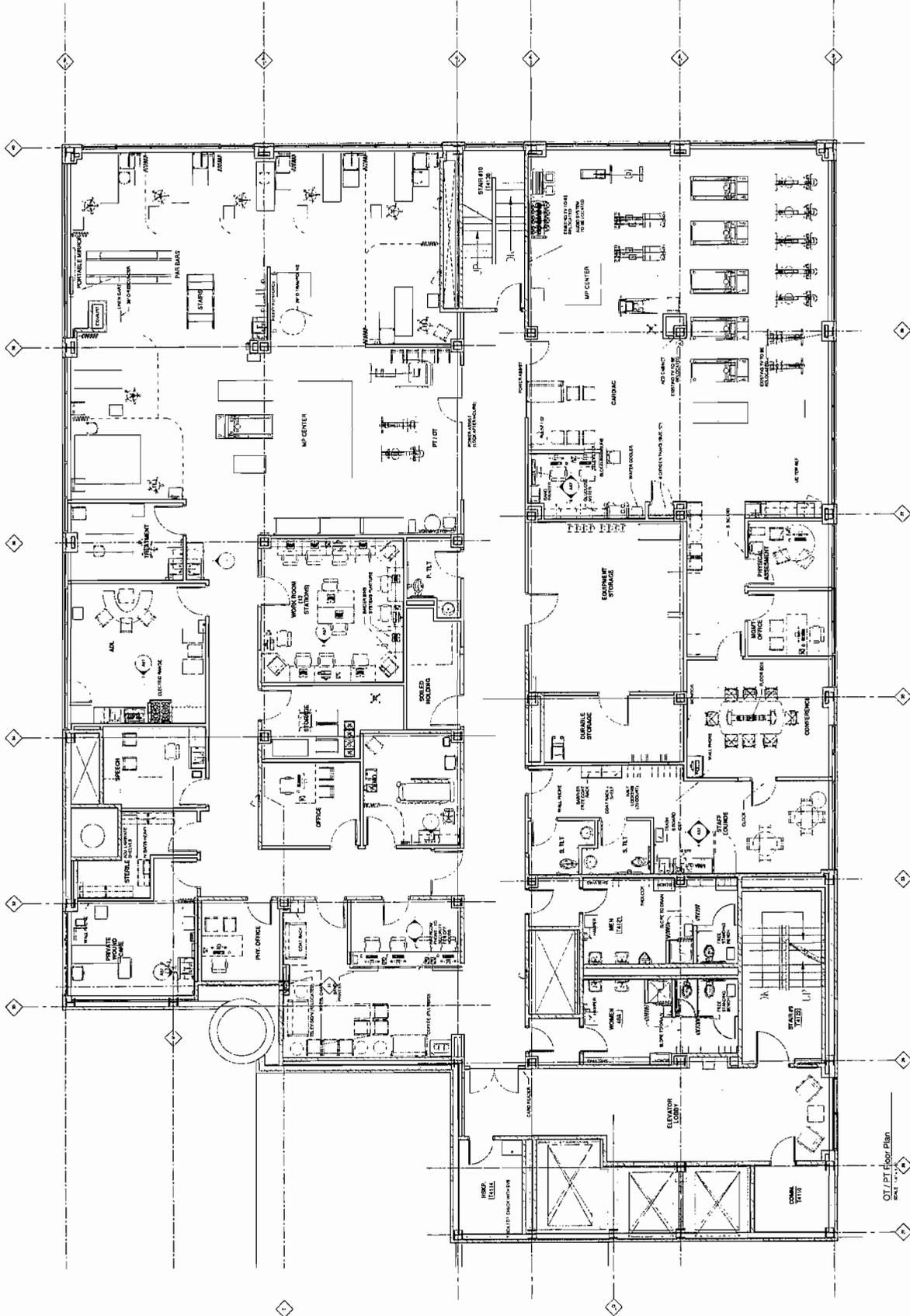
N  
INTENSIVE CARE UNIT  
SCALE: 1/8" = 1'-0"



Advocate Trinity - ICU Floor Plan

A51

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WALSH ELIE CONSTRUCTION  
2020 W. 10TH AVENUE, SUITE 100  
DENVER, CO 80202

Advocate Trinity - PT / OT Floor Plan

80A ATH ICU Expansion 12/27/2012  
3/23/2013 12:35 PM

138

A5-2

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ATTACHMENT 14  
Size of the Project  
Exhibit 1



February 26, 2013

Advocate Trinity Hospital  
2025 Windsor Drive  
Oak Brook, IL 60523

RE: Advocate Trinity Hospital Intensive Care Unit – Physical Therapy/Occupational Therapy  
Construction Impediments

To Whom It May Concern:

The renovations planned for the above referenced project will require a well thought out execution plan to maintain the integrity of the systems and functions to stay in service during the renovation project.

There are two major components to this project:

1. Relocation of the PT-OT unit from its existing location to the 4<sup>th</sup> floor.
2. Build out of the new ICU on the 5<sup>th</sup> floor.

The impediments to construction related to the proposed project are as follows:

4<sup>th</sup> Floor Physical Therapy/Occupational Therapy

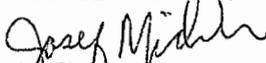
- Coordination of construction deliveries, dumpsters, removal of construction debris, and access to elevators by patients, visitors and staff
- Maintain utility services to the floors above and below during the renovation period.
- Maintain traffic flow patterns and wayfinding for staff, patients and visitors.
- Maintain ICRA/ILSM protocol during the construction period.
- Maintain patient traffic flow while creating a new entrance and renovate existing parking lot at grade level for PT-OT patients

5<sup>th</sup> Floor Intensive Care Unit

- Coordination of construction deliveries, dumpsters, removal of construction debris, and access to elevators by patients, visitors and staff
- Maintain utility services to the floors above and below during the renovation period.
- Maintain traffic flow patterns and wayfinding for staff, patients and visitors.
- Maintain ICRA/ILSM protocol during the construction period.
- Maintain Mechanical utilities while furnishing and installing a new Air Handling Unit on the roof above the new ICU
- Furnish and install new electrical feeders and low voltage infrastructure to the new ICU
- Furnish and install new plumbing, and replace aging infrastructure to the new ICU

Very truly yours,

MICHUDA CONSTRUCTION, INC.

  
Josef Michuda  
Executive Vice President  
JLM/jlm

11204. S. WESTERN AVE., CHICAGO, IL 60643 (773)-445-5505 FAX: (773) 445-5518



HARLEY ELLIS DEVEREAUX

February 26, 2013

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Advocate Health Care  
2025 Windsor Drive  
Oak Brook, IL 60523

t 312.951.8863  
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harleyellisdevereaux.com

Subject: ATH ICU and PT/OT/Cardiac Rehabilitation Relocation  
Project No. 2012-40019-000

To Whom it May Concern:

Planning  
Architecture  
Engineering  
Interior Architecture  
Landscape Architecture

Harley Ellis Devereaux has been retained as the Architect for the subject project and has worked with Advocate Health Care and Advocate Trinity Hospital over the past several months to develop the planning and design of this project. In the course of this process, there have been a number of architectural challenges that have significantly affected the project design.

The project is an interior renovation of an existing facility with many physical constraints encountered in the planning process, hindering the ability to plan spaces ideally and achieve desired adjacencies. These include:

- The existing location to which the ICU will be relocated is narrow. This results in a narrow unit. Given that the patient rooms have a clinical need to be a certain minimum width, this results in a narrow core (around 10 wide) which is less efficient, resulting in fewer and smaller support spaces located there. Soiled holding, equipment storage, a multi-purpose room, and the staff lounge are not in the core, have been located at end of unit as a result.
- Another implication of the narrow core is the placement of decentralized nurse stations on the patient room side of the corridor, tightening the patient room side of the corridor area and limiting opportunities for other support features to be located near the patient rooms.
- The existing location to which the ICU will be relocated has column bay spacing which is less wide than the width of two ICU rooms, resulting in wall offsets and inefficiencies in the partition layout near the exterior wall, stairs shafts
- An existing linen chute and several shafts are located in the unit, limiting planning opportunities and resulting in a less efficient use of space.
- Nurse servers have been incorporated into the design, which provide decentralized storage of commonly used meds and supplies as well as a soiled linen hamper. While this is a benefit to nursing staff, significantly reducing the number of steps required for them daily, decentralized storage is a less efficient method of storage and results in more square footage required for storage.

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San Diego  
San Francisco

Advocate Health Care  
February 26, 2013  
Page 2

We believe that the project has been designed to successfully accommodate these impediments and meet the current and future needs of Advocate Trinity Hospital.

Sincerely,

**Harley Ellis Devereaux**

A handwritten signature in black ink, appearing to read "Aaron J. Shepard". The signature is fluid and cursive, with the first name "Aaron" and last name "Shepard" clearly distinguishable.

Aaron J. Shepard, AIA  
Associate



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March 6, 2013

RE: ICU Expansion – Impediments

To Whom It May Concern:

The ICU Expansion was a response to the needs of the community that Advocate Trinity Hospital serves. In order for this expansion to occur within the existing Hospital footprint, the challenge was to find an appropriate space without being too distant from the current ICU unit. After careful thought, Physical Medicine and Cardiac Rehab was determined as the most viable department to move to a vacated space in another wing of the Hospital. The relocation of these 2 departments is incorporated into this project.

The proposed ICU is located in an older portion of the Hospital where the existing infrastructure poses challenges and increases the project scope. The existing air handling unit is incapable of handling the new loads. Therefore a new unit is required. The existing plumbing infrastructure is made of old galvanized pipe and connections are not ideal. Upgrading the material to what is commonly used today make the large number of plumbing connections a logical requirement to the scope. Electrical support is insufficient, requiring new switchgear, electrical panels, and new Fire Alarm panels. Medical Gas will be extended for this unit. Extensive asbestos removal/abatement is required. Some of these items do not occur specifically within the foot print of the proposed ICU and the costs have been identified under "Unrelated to Square Foot" as well as "Other Costs to be Capitalized".

The proposed ICU will be located above 4 floors of occupied clinical space. Working above an existing patient unit also poses challenges to the project, as access is needed in this area during construction. Minimizing noise to certain hours need to be factored. All patient floors below the renovation will also experience some interruption as a result of water shut downs required during construction.

The ICU Expansion project shall comply with all regulatory and code requirements upon project completion.

All in all, even with these impediments, the importance of expanding the ICU beds for the community we serve is worth the challenges that are faced when renovating in an existing facility.

Sincerely,

A handwritten signature in black ink, appearing to read "Grace Gonzaga".

Grace Gonzaga  
Manager, Design & Construction

**SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**

**Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

**PROJECT SERVICES UTILIZATION:**

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

**A table must be provided in the following format with Attachment 15.**

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

See Attachment 15, Exhibit 1

Summary of Utilization

Summary of Utilization Department/Service	Historical Utilization		Projected Utilization – 2018	State Standard	Number of Key Rooms		Met Standard?
	2011	2012			Current	Proposed	
Intensive Care Beds	3,692	3,682	6,570 days/ 75 percent occupancy	60 percent occupancy	12	24	Yes
Outpatient Physical Medicine <sup>1</sup>	--	28,180	34,656	NA	14	14	Yes
Outpatient Cardiac Rehab	--	6,131	8,627	NA	1	1	Yes

<sup>1</sup> Excludes consultations

Source: Hospital Records

**SECTION VII - SERVICE SPECIFIC REVIEW CRITERIA**

This Section is applicable to all projects proposing establishment, expansion or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria and provide the required information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

**A. Criterion 1110.530 - Medical/Surgical, Obstetric, Pediatric and Intensive Care**

- Applicants proposing to establish, expand and/or modernize Medical/Surgical, Obstetric, Pediatric and/or Intensive Care categories of service must submit the following information:
- Indicate bed capacity changes by Service:                      Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds
<input checked="" type="checkbox"/> Medical/Surgical	158	158
<input checked="" type="checkbox"/> Obstetric	23	23
<input type="checkbox"/> Pediatric	--	--
<input checked="" type="checkbox"/> Intensive Care	12	24

- READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.530(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.530(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.530(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.530(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.530(b)(5) - Planning Area Need - Service Accessibility	X		
1110.530(c)(1) - Unnecessary Duplication of Services	X		
1110.530(c)(2) - Maldistribution	X	X	
1110.530(c)(3) - Impact of Project on Other Area Providers	X		
1110.530(d)(1) - Deteriorated Facilities			X

<b>APPLICABLE REVIEW CRITERIA</b>	<b>Establish</b>	<b>Expand</b>	<b>Modernize</b>
1110.530(d)(2) - Documentation			X
1110.530(d)(3) - Documentation Related to Cited Problems			X
1110.530(d)(4) - Occupancy			X
110.530(e) - Staffing Availability	X	X	
1110.530(f) - Performance Requirements	X	X	X
1110.530(g) - Assurances	X	X	X
<b>APPEND DOCUMENTATION AS ATTACHMENT-20, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

## INTENSIVE CARE BED NEED

### 1110.530. B) Planning Area Need – Review Criteria

#### b) 2) Service to Planning Area Residents

- A) Applicants proposing to establish or add beds shall document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the project will be physically located (i.e. the planning area or geographic service area, as applicable) for each category of service included in the project.*
- B) Applicants proposing to add beds to an existing category of service shall provide patient origin information for all admissions for the last 12-month period, verifying that at least 50 percent of admissions were residents of the area. For all other purposes, applicants shall document that at least 50 percent of the project patient volume will be from residents of the area.*
- C) Applicants proposing to expand an existing category of service shall submit patient origin information my zip code, based on the legal residence (other than health care facility).*

A), B), and C)

Advocate Trinity Hospital (“Trinity”, “Hospital”) is proposing to increase the authorized intensive care complement from 12 to 24 beds, in order to increase access to necessary health care services for the residents of Trinity’s underserved service area and to continue Trinity’s essential role as a safety net hospital.

Trinity is a 193-bed community hospital located in Health Planning Area A-03 in the Southeast Chicago Community Area. Attachment 20, Table 1 is a summary of 2011 total patient origin (excluding newborns) to the Hospital.

Attachment 20, Table 1  
 Advocate Trinity Hospital Service Area  
 As Determined by Source of Patients, 2011

	Zip Code	Chicago Community Area	HFSRB HPA	Admissions	Percent of Total Admissions
<b>Primary Service Area</b>					
	60617	South Chicago – 46	03	4,285	38.7
	60619	Grand Crossing – 69	03	1,850	16.7
	60628	Roseland – 49	03	1,210	10.9
	60649	South Shore/West Pullman – 43	03	747	6.7
	60620	Auburn Park – 71	04	471	4.3
	60643	Morgan Park – 75	04	244	2.2
<b>Primary Service Area Total</b>				<b>8,807</b>	<b>79.5</b>
<b>Secondary Service Area</b>					
	60637	Woodlawn – 22	03	220	2.0
	60627	Englewood – 68	03	218	2.0
	60827	Riverdale – 54	04	171	1.5
	60636	West Englewood/Ogden Park – 67	03/04	145	1.3
	60409	Calumet City - NA	04	134	1.2
	60633	Hegewisch – 55	04	116	1.0
<b>Secondary Service Area Total</b>				<b>1,004</b>	<b>9.1</b>
<b>Total Service Areas</b>				<b>9,811</b>	<b>88.5</b>
<b>Other</b>				1,270	11.5
<b>Total</b>				<b>11,081</b>	<b>100.0</b>

Source: Advocate Trinity Records  
 Note: Totals may not add due to rounding

As described on the above table, 88.5 percent of the Trinity’s patients are from the Hospital’s defined primary and secondary service areas and at least 75.0 percent are from Health Planning Area A-03. Attachment 20, Exhibit 1 is a map of the Hospital’s service area. Attachment 20, Exhibit 2 shows the location of the service area within Southeast Cook County.

Advocate Trinity Hospital has documented that more than 50 percent of admissions to the Hospital in 2011 were residents of the defined total service area. The Hospital expects that more than 50 percent of future intensive care volume will also be residents of this area.

b) 4) Expansion of Existing Category of Service

A) *Historical Service Demand*

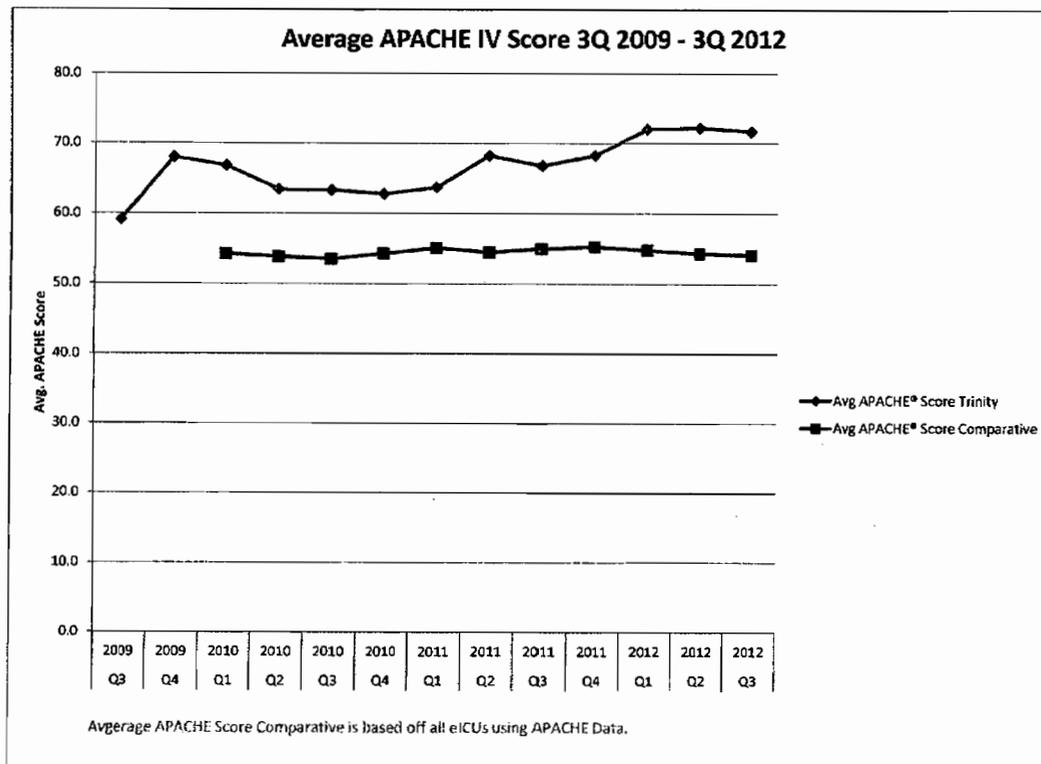
- i. *An average annual occupancy rate that has equaled or exceeded occupancy standards for the service as specified in 77 Ill. Adm. Code 1100 for each of the latest two years.*

CURRENT BED NEED

Recent Utilization

Advocate Trinity Hospital provides high acuity intensive care services as demonstrated by APACHE scores and average surgical case time. APACHE stands for acute physiological assessment and chronic health evaluation. APACHE is a widely used method of assessing severity of illness of acutely ill patients in intensive care units, taking into account a variety of physiological parameters including age and chronic health. The higher the hospital's APACHE score, the higher the acuity of the intensive care patients. According to APACHE data on the chart below, the Hospital's APACHE score (acuity) is higher than the average of all other intensive care units with eICU capability.

Attachment 20, Table 2  
Comparison of APACHE scores



Source: Hospital Records

The acuity of Trinity’s APACHE score has increased from 60 in Q3 of 2009 to 72 in Q3 of 2012, indicating that the acuity of patients has been increasing. In part, this is a function of the recent increasing acuity of surgery cases at the Hospital. In 2008, average inpatient surgery case time was 1.1 hours; by 2011, that case time increased to 2.0 hours, or by 81.8 percent. Longer case times reflect more complex cases.

In 2010 and 2011 the occupancy of the Hospital’s currently authorized 12 intensive care beds substantially exceeded the State Agency’s Occupancy Standard of 60 percent.

The most recent 2 years of volume suggests that Advocate Trinity Hospital could justify 17 beds or 5 more than are currently authorized.

Attachment 20, Table 3  
Total Utilization of Intensive Care Beds in 2010 and 2011

Year	Patient Days incl. Observation Days	Average Daily Census	Authorized Beds	Percent Occupancy	State Agency’s Occupancy Target	Exceeds Standard Occupancy
2010	3,797	10.4	12	86.7	60.0	Yes
2011	3,692	10.1	12	84.2	60.0	Yes

Source: Hospital Financial Records

$$10.1 \text{ average daily census} \div 60 \text{ percent occupancy} = 16.8 \text{ or } 17 \text{ beds}$$

#### FUTURE BED NEED

Advocate Trinity Hospital’s leadership believes it would not be prudent to invest in additional intensive care beds and the attendant modernization costs without considering future need. In order to project future need, they assessed the impact of new surgeons on the medical staff, transfers to other hospitals, outmigration to Indiana, patients held in other Hospital departments when there were no available intensive care beds, and hours on bypass.

#### Physician Recruitment and Implications for Demand for Intensive Care Capacity at Advocate Trinity Hospital

Between 2009 and 2012 Advocate Trinity Hospital recruited more than 25 surgeons in order to address the severe shortage in the Hospital’s service area.

In order to conservatively estimate the demand that the new surgeons’ practices would have on intensive care bed utilization, the Hospital focused on 4 specialties and a limited number of physicians in each specialty. These specialties included vascular, thoracic, orthopedic, and general surgery. These specific practices were assessed because the physicians had been on the

medical staff of another Advocate hospital and the percentage of their patients that required intensive care and the average length of stay of those patients was available. Hence, the percentages of patients requiring intensive care and average intensive care length of stays are based on actual experience.

Attachment 20, Table 5  
Referral/Outmigration of Surgery Patients from Advocate Trinity  
Hospital's Total Service Area, RY 2012

Surgical Specialty	Selected Surgery Patients Referred from TSA	Number of Patients Referred to Advocate Christ Medical Center			Number of Referred Patients Requiring Admission to the ICU	Number of Patient Days Reported in an ICU	Average Daily Census	Bed Need
		Patients Referred From AHC	Patients Referred by Other Sources	Total Referred to ACHC				
Vascular	1,876	83	193	276	138	544		
Thoracic	1,027	47	110	157	126	397		
Ortho	4,607	122	486	608	30	224		
General	4,156	110	442	552	104	1,256		
Total	11,666	362	1,231	1,593	398	2,421	6.6	11

Source: COMPdata

As shown on Attachment 20, Table 5, Trinity determined the number of patients requiring the specialists' services that were referred to another facility beyond the service area because of inadequate local physician supply; in 2011, this number was 11,666. Of the total referrals/outmigration, the Hospital next determined how many patients that received care at Advocate Christ Medical Center ("ACHC" "Medical Center") could have been treated at Trinity. Each referral to the Medical Center from the Trinity service area was first evaluated and grouped according to acuity. Only patients with an acuity level at or lower than historically been cared for at Trinity was considered a candidate for relocation from the Medical Center to Trinity. In other words, the total referred to ACHC has already been discounted for high acuity patients that would continue to receive their care at the Medical Center. These patients were either patients at one of the Advocate Health Centers (AHC) or patients of private physicians that referred to the Medical Center. The total number of moderate acuity patients referred to ACHC equaled 1,593.

For example, the first category of surgery on Attachment 20, Table 5, is vascular surgery and represents one physician. In 2011 there were 1,876 total vascular surgery patients referred from Trinity's service area. Of these 276 were referred to ACHC. Of the total to ACHC, 83 were referred from Advocate Health Centers and the remaining 193 were referred from other sources.

Based on the physician's past utilization of an Advocate facility, Trinity calculated that 138 of the physician's patients would require 544 days of intensive care. This calculation was also performed for the thoracic, orthopedic, and general surgeons. These surgeons will account for a total of 2,421 patient days, an average daily census of 6.6 and a need for 11 additional intensive care beds by 2018, the second full year of utilization of the proposed new intensive care beds. The Hospital assumed that by 2018 the current moderate acuity referrals to Advocate Christ Medical Center from the service area would remain locally and their surgery would be performed at Advocate Trinity Hospital.

Advocate Trinity Hospital believes this relocation of patients is reasonable because Advocate Christ Medical Center's surgery and intensive care beds will continue to operate over State Agency Targets with the proposed reduction of patients. Advocate Trinity Hospital can accommodate the surgery volume and only needs 12 additional intensive care beds to keep patients in the community for their care.

This shift in surgical cases would not decrease ACMC's surgery time below 1,500 hours per room, the State Agency's Target Utilization. In its recently approved Ambulatory Pavilion application (Permit # 11-019), ACMC showed a future need for 76,920 hours of surgery by 2018. The proposed relocation of cases (based on current average case time for these specialties at ACMC) would reduce surgery time at ACMC by 3,778 hours. Even with this reduction, based on 2018 projected surgery volume, ACMC's 40 operating rooms would be in excess of the State Standard of 1,500 hours per operating room.

$$76,920 \text{ hours of surgery in 2018} - 3,778 \text{ hours of surgery} = 73,142 \text{ hours in 2018}$$
$$73,142 \text{ hours} \div 40 \text{ rooms} = 1,829 \text{ hours per room}$$

1,829 hours per room in 2018 > 1,500 hours per room, the State Agency Target Utilization  
Advocate Trinity Hospital's operating rooms will be able to absorb this volume.

$$6,875 \text{ hours in 2011} + 3,778 \text{ additional hours by 2018} = 10,653 \text{ hours of surgery in 2018}$$
$$10,653 \text{ hours} \div 7 \text{ operating rooms} = 1,521 \text{ hours per room}$$

1,521 hours per room in 2018 > 1,500 hours per room, the State Agency Target Utilization  
The operating rooms at Trinity would be operating at 1.4 percent over the State Agency Target Utilization. Trinity leadership is confident that this volume can be accommodated.

Similarly the ACMC intensive care beds would continue to operate at high occupancy. The Patient Tower project (Permit # 12-066) that was approved on December 10, 2012 by the Health Facilities and Services Review Board included the addition of intensive care beds. This application modified the Medical Center's original application and reduced the number of adult

intensive care beds by 36. By 2018, the expanded adult intensive care bed capacity of 129 beds is expected to operate over the State Agency Target Utilization even with the relocation of 2,421 intensive care days to Advocate Trinity Hospital.

37,772 days at ACMC in 2018 – 2,421 days to the Trinity = 35,351 days remaining at ACMC  
35,351 days at ACMC ÷ 365 days = 96.9 ADC ÷ 129 approved adult intensive care beds =  
75.1 percent occupancy

75.1 percent occupancy > 60.0 percent State Agency Target Occupancy

This utilization of the operating rooms does not account for the developing of Institutes at the Medical Center. As these Institutes continue to develop, they will refer more complex surgeries to the operating rooms; these complex surgeries will require additional surgery hours.

In summary, the additional surgeons on the Trinity Medical staff will increase the need for intensive care beds by 11 beds without bringing ACMC below surgery or intensive care State Agency Utilization Targets and increasing surgery volume at Trinity more than 1.4 percent over the State Agency Target. However, the already stretched intensive care bed capacity at Trinity cannot support the projected demand for intensive care beds.

#### Other Factors that Will Affect Need for Intensive Care Services at Advocate Trinity Hospital Transfers to Other Hospitals

In 2012 Advocate Trinity Hospital transferred 95 moderate acuity patients from the Emergency Department because no intensive care beds were available. This number of patients is based on a case mix adjusted process that eliminated transfers that could not be cared for at Trinity. Trinity leadership believes these transfers could have been cared for at Trinity if an adequate number of intensive care would have been available.

Patient transfers to ACMC x Trinity's intensive care length of stay = transfer patient days

Projected transfer patient days ÷ 365 = transfer ADC

Transfer ADC ÷ 60 percent = transfer bed need

95 transfers x 4.1 ALOS = 390 transfer patient days

390 transfer patient days ÷ 365 = 1.1 transfer ADC

1.1 transfer ADC ÷ 60 percent occupancy = 1.9 or 2 beds

Even with the reduction based on the physician transfers, Advocate Christ Medical Center's authorized adult intensive care beds unit operate over the State Agency Target Occupancy.

73,142 hours – 390 transfer days = 73,572 remaining hours

72,752 remaining hours ÷ 40 rooms = 1,819 hours per room

1,819 hours per room > 1,510 hours per room

Outmigration to Indiana

Data from Illinois and Indiana COMPdata indicates that 566 surgical patients out-migrated from Trinity’s service area to Northwest Indiana in 2011; in 2012, 447 patients out-migrated to across the state line (see Attachment 20, Table 6). With adequate intensive care capacity at Trinity, the Hospital’s leadership believes that a portion of this outmigration could be reduced and patients would receive their care in their own community. For example, physicians would be less likely to split their practices and take patients outside the area. No estimate of the impact of reduced outmigration to Indiana has been included in the bed need calculations.

Attachment 20, Table 6  
Outmigration of Surgical to Northwest Indiana

	2011	2012	Percent Change
Out-migration to Dyer, Hammond, East Chicago, and Northlake	566	447	- 19.3

Source: Illinois and Indiana COMPData

This reduction of out migrating surgical patients may suggest the patients prefer to stay closer to home when high quality services are available in their community. Physicians are also more comfortable having their patients close to their homes, families, and support systems.

Patients Held in the Emergency Department, Surgery Recovery Area, Cardiac Cath Lab and on Patient Unit

In 2012, Advocate Trinity Hospital’s intensive care beds operated at 84.3 percent average occupancy. However, Hospital records show that on 98 nights (26.8 percent of the time) of the year, there were no available beds in the intensive care unit; on 84 nights (24.0 percent of the time) there was only 1 available bed. Hence for 50.8 percent of the time the unit operated at 92.6 percent occupancy. Because of very overall high census on peak days (generally Mondays and Tuesdays) there are times when patients must be held in the Emergency Department, in the Cath Lab or on a patient unit until an intensive care bed can be made available.

For example, in 2011, 156 patients were held in the Emergency Department, the Cath Lab or in a patient unit until a bed could be made available. Assuming an average stay of 1 day for a “holder” patient, these patients would have required at least one additional intensive care bed.

$$156 \text{ “holder” patients} \times 1.0 \text{ ALOS} = 156 \text{ “holder” days}$$

$$156 \text{ “holder” days} \div 365 = 0.4 \text{ “holder” ADC}$$

$$0.4 \text{ “holder ADC} \div 60 \text{ percent occupancy} = 0.7 \text{ or 1 bed}$$

## Ambulances Are Required to Bypass Advocate Trinity Hospital Because of High Intensive Care Census

The historic utilization on Attachment 20, Table 2 does not include the loss of bypass volume. Bypass occurs when there are no available monitored (intensive care or telemetry) beds at the Hospital and ambulances must “bypass” Trinity to take patients to other facilities, generally further from their homes. Critical bypass occurs when the Emergency Department has a high number of acutely ill patients waiting for a bed. The need to “bypass” Trinity could compromise patient outcomes. According to the Journal of Respiratory and Critical Care Medicine, online February 16, 2012 (<http://bit.ly/zk7aZS>) patients that were turned away (redirected) had a higher risk of dying than patients who were admitted immediately to an intensive care bed. According to this article, the following are among the reasons that bypassed patients have a higher risk of dying.

Additional transfers caused by bypass conditions:

- Take time; patients may not survive the trip to another hospital
- Require additional hand-offs and thereby increase risk and chances of error
- Take patients and families away from their primary physicians and continuity of care
- Take patients and families away from their support network.

In 2012, the Trinity Emergency Department (“ED”) was on bypass 482 hours. This translates in the need for 160 intensive care days or the need for 1 bed.

Total ED admissions ÷ hours in the year = ED admissions per hour

Admissions per hour x ED bypass hours = lost admissions

Lost admissions x percent to intensive care = lost intensive care patients

Lost intensive care patients x Trinity intensive care ALOS = lost intensive care days

Lost intensive care days ÷ 365 days = lost intensive care ADC

Lost intensive care ADC ÷ 60 percent = bed need for bypass patients

8,651 ED admissions ÷ 8,784 hours = 0.98 or 1 admission per hour

1 admission per hour x 482 bypass hours = 482 lost admissions

482 lost admissions x 8.0 percent to ICU = 39 lost intensive care admissions

39 lost intensive care admissions x 4.1 Trinity ALOS = 160 lost intensive care days

160 lost intensive care days ÷ 365 = 0.4 lost ADC

0.4 lost ADC ÷ 60 percent occupancy = 0.7 = 1 bed

In summary, Advocate Trinity has shown the need for as many as 37 intensive care beds by 2018, the second full year of occupancy.

Attachment 20, Table 7  
Summary of Intensive Care Bed Need

Factor	Resultant ADC	Projected 2018 Bed Need at State Agency Target Occupancy of 60 Percent
Current Utilization	10.1	16.8
Physician Recruitment	6.6	11.0
Transfers to Advocate Christ Medical Center	1.1	1.9
Outmigration to Indiana	NA	--
Patients Held in Emergency Department and Cardiac Cath Lab	0.4 Surgery and other units	0.7
Ambulance Bypass	0.4	0.7
Subtotal	18.6	31.1
Patient and State Health $\pm$ 15 percent	2.8	5.0
Total	21.4	36.1 or 37

Trinity's current very high occupancy (84.3 percent) of the existing 12 intensive care beds substantially exceeds the State Agency Target Occupancy of 60 percent. Projected volume supports the need for as many as 37 additional intensive care beds. The State's most recent Inventory of Bed Need (February 6, 2013) shows the need for 42 intensive care beds in Planning Area A-03, the location of Advocate Trinity Hospital. Planning Area bed need supports Trinity's modest request for only 12 beds.

Advocate Trinity Hospital has justified the need for at least as many as 37 intensive care beds; the Hospital is conservatively requesting only 24 beds. Hospital leadership believes these projections are conservative and are consistent with HFSRB goals for the following reasons:

- In order to be conservative, the methodology used to determine the implications of additional surgeon's accounts for only those physicians for which Trinity has historical utilization indicators including percent of patients to and average length of stay in an intensive care unit; it does not account for the other surgeons who have joined the staff. Therefore the potential number of new local patients is understated.
- The projections are also modest because there is no factor for the growth of the new physician practices. Volume is based solely on referrals to Advocate Christ Medical Center.
- The relocation of surgery is completely consistent with Advocate's South Market strategy quoted in the transcript (page 65) of the December 10, 2012 HFSRB meeting. At that time, Mr. Ken Lukhard, President of ACMC and responsible for Advocate's South Market explained that he leads a team that looks at how the ACMC campus can be decanted. Decanting is being accomplished by keeping patients close to their homes by increasing the capabilities of nearby Advocate community hospitals (Advocate Trinity and Advocate South Suburban) and thereby reducing unnecessary transfers and referrals from these hospitals to ACMC.
- The proposed relocation of intensive care volume ACMC to Advocate Trinity Hospital will not affect volume at any other hospital in the planning area or beyond. In fact, there is so much unmet need and migration from the planning area because services are not available that there is ample opportunity for other area hospitals to develop services.
- Projected volume for patients held in the Emergency Department, Cardiac Cath Lab, and on medical surgical units is based on incomplete records, so it is understated.
- The projections do not account for new program development to address the high incidence of disease and comorbidity in the service area population. For example, the implementation and certification of a Primary Stroke Center increased the volume of stroke patients at the Hospital by over 64 percent between 2008 and 2011. Primary percutaneous intervention (PCI) volume increased 233.3 percent during the same period.

- The need methodology also considered the impacts of the implementation of the Accountable Care Act and expanded Medicaid coverage in Illinois. Although the final impact of having a larger insured population is not known, health care experts expect more than a 15 percent increase in intensive care services. Health reform initiatives could require 5 more intensive care beds by 2018.

For all of these reasons, the increased need for intensive care services is conservative.

Finally, it is very difficult to develop more than 12 intensive care beds from a single nursing station. Further, a 12-bed unit is efficient to staff. Available space to be vacated at Trinity will support 12 intensive care beds. For these reason, Advocate Trinity Hospital is requesting 12 additional beds.

The Hospital leadership conservatively expects these beds to operate at a census of 18 patients by 2018, or an occupancy of 75 percent.

$$18 \text{ ADC} \div 24 \text{ beds} = 75 \text{ percent occupancy}$$

$$75 \text{ percent occupancy} > \text{State Standard of } 60 \text{ percent occupancy}$$

e. Staffing Availability

*The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCHAO staffing requirements can be met. In addition, the applicant shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.*

Advocate Trinity Hospital attests that all intensive care licensure and DNV Healthcare, Inc. staffing requirements for the existing intensive care unit are currently being met and will continue to be met when the proposed additional 12 beds are ready for occupancy. Trinity is currently staffing to an average daily census of 10.1 patients and can accommodate peak census of 12.0 patients. Based on the State Agency Target Occupancy for intensive care beds of 60 percent, this existing complement of nurses will be able to staff 20 of proposed 24 beds. The new beds will not open until 2016; a staff development plan is being developed to meet the additional need.

The Hospital currently has a flex up registry intensive care team, an admission nurse is being hired, operational assistant managers are available to provide clinical support, and the Hospital provides cross training orientation for nurses who desire to move into intensive care. Advocate Health and Hospitals has a supportive Human Resource Department that collaborates with nursing departments to ensure registries have ample staff when there are “holders”, high volume, or acuity increases. Advocate promotes collaboration of hiring opportunities within the system and growth opportunities within the Hospital. For example, Trinity’s current step-down unit has an orientation process in place for training nurses to move to the next level, which is intensive care.

Trinity Hospital has an aggressive ongoing physician recruitment program to bring new and replacement physicians on to the medical staff. In addition, additional 24/7 coverage on the intensive care units will be provided through the Advocate eICU.

Clinical specialists and associates seek employment at the Hospital because of its reputation for quality of care. Advocate offers employees a medical plan that provides incentives for completing health activities. In addition, Advocate provides 100 percent reimbursement for pursuing specific certification, degrees and licensure in high demand areas, as well as extensive in-house education.

1110.530 f) Performance Requirements

Advocate Trinity Hospital (ATH, Hospital) is located in a Metropolitan Statistical Area

1) *Medical Surgical*

*The minimum bed capacity for a medical surgical category of service within a Metropolitan Statistical Area (MSA) is 100 beds.*

Advocate Trinity Hospital is located in an MSA and currently has 158 medical surgical beds; there will be no change in the medical surgical bed complement as part of the project.

The 158 existing medical surgical beds at Trinity exceeds the State Agency's minimum bed capacity for a medical surgical category of service.

158 existing medical surgical beds > State Agency's minimum capacity of 100 beds

2) *Obstetrics*

A) *The minimum unit size for a new obstetric unit within an MSA is 20 beds.*

B) *The minimum unit size for a new obstetric unit outside an MSA is 4 beds.*

Advocate Trinity Hospital currently provides 23 obstetric beds. The existing obstetric unit at the Hospital will exceed the State Agency's minimum bed capacity.

23 obstetric beds > State Agency's minimum capacity of 20 beds

3) *Intensive Care*

*The minimum unit size for an intensive care unit is 4 beds.*

Advocate Trinity Hospital currently provides 12 intensive care beds. The existing as well as the proposed complement of 24 intensive care beds at Advocate Trinity will exceed the State Agency's minimum guideline.

12 existing intensive care beds > State Agency's minimum capacity of 4 beds

24 proposed intensive care beds > State Agency's minimum capacity of 4 beds

1110.530 g) Assurances

*The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the understanding that, by the second year of operation after project completion, the applicant shall achieve and maintain the occupancy standards specified in*

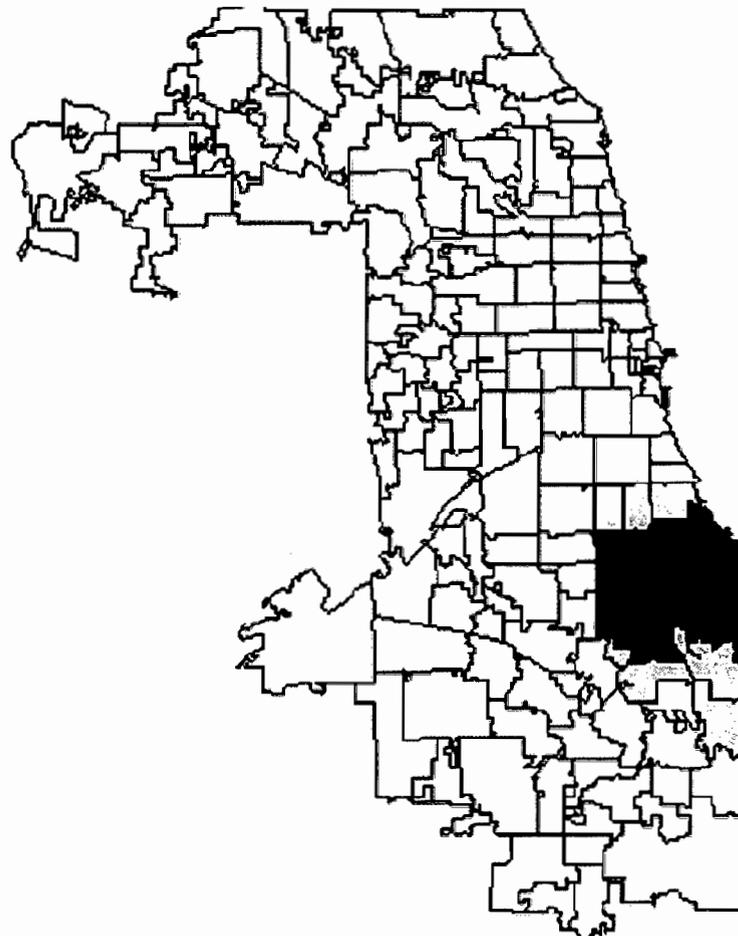
*77 Ill. Adm. Code 1100 for each category of service involved in the project.*

The required assurance letter is included as Attachment 20, Exhibit 3.

The required certification that new physicians are on the medical staff is included as Attachment 20, Exhibit 4.



# Location of Advocate Trinity Hospital's Service Area Within Cook County



	Area
	TRIN PSA 2012
	TRIN SSA 2012
	Cook County

Source: Hospital Records

# Advocate Trinity Hospital

2320 East 93rd Street || Chicago, IL 60617 || T 773.967.2000 || [advocatehealth.com](http://advocatehealth.com)

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March 14, 2013

Ms. Courtney Avery, Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

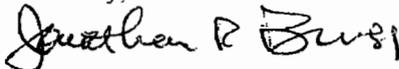
Dear Ms. Avery:

The purpose of this letter is to confirm that the following physicians whose volumes were used in the intensive care bed need justification are on the Advocate Trinity Hospital Medical Staff.

<u>Name</u>	<u>Specialty</u>	<u>Year Joined the Medical Staff</u>
Tanquilut, Eugene, DO	Vascular Surgery	2012
Cross, Chadrick, MD	Thoracic Surgery	2011
Jweied, Elias, MD	Thoracic Surgery	2010
Psaradellis, Telly, MD	Orthopedic Surgery	2008
Richards, Ken, MD	General Surgery	2008

If you have any questions regarding these physicians or their practices, please contact Janet Scheuerman, PRISM Healthcare Consulting at 219-464-3969.

Sincerely,



Jonathan R. Bruss  
President

A faith-based health system serving individuals, families and communities

2320 East 93rd Street  
Chicago, Illinois 60617-9984  
Telephone 773.967.2000



Thursday, March 21, 2013

Mr. Dale Galassie, Chair  
Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

RE: Advocate Health and Hospitals Corporation dba Advocate Trinity Hospital  
Certificate of need to Add 12 Intensive Care Beds  
Criterion 1110.530(9) Assurances

Dear Mr. Galassie,

This letter provides the Statement of Assurance required with our application to add 12 intensive care beds at Advocate Trinity Hospital.

We hereby state that it is our understanding based upon information available to us at this time, that by the second year of operation after project completion, Advocate Trinity Hospital reasonable expects to operate its 12 existing and 12 new intensive care beds at the State Agency's Target Occupancy of at least 60 percent, which is the occupancy specified in 11 Ill. Adm. Code 1100. 520 c) and 530 C).

Sincerely,

A handwritten signature in black ink that reads "Jon Bruss".

Jon Bruss, President Advocate Trinity Hospital

**R. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service**

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:
2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
<input checked="" type="checkbox"/> OP Physical Medicine	14	14
<input checked="" type="checkbox"/> OP Cardiac Rehabilitation	1	1

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) -	Need Determination - Establishment
Service Modernization	(c)(1) -	Deteriorated Facilities
		and/or
	(c)(2) -	Necessary Expansion
		PLUS
	(c)(3)(A) -	Utilization - Major Medical Equipment
		Or
	(c)(3)(B) -	Utilization - Service or Facility
<p><b>APPEND DOCUMENTATION AS ATTACHMENT-37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b></p>		

Clinical Service Area -2  
Outpatient Physical Medicine

Introduction

Physical Medicine and Rehabilitation (“PM&R”) is branch of medicine that aims to enhance and restore functional ability, decrease pain and improve and quality of life to those with physical impairments or disabilities. Common conditions that are treated in PM&R departments include amputations, stroke, sports injuries, musculoskeletal pain, spinal cord injury and brain injury.

Outpatient Physical Medicine at Advocate Trinity Hospital provides 5 inter-related rehabilitation services for adults. The team of physical therapists, occupational therapists, speech therapists and nurses work together to improve quality of life for patients referred to the area.

- Physical Therapy

Physical therapy is the treatment and/or management of physical disability, malfunction, or pain by the use of therapeutic exercise, massage, hydrotherapy and other modalities. Physical therapists take a patient’s history, conduct a systems review, and perform tests and measures such as range of motion, balance and coordination, posture, muscle performance, respiration, and motor function to identify existing and potential problems. Based on this extensive examination, physical therapists develop a plan of care that describes evidence-based treatment strategies and anticipated functional outcomes. Finally, they take part in the treatment of the patient.

- Electromyography

Electromyography (EMG) is a technique for evaluating and recording the electrical activity produced by skeletal muscles. EMG is performed using an instrument called an electromyography; it detects the electrical potential generated by muscle cells, when these cells are electrically or neurologically activated. The signals are analyzed to detect medical abnormalities, activation level, or to analyze the biomechanics of human movement. EMG diagnostic studies are used to identify a wide range of conditions that may benefit from physical therapy.

- Wound Therapy

Outpatient physical therapy wound care provides evaluation and treatment, especially local debridement, of non-healing surgical wounds that may occur after amputation, often the result of a severe diabetic condition. Other conditions that may be evaluated and treated in the wound center include non-healing diabetic ulcers, traumatic wounds and malignant wounds. As part of the physical therapy wound care, the physical therapists provide patient and family education on the management of wounds.

- Occupational Therapy

The goal of occupational therapy is to develop, recover, or maintain the daily living and work skills of patients with a physical, mental or developmental disability. Occupational therapy interventions focus on adapting the environment, modifying the task, teaching a skill, and educating the patient/family in order to increase participation in and performance of daily activities. Occupational therapy may take a variety of forms such as increasing the quality of life for a cancer patient or survivor and training individuals with amputations. Occupational therapy gives people the “skills for the job of living” that are needed for independent and satisfying lives.

- Speech Therapy

Speech therapy focuses on receptive language or the ability to understand words spoken to a person, and expressive language, or the ability of a person to use words. It also deals with the mechanics of producing words such as articulation, pitch, fluency and volume. Adults may need speech therapy after a stroke or traumatic incidents that change the ability to use language.

Outpatient Physical Medicine is a vital service for the Trinity community because of the residents’ high incidence of disabling disease.

c) *The applicant shall document that the proposed project meets one of the following:*

Advocate Trinity Hospital (“Trinity,” “Hospital”) will respond to both 1110.c) 1 “Deteriorated Facilities” and 1110. C) 2 “Necessary Expansion.”

1. Deteriorated Facilities

*The proposed project will result in the replacement of equipment and facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to historical utilization data, downtime or time spent out of service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.*

Advocate Trinity Hospital currently provides a comprehensive Outpatient Physical Medicine program including physical therapy, electromyography, wound therapy, occupational therapy and speech therapy on Level 5 of the Northwest Building (5NW). This is institutional occupancy space. The proposed plan includes relocating outpatient physical medicine services from this institutional occupancy space to vacant business occupancy space on Level 4 of the connected Northeast Building (4NE). The Hospital proposes to modernize the space on 5 NW to develop a 12-bed surgical intensive care unit.

Therefore, the space for outpatient physical medicine is not being modernized because the current space has deteriorated; it is because the highest and best use of the institutional occupancy space on 5NW is for the intensive care beds.

An appropriate amount of space is available on 4 NW to support this vital program. Outpatient Physical Medicine is currently located in 3,550 DGsf. In the proposed Project, the service will be located in 6,615 DGsf. The new space will house 14 therapy rooms / treatment stations for physical, occupational, and speech therapy, as well as rooms for wound evaluation and EMG. Space for consultation and education will be located in the outpatient physical medicine area.

2. Necessary Expansion

*The proposed project is necessary to provide for diagnostic treatment, ancillary training or other support services to meet the requirements of patient service demand. Documentation shall consist of, but is not limited to: historical utilization data, evidence of changes in industry standards, changes in the scope of services offered, and licensure or fire code deficiency citations involving the proposed project.*

Current Utilization

Physical Medicine services are provided for both inpatients and outpatients.

Attachment 37, Exhibit 1 includes 2011 volume of Outpatient Physical Medicine.

Attachment 37, Table 1  
Outpatient Physical Medicine Visits 2012

Modality	2011
Physical Therapy	18,758
Electromyography	2,822
Wound Care <sup>1</sup>	363
Occupational Therapy	5,728
Speech Therapy	509
Total	28,180

Source: Hospital Records

<sup>1</sup> Excludes evaluations

Project Utilization

The Hospital anticipates that outpatient physical medicine services will continue to increase and has conservatively anticipated assumed annual growth rate of 3 percent until the second full year after project completion, or 2018.

28,180 visits in 2011 x 3 percent increase per year until 2018 (7 years) =  
32,658 visits in 2018.

Trinity believes that this conservative projected rate of growth is achievable. For example, the volume of stroke patients is expected to increase; Trinity's service area is characterized by a very high incidence of stroke. The Hospital is a certified Primary Stroke Center and the number of stroke patients at Trinity increased by 64.2 percent between 2008 and 2011. Stroke volumes require many of the services in the Outpatient Physical Medicine Department. Similarly, diabetes is very prevalent in the local population and many patients diagnosed with diabetes also require these services. Other major patient diagnoses that typically use the physical medicine services include cardiac, neurological, deconditioning, ortho/surgical/joint replacement, respiratory, renal,

diabetes/neuropathy and balance issues, as well as congestive heart failure (CHF). In addition, Trinity is establishing an occupational medicine clinic and this will increase referrals to outpatient occupational therapy. Finally, the Accountable Care Act encourages the use of rehabilitative services.

Advocate Trinity Hospital meets the criteria for “Necessary Expansion.”

### 3. Utilization

#### A) Major Medical Equipment

*Proposed projects for the acquisition of major medical equipment shall document that the equipment will achieve or exceed any applicable target utilization levels specified in Appendix B within 12 months after acquisition.*

NA There is no physical medicine equipment in this project that meets or exceeds the major medical equipment threshold.

#### B) Service or Facility

*Projects involving modernization of a service or facility shall meet or exceed utilization standards for the service, as specified in Appendix B. The number of key rooms being modernized shall not exceed the number justified by historical utilization rates for each of the latest 2 years, unless additional key rooms can be justified per subsection c) 2) “Necessary Expansion.”*

NA There are no outpatient utilization standards for outpatient physical medicine in Appendix B. Justification for outpatient physical medicine services is included in subsection c) 2).

*C) If no utilization standards exist, the applicant shall document in detail its anticipated utilization in terms of incidence of disease or conditions or population use rates.*

The State Agency does not have utilization standards for outpatient physical medicine services. Advocate Trinity Hospital justified the need for expanded outpatient physical medicine services in subsection c) 2) based on the incidence of diseases that require physical medicine services in the population and the implementation of the Accountable Care Act.

Clinical Service Area – 3  
Cardiac Rehabilitation

Introduction

A comprehensive cardiac rehabilitation (cardiac rehab) includes 3 phases:

- Phase I cardiac rehab begins while the patient is still in the hospital and includes simple exercise and education. At Trinity, cardiac rehab typically occurs in the patient's room or in other space on the unit.
- Phase II cardiac rehab is a physician-supervised program focused on helping patients with heart disease or recovering from cardiac events or procedures so they can regain their strength and live an active life. This 3-month cardiac rehab segment focuses on outpatient exercise and education. Each patient receives a personally tailored exercise plan, continuing nutritional counseling and education as well as stress management skills and smoke cessation information (as required).
- Phase III cardiac rehab is a long term outpatient maintenance program for graduates of Phase II. It is also provided in the cardiac rehab space at the Hospital.

Both the American College of Cardiology and the American Heart Association recommend cardiac rehab for patients recovering from cardiac events or procedures.

c) *The applicant shall document that the proposed project meets one of the following:*

Advocate Trinity Hospital (“Trinity,” “Hospital”) will respond to both 1110.c) 1. “Deteriorated Facilities” and 1110.c) 2 “Necessary Expansion.”.

1. Deteriorated Facilities

*The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to historical utilization data, downtime or time spent out of service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.*

Phase II and Phase III cardiac rehab are currently provided in space on Level 5 of the Northwest Building (5 NW). This is institutional space. The most cost effective way to develop the 12 needed intensive care beds proposed in the Project is to relocate functions on 5NW to business occupancy vacant space on 4 NE. After this enabling move, the vacated 5 NW will be redeveloped for the intensive care beds.

Therefore, space for Outpatient Cardiac Rehabilitation is not being modernized because the current cardiac rehab space has deteriorated, but rather because the highest and best use of the space is for the intensive care beds. An appropriate amount of space is available on 5 NE to support this vital and growing program.

2. Necessary Expansion

*The proposed project is necessary to provide for diagnostic treatment, ancillary training or other support services to meet the requirements of patient service demand. Documentation shall consist of, but is not limited to: historical utilization data, evidence of changes in industry standards, changes in the scope of services offered, and licensure or fire code deficiency citations involving the proposed project.*

Outpatient cardiac rehab services are currently located in 1,400 DGSF. In the proposed project the service will be located in 3,300 DGSF of space.

The outpatient cardiac rehab service experienced strong utilization in 2011.

Attachment 37, Table 2  
Increase in Outpatient Cardiac Rehab Visits 2011

Year	2011
Outpatient Visits	6,131

Source: Hospital Records

The Hospital anticipates that the cardiac rehabilitation service at the Hospital will continue to increase, but has conservatively assumed a growth rate of 5 percent per year until the second full year after project completion, 2018.

6,131 visits in 2011 x 5 percent increase until 2018 (7 years) = 8,627 visits in 2018  
Trinity believes that this conservative growth rate projection is achievable because of the very high incidence of heart disease in the service area population and the Accountable Care Act incentives to increase the use of preventive care and rehabilitation services to reduce admissions and readmissions.

Advocate Trinity Hospital meets the criteria for "Necessary Expansion."

### 3. Utilization

#### A) Major Medical Equipment

*Proposed projects for the acquisition of major medical equipment shall document that the equipment will achieve or exceed any applicable target utilization levels specified in Appendix B within 12 months after acquisition.*

NA There is no cardiac rehab equipment in this project.

#### B) Service or Facility

*Projects involving modernization of a service or facility shall meet or exceed utilization standards for the service, as specified in Appendix B. The number of key rooms being modernized shall not exceed the number justified by historical utilization rates for each of the latest 2 years, unless additional key rooms can be justified per subsection c) 2) "Necessary Expansion"*

NA There is no outpatient utilization standard for cardiac rehab in Appendix B. Justification for outpatient cardiac rehab is included in subsection c) 2).

#### C) *If no utilization standards exist, the applicant shall document in detail its anticipated utilization in terms of incidence of disease or conditions or population use rates.*

The State Agency does not have utilization standards for cardiac rehabilitation services. Advocate Trinity Hospital justified the need for expanded cardiac rehab services in subsection c) 2) based on the incidence of heart disease in the population and the implementation of the Accountable Care Act. The proposed area will have 3,300 square feet to house cardiac rehab equipment stations including rowing machines, elliptical and ergometer bicycles, treadmills, weight stations and a mat table. Space for consultation and education will be located in the cardiac rehab area.

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

**A-bond letter ratings are included as Attachment 39, Exhibit 1.**

**VIII. - 1120.120 - Availability of Funds**

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

\$ 11,529,796	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
\$ _____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledged obligations and anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
\$ 6,708,461	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
\$ _____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$ 18,238,256	<b>TOTAL FUNDS AVAILABLE</b>	

**APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**STANDARD  
& POOR'S**  
RATINGS SERVICES

130 East Randolph Street  
Suite 2900  
Chicago, IL 60601  
te 1312 233-7001  
reference no.: 1234950

November 5, 2012

Advocate Health Care  
2025 Windsor Drive  
Oak Brook, IL 60523  
Attention: Mr. Dominic J. Nakis, Senior Vice President/Chief Financial Officer

Re: **US\$135,935,000 Illinois Finance Authority (Advocate Health Care Network) Hospital Revenue Bonds, Series 2012, dated: Date of delivery, due: June 01, 2047**

Dear Mr. Nakis:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "AA". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would

Page | 2

facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services  
Public Finance Department  
55 Water Street  
New York, NY 10041-0003

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Sincerely yours,

The logo for Standard & Poor's, featuring the company name in a stylized, cursive script.

Standard & Poor's Ratings Services  
a Standard & Poor's Financial Services LLC business.

sp  
enclosures

cc: Mr. Jim Doheny  
Ms. Pamela A. Lenane  
Mr. Ryan E. Freel

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Terms and Conditions Applicable To Public Finance Ratings**

You understand and agree that:

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All Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private rating or a withdrawal of a rating, or termination of this Agreement. Ratings Services will not convert a public rating to a confidential or private rating, or a private rating to a confidential rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate the rating provided hereunder and any analytical reports, including the rationale for the rating, unless you specifically request in connection with the initial rating that the rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private rating or the existence of a confidential or private rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the rating as a public rating, including, without limitation, publishing the rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of you or at your request. Notwithstanding anything to the contrary herein, Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Ratings Services' ability to modify or refine its ratings criteria at any time as Ratings Services deems appropriate.

Information to be Provided by You. For so long as this Agreement is in effect, in connection with the rating provided hereunder, you warrant that you will provide, or cause to be provided, as promptly as practicable, to Ratings Services all information requested by Ratings Services in accordance with its applicable published ratings criteria. The rating, and the maintenance of the rating, may be affected by Ratings Services' opinion of the information received from you or your agents or advisors. You further warrant that all information provided to Ratings Services by you or your agents or advisors regarding the rating or, if applicable, surveillance of the rating, as of the date such information is provided, (i) is true, accurate and complete in all material respects and, in light of the circumstances in which it was provided, not misleading and (ii) does not infringe or violate the intellectual property rights of a third party. A material breach of the warranties in this paragraph shall constitute a material breach of this Agreement.

Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean verbal or written information that you or your agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential". Notwithstanding the foregoing, information disclosed by you or your agents or advisors

to Ratings Services shall not be deemed to be Confidential Information, and Ratings Services shall have no obligation to treat such information as Confidential Information, if such information (i) was known by Ratings Services or its affiliates at the time of such disclosure and was not known by Ratings Services to be subject to a prohibition on disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by an act of Ratings Services or its affiliates) subsequent to such disclosure, (iv) is disclosed to Ratings Services or its affiliates by a third party subsequent to such disclosure and Ratings Services reasonably believes that such third party's disclosure to Ratings Services or its affiliates was not prohibited, (v) is developed independently by Ratings Services or its affiliates without reference to the Confidential Information, (vi) is approved in writing by you for public disclosure, or (vii) is required by law or regulation to be disclosed by Ratings Services or its affiliates. Ratings Services is aware that U.S. and state securities laws may impose restrictions on trading in securities when in possession of material, non-public information and has adopted securities trading and communication policies to that effect.

Ratings Services' Use of Information. Except, as otherwise provided herein, Ratings Services shall not disclose Confidential Information to third parties. Ratings Services may (i) use Confidential Information to assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, and (ii) share Confidential Information with its affiliates engaged in the ratings business who are bound by appropriate confidentiality obligations; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. Ratings Services may also use, and share Confidential Information with any of its affiliates or agents engaged in the ratings or other financial services businesses who are bound by appropriate confidentiality obligations ("Relevant Affiliates and Agents"), for modelling, benchmarking and research purposes; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. With respect to structured finance ratings not maintained on a confidential or private basis, Ratings Services may publish data aggregated from Confidential Information, excluding data that is specific to and identifies individual debtors ("Relevant Data"), and share such Confidential Information with any of its Relevant Affiliates and Agents for general market dissemination of Relevant Data; you confirm that, to the best of your knowledge, such publication would not breach any confidentiality obligations you may have toward third parties. Ratings Services will comply with all applicable U.S. and state laws, rules and regulations protecting personally-identifiable information and the privacy rights of individuals. Ratings Services acknowledges that you may be entitled to seek specific performance and injunctive or other equitable relief as a remedy for Ratings Services' disclosure of Confidential Information in violation of this Agreement. Ratings Services and its affiliates reserve the right to use, publish, disseminate, or license others to use, publish or disseminate any non-Confidential Information provided by you, your agents or advisors.

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Office of Foreign Assets Control. As of the date of this Agreement, (a) neither you nor the issuer (if you are not the issuer) or any of your or the issuer's subsidiaries, or any director or corporate officer of any of the foregoing entities, is the subject of any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC Sanctions"), (b) neither you nor the issuer (if you are not the issuer) is 50% or more owned or controlled, directly or indirectly, by any person or entity ("parent") that is the subject of OFAC Sanctions, and (c) to the best of your knowledge, no entity 50% or more owned or controlled by a direct or indirect parent of you or the issuer (if you are not the issuer) is the subject of OFAC sanctions. For so long as this Agreement is in effect, you will promptly notify Ratings Services if any of these circumstances change.

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## Summary:

### Illinois Finance Authority Advocate Health Care Network; System

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## Summary:

# Illinois Finance Authority Advocate Health Care Network; System

## Credit Profile

US\$135.935 mil hosp rev bnds (Advocate Hlth Care Network) ser 2012 due 06/01/2047

Long Term Rating

AA/Stable

New

## Rationale

Standard & Poor's Ratings Services assigned its 'AA' long-term rating to the Illinois Finance Authority's \$135.9 million series 2012 fixed-rate bonds issued for Advocate Health Care Network (AHCN). Standard & Poor's also affirmed its 'AA' long-term rating and, where applicable, its 'AA/A-1+' and 'AA/A-1' ratings on various other series of bonds issued by the authority on behalf of AHCN. The outlook on all ratings is stable. The series 2012 issuance could go up to \$150 million, depending on the premium structure and pricing.

The 'A-1+' short-term component of the rating on the series 2003A, 2003C, 2008A-1, 2008A-2, 2008A-3, 2008C-3B, and 2011B Windows bonds reflects the credit strength inherent in the 'AA' long-term rating on AHCN's debt and the sufficiency of AHCN's unrestricted assets to provide liquidity support for the aforementioned bonds. Standard & Poor's Fund Ratings and Evaluations Group assesses the liquidity of AHCN's unrestricted investment portfolio to determine the adequacy and availability of these funds to guarantee the timely purchase of the bonds tendered in the event of a failed remarketing. Standard & Poor's monitors the liquidity and sufficiency of AHCN's investment portfolio on a monthly basis.

The 'A-1+' short-term component of the rating on the issuer's series 2008C-2A and 2008C-3A bonds and the 'A-1' short-term component of the rating on the series 2008C-1 and 2008C-2B bonds reflect the standby bond purchase agreements (SBPAs) in effect from various financial institutions. The short-term component of the ratings assigned represents the likelihood of payment of tenders and reflects liquidity facilities that cover all of the bond series.

The providers of the liquidity facilities are as follows:

- Series 2008C-1: JPMorgan Chase Bank N.A. (A-1), expiration Aug. 1, 2016
- Series 2008C-2A: Wells Fargo Bank N.A. (A-1+), expiration Aug. 1, 2015
- Series 2008C-2B: JPMorgan Chase Bank, expiration Aug. 1, 2017
- Series 2008C-3A: Northern Trust Corp. (A-1+), expiration Aug. 1, 2017

The 'AA' long-term rating reflects our view of AHCN's strength as the Chicago area's largest health system (with total operating revenue of \$4.6 billion in 2011 and a balance sheet with \$7.1 billion of total assets) as well as its good operating performance, strong and consistent coverage, and stable and healthy unrestricted liquidity with fairly light debt. In addition, AHCN's strong physician relationships and practice in managing care under capitated risk and through shared savings programs, including the Medicare ACO demonstration project, are credit strengths in light of

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some of the anticipated changes related to health care reform. Although we do anticipate some declines in operational liquidity given the heightened capital spending during the next few years, we do anticipate such declines to be temporary and that operational liquidity (days' cash on hand) will return to the mid-200s during the medium term. During the short term, however, we do anticipate continued strong cash flow and healthy coverage to support the rating as AHCN focuses on expense management and backfilling volumes that may be lost as a result of lower utilization (linked to both better care management and fewer readmissions).

Standard & Poor's affirmed its ratings on AHCN in July 2012. Since then, we've received two additional quarters of unaudited financials that are in line with expectations. Although the series 2012 transaction was unanticipated, management had reported in July 2012 that some additional debt was likely during the next three to four years because it had forecast higher capital spending at our previous review. Given the interest rate environment and some other key timing factors, management and the board decided to accelerate the debt issuance. And with operations and the balance sheet remaining sound, and with Advocate's market presence remaining strong, we believe the debt is absorbable at the current rating. Also, we anticipate no additional new money debt during the next one or two years.

The 'AA' long-term rating further reflects our view of AHCN's:

- Good financial profile, with operating margins of more than 4% for the past four years and an unaudited operating margin of 4.25% through the first nine months of fiscal 2012, and consistently strong maximum annual debt service (MADS) of more than 6x for the past several years;
- Robust balance sheet measures, as demonstrated by still light pro forma leverage of 25% and by solid liquidity and cash to pro forma debt equal to 285 days' cash on hand and 257%, respectively, as of Sept. 30, 2012;
- Continued leading 15.8% market share through the second quarter of 2012; and
- Position as Chicago's largest and most successfully integrated health delivery system, with approximately 3,200 licensed beds and more than 5,600 physicians, 4,150 of whom are affiliated with Advocate Physician Partners, a joint venture between Advocate and clinically and financially aligned physicians with the purpose of providing cost-effective health care to patients in the communities Advocate serves.

Partly offsetting the above strengths, in our view, are:

- AHCN's very strong competition in the greater Chicago market of both other systems and large academic medical centers;
- A market consolidation that could affect AHCN as an acquirer or with new ownership at a competing facility (AHCN recently announced a non-binding letter of intent, or LOI, to acquire Sherman Health System in Elgin); and
- AHCN's heightened capital spending during the next few years as a few major projects are started and completed, which could dampen unrestricted liquidity growth during the short term.

Total long-term debt at Dec. 31, 2011 was \$1.221 billion. This includes debt classified on the audited financial statements as a current liability subject to short-term remarketing agreements, which Standard & Poor's treats as long-term debt for the purpose of our debt-related ratios. The rated bonds are the general, unsecured joint, and several obligations of the obligated group, which consists of the parent, AHCN; Advocate Health and Hospitals Corp., which includes most of Advocate's acute care facilities; Advocate North Side Health Network, which includes Advocate Illinois Masonic Center; and Advocate Condell Medical Center. However, this analysis reflects the system as a whole.

The series 2012 proceeds (along with any premium) will primarily pay a portion of the capital costs associated with the

projects at Advocate Christ Medical Center (total project costs for the patient bed tower project are about \$256 million) and at Advocate Illinois Masonic Hospital (total costs for the Center for Advanced Care, focused on cancer and digestive diseases, are about \$96 million). Both of these projects were included in Advocate's capital forecasts for the next three years. Project completion for these key projects is estimated at fall 2016 for Christ Medical Center and at spring 2015 for Illinois Masonic Hospital.

Since our latest review, operating performance (excluding joint venture income, unrestricted contributions, and investment income) has continued to be strong at an unaudited 4.27% margin (\$151.8 million), compared with a 2.6% margin at the end of the first unaudited quarter of fiscal 2012. Good outpatient volume growth, a focus on general expense management, and some improvement in insurance expenses have contributed to good performance in the current year. Management anticipates ending the year with an approximate 5% operating margin, and fiscal 2013 will likely be a bit lighter at about 3% given that AHCN budgeted for the Medicare sequestration cuts as well as the full year of recent Medicaid cuts. The balance sheet on a pro forma basis remains quite strong despite the increase in debt. Unrestricted cash is at a solid 285 days' cash on hand and cash to pro forma debt and leverage are strong at 257% and 25%, respectively. Capital spending through the first nine months of fiscal 2012 was \$209 million, with a little less than \$300 million anticipated to be spent through the calendar year (down from the budgeted \$500 million because of changes in start dates of certain projects). We continue to anticipate capital spending to proceed at a steady clip of in 2013, 2014, and 2015 before returning to more stable levels as discussed in our prior report. The new bed tower at the Christ Medical Center will provide some additional beds, primarily critical care beds, which will help with throughput from the emergency room. Management anticipates that the ambulatory center at the Illinois Masonic Center facility will enhance and consolidate outpatient services related to oncology and digestive diseases.

AHCN's primary service area is quite broad, covering six counties, but is also quite fragmented. AHCN's market share, however, remains strong, at a leading 15.8%, while Presence Health's market share is second at a stabilized 10.4% and Northwestern Memorial Hospital's is at a stable 5.7%. AHCN and Sherman Health (BBB) recently announced a non-binding LOI to merge, and we anticipate that a final definitive agreement will be executed in mid-calendar 2013. We will more fully incorporate the impact of Sherman into AHCN's credit profile once plans are finalized and once we receive details on how Sherman Health would be incorporated into the network. We believe that overall competition in the market could increase because Presence Health is restructuring its organization and because Centegra Health System (A-/Stable) has plans to build a new hospital about 16 miles from Advocate Good Shepherd (and about 10 miles from Sherman) during the next few years.

For more detailed information regarding the credit, please see our most recent report on AHCN published July 24, 2012 on Ratings Direct on the Global Credit Portal.

## Outlook

The stable outlook reflects our view of AHCN's continued market leadership, extensive physician network, and solid financial profile. Given the heightened capital spending during the next few years, a higher rating is unlikely. However, we could consider raising the rating in response to continued strong operations and a sustained improvement in unrestricted liquidity to roughly 325 days' cash on hand (as the service area is highly competitive and given the recent

Chicago area market trend of consolidation). Given our view of AHCN's strong market position, consistent financial profile, and good financial flexibility, we are also unlikely to lower the rating during the next year or two. However, we could consider lowering the rating if AHCN's debt service coverage declines to and remains at approximately 4x or if operational liquidity decreases to and stabilizes at about 200 days' cash. Although we believe that AHCN could absorb Sherman Health into its credit profile, we will more fully evaluate that transaction as it is finalized. We do not anticipate any additional new money debt issuances during the next one to two years.

## Related Criteria And Research

- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- USPF Criteria: Contingent Liquidity Risks, March 5, 2012
- USPF Criteria: Commercial Paper, VRDO, And Self-Liquidity, July 3, 2007
- USPF Criteria: Bank Liquidity Facilities, June 22, 2007

### Ratings Detail (As Of November 7, 2012)

#### Illinois Fin Auth, Illinois

Advocate Hlth Care Network, Illinois

Illinois Finance Authority (Advocate Health Care Network)

<i>Long Term Rating</i>	AA/Stable	Affirmed
Illinois Finance Authority (Advocate Health Care Network) hosp VRDB ser 2008C-1		
<i>Long Term Rating</i>	AA/A-1/Stable	Affirmed
Illinois Finance Authority (Advocate Health Care Network) hosp VRDB ser 2008C-2A		
<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed
Illinois Finance Authority (Advocate Health Care Network) hosp VRDB ser 2008C-2B		
<i>Long Term Rating</i>	AA/A-1/Stable	Affirmed
Illinois Finance Authority (Advocate Health Care Network) hosp VRDB ser 2008C-3A		
<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed
Illinois Finance Authority (Advocate Health Care Network) hosp VRDB ser 2008C-3B		
<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed
Illinois Fin Auth (Advocate Hlth Care Network) rev bnds		
<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed

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# Moody's

## INVESTORS SERVICE

### New Issue: Moody's assigns Aa2 rating to Advocate Health Care Network's \$150 million of Series 2012 bonds; Outlook is stable

Global Credit Research - 29 Oct 2012

**Aa2, Aa2/VMIG 1, and Aa2/P-1 ratings on \$1.1 billion of outstanding debt affirmed**

ILLINOIS FINANCE AUTHORITY  
Hospitals & Health Service Providers  
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#### Moody's Rating

ISSUE	RATING
Revenue Bonds, Series 2012 (Fixed Rate)	Aa2
<b>Sale Amount</b> \$150,000,000	
<b>Expected Sale Date</b> 11/15/12	
<b>Rating Description</b> Revenue: 501c3 Unsecured General Obligation	

#### Moody's Outlook STA

#### Opinion

NEW YORK, October 29, 2012 --Moody's Investors Service has assigned an Aa2 rating to Advocate Health Care Network's (Advocate) \$150 million of Series 2012 fixed rate bonds. The rating outlook is stable. At this time, we are affirming the the Aa2, Aa2/VMIG 1 and Aa2/P-1 ratings on Advocate's outstanding bonds as listed at the conclusion of this report. The rating outlook is stable.

#### SUMMARY RATINGS RATIONALE:

The Aa2 long-term rating is based on Advocate's status as the largest healthcare system in the greater Chicago area with good geographic diversity and well positioned individual hospitals, sustained improvement in operating margins, moderate debt levels driving exceptional debt measures, a strong and growing investment portfolio, and well funded pension plan. The system's challenges include an increasingly competitive and consolidating healthcare market, moderate margins compared with similarly-rated peers, and expected increases in capital spending.

#### STRENGTHS

\*Leading market position in greater Chicagoland with good geographic coverage and individual hospitals that maintain leading or prominent market shares in their local markets; geographic reach and diversification expanding with strategy to extend further statewide

\*Consistent margins over the last several years with operating cashflow margins in the 9-10% range; in 2011, most hospitals improved or were relatively stable compared with the prior year; through nine months of fiscal year 2012, operating performance is consistent with previous levels with 5.8% operating and 10.8% operating cashflow margins

\*Conservative and balanced approach to financing capital needs; preforma debt measures based on nine months of fiscal year 2012 annualized are strong with a low 30% debt-to-operating revenue, exceptional Moody's adjusted peak debt service coverage of over 10 times, and favorably low Moody's adjusted debt-to-cashflow of 1.9 times

\*Strong and growing balance sheet position with 301 days of cash on hand as of September 30, 2012, providing a strong 251% coverage of preforma debt

\*Debt structure risks are manageable relative to cash and investments with over 400% cash-to-demand debt and over 300% monthly liquidity-to-demand debt based on fiscal year end 2011

\*Strong management capabilities evidenced by the organization's historical ability to absorb operating challenges and continue to generate consistently solid absolute operating cashflow levels, meet or exceed operating budgets, execute strategies effectively including integrating newly acquired hospitals, and a commitment to very good disclosure practices

#### CHALLENGES

\*Operating income and operating cashflow margins are below similarly-rated peers, in part due to the system's close integration with a large number of physicians

\*An increasingly competitive market for a number of Advocate's hospitals, with competitors expanding facilities, growing consolidation with several large mergers or new entrants into the market, and increasing competition for physicians

\*Capital spending is anticipated to increase, although capital needs can be funded with cashflow and bond proceeds; the system has a history of closely managing capital spending relative to cashflow and adjusting to operating shortfalls if necessary

\*Changes in investment strategy with an increased allocation to alternative investments, resulting in a less liquid portfolio relative to historically conservative practices (based on fiscal year 2011, 74% of unrestricted investments can be liquidated within a month, compared with 79% median for the Aa2 rating category)

\*Comprehensive debt (including pension and operating lease obligations) is almost 50% higher than direct debt, primarily as a result of sizable operating leases; however, cash-to-comprehensive debt at fiscal yearend 2011 is still good at 172%, compared with a median of 162% for the Aa2 category

#### DETAILED CREDIT DISCUSSION

USE OF PROCEEDS: Proceeds from the Series 2012 bonds will be used to fund capital projects.

LEGAL SECURITY: Obligated group includes the Advocate Health Care Network (system parent), Advocate Health and Hospitals Corporation (operates most of the system's hospitals), Advocate North Side Health Network, and Advocate Condell Medical Center. Security is a general, unsecured obligation of the obligated group. No additional indebtedness tests.

INTEREST RATE DERIVATIVES: Advocate has interest rate swaps associated with the Series 2008C bonds. There is a total of \$326 million of swaps associated with the Series 2008C bonds for which Advocate pays a fixed rate of 3.6% and receives 61.7% of LIBOR plus 26 basis points. The swaps mature in 2038 and the counterparties are Wells Fargo and PNC. As of September 30, 2012 the mark-to-market on the swaps was a negative \$90.6 million and collateral of \$5.7 million was posted.

#### RECENT DEVELOPMENTS/RESULTS

Please refer to Moody's report dated July 19, 2012 for more details. Since the July rating review, Advocate's operating performance is solid and consistent with recent trends. Admissions through the nine months of fiscal year 2012 (ended September 30) are down 1%, which is generally better than trends in the broader market. Including observation cases, total cases are flat to the prior year. Both inpatient and outpatient surgeries increased by a strong 4-5% as a result of physician recruitment and alignment strategies. Through the nine months, Advocate's operating cashflow was \$373 million (10.8%), compared with \$365 million (11.1%) in the prior year. Unrestricted cash and investments increased to \$3.4 billion (301 days cash on hand) as of September 30, 2012, compared with \$3.1 billion as of December 31, 2011. As indicated in the ratios below, the incremental \$150 million in new debt does not affect materially Advocate's strong measures.

On October 23, 2012, Advocate announced plans to sign a non-binding letter of intent to pursue a partnership with Sherman Health Systems (rated Baa2). The organizations will begin a due diligence phase with a formal closing date expected between May and July of 2013. Moody's will evaluate the effect of a partnership with Sherman upon receipt of further details related to the structure, security for the debt, governance and management, and strategic plans. Based on Advocate's current financial profile and Sherman's fiscal year 2012 performance, our preliminary assessment is that a combination with Sherman would not significantly affect Advocate's overall credit profile. Advocate's relatively low leverage affords the health system the ability to absorb the high leverage that Sherman

would bring with a moderately negative effect to key debt measures.

#### OUTLOOK

The stable outlook is based on the expectation that the system will continue to maintain solid operating performance and a strong market position and balance future capital spending and debt with cash flow and liquidity strength.

#### WHAT COULD MAKE THE RATING GO UP

Sustained improvement in operating margins, further strengthening of balance sheet, and growth in the system's size to provide significantly greater geographic diversity

#### WHAT COULD MAKE THE RATING GO DOWN

Significantly greater than expected increase in debt or unexpected and prolonged decline in operating performance; material weakening of balance sheet strength

#### KEY INDICATORS

##### Assumptions & Adjustments:

-Based on financial statements for Advocate Health Care Network and Subsidiaries

-First number reflects audit year ended December 31, 2011

-Second number reflects nine-month unaudited results ended September 30, 2012, annualized and proforma including \$150 million in additional debt

-Investment returns normalized at 6% unless otherwise noted

-Comprehensive debt includes direct debt, operating leases, and pension obligation, if applicable

-Monthly liquidity to demand debt ratio is not included if demand debt is de minimis

\*Inpatient admissions: 166,756; 166,669

\*Observation stays: 39,648; 41,853

\*Medicare % of gross revenues: 40%; N/A

\*Medicaid % of gross revenues: 16%; N/A

\*Total operating revenues (\$): \$4.6 billion; \$4.6 billion (bad debt as reduction to revenue)

\*Revenue growth rate (%) (3 yr CAGR): 7.6%; N/A

\*Operating margin (%): 5.3%; 5.8%

\*Operating cash flow margin (%): 10.0%; 10.8%

\*Debt to cash flow (x): 1.9 times; 1.9 times

\*Days cash on hand: 269 days; 301 days

\*Maximum annual debt service (MADS) (\$): \$66 million; \$73 million

\*MADS coverage with reported investment income (x): 8.9 times; N/A

\*Moody's-adjusted MADS Coverage with normalized investment income (x): 10.5 times; 10.4 times

\*Direct debt (\$): \$1.2 billion; \$1.4 billion

\*Cash to direct debt (%): 252%; 251%

\*Comprehensive debt: \$1.8 billion; N/A

\*Cash to comprehensive debt (%): 170%; N/A

\*Monthly liquidity to demand debt (%): 318%; N/A

RATED DEBT (as of December 31, 2011, updated for bank facility changes in 2012)

- Series 1993C (\$22 million), Series 2008D (\$167 million), Series 2010A (\$37 million), Series 2010B (\$52 million), Series 2010C (\$26 million), Series 2010D (\$112 million), Series 2011A-1 (\$9 million), Series 2011A-2 (\$33 million) fixed rate bonds: Aa2

- Series 2003A (\$26 million), Series 2003C (\$26 million), Series 2008A (\$137 million), Series 2008C-3B (\$22 million) variable rate annual and multi-annual put bonds, supported by self-liquidity: Aa2/VMIG 1

- Series 2008C-1 (\$128 million), Series 2008C-2B (\$58 million) variable rate bonds supported with SBPAs from JPMorgan Chase (expire August 1, 2016 and August 1, 2017 respectively): Aa2/VMIG 1

- Series 2008C-3A (\$87 million) variable rate bonds supported by SBPAs from Northern Trust Company (expires August 1, 2017): Aa2/VMIG 1

- Series 2008C-2A (\$49 million) variable rate bonds supported by SBPA from Wells Fargo Bank (expires August 1, 2015): Aa2/VMIG 1

- Series 2011B Windows variable rate bonds (\$70 million): Aa2/P-1

#### CONTACTS

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Underwriter: Ryan Freel, Director, Citi, Health Care Group, (312) 876-3564

#### RATING METHODOLOGY

The principal methodology used in this rating was Not-For-Profit Healthcare Rating Methodology published in March 2012. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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# FitchRatings

## Fitch Rates Advocate Health Care's (IL) Series 2012 Bonds 'AA'; Outlook Stable

Ratings Endorsement Policy  
05 Nov 2012 9:54 AM (EST)

Fitch Ratings—Chicago-05 November 2012: Fitch Ratings has assigned an 'AA' rating to the following Illinois Finance Authority revenue bonds issued on behalf of Advocate Health Care (Advocate):

—\$150 million revenue bonds, series 2012.

In addition, Fitch affirms the 'AA' rating on approximately \$1.06 billion of revenue bonds issued by the Illinois Health Facilities Authority and the Illinois Finance Authority on behalf of Advocate. Fitch also affirms the 'F1+' short-term ratings on the following Illinois Finance Authority bonds based upon self-liquidity provided by Advocate:

—\$51.9 million put bonds, series 2003A&C;  
—\$137.2 million put bonds, series 2008A-1,2&3;  
—\$21.9 million put bonds, series 2008C-3B;  
—\$70 million variable rate demand bonds, series 2011B.

The series 2012 bonds are expected to be fixed rate and will price the week of Nov. 12, 2012 via negotiated sale. Bond proceeds will be used for various capital projects, reimbursement for prior capital expenditures, and to pay costs of issuance.

The Rating Outlook is Stable.

### SECURITY

The bonds are unsecured obligations of the obligated group. They are not secured by a pledge of, mortgage on, or security interest in any obligated group assets.

### KEY RATING DRIVERS

**LIGHT DEBT BURDEN:** The additional debt will not impact Advocate's relatively low burden. The system's strong profitability combined with light debt burden generates robust coverage of pro forma maximum annual debt service (MADS) by EBITDA of 9.9x through the nine month interim period ended Sept. 30, 2012, which well exceeds Fitch's 'AA' category median of 4.8x. Pro forma debt to capitalization remains a manageable 25.5% while pro-forma MADS equates to a low 1.6% of fiscal 2011 (Dec. 31 year end) revenues.

**CONSISTENT PROFITABILITY SUPPORTS LIQUIDITY:** Advocate's strong operating cash flow generation has resulted in substantial balance sheet strength, with liquidity indicators that exceed Fitch's 'AA' category median ratios. Further, Advocate consistently maintains ample liquidity to meet Fitch's criteria for the 'F1+' short term rating against its mandatory put exposure.

**LEADING MARKET SHARE POSITION:** Advocate maintains a leading market share in the Chicago metropolitan area that is more than double its nearest competitor and remains the largest provider in the state. Still, Fitch notes the service area remains highly competitive, and the regulatory environment remains challenging.

**STRONG CLINICAL INTEGRATION:** Advocate's high level of integration with its clinicians has enabled better care coordination, operating efficiencies, effective contracting, physician engagement, and should position it well to navigate continued pressures on reimbursement and focus on clinical quality metrics.

### CREDIT PROFILE

The 'AA' rating is supported by Advocate's light pro forma debt level, consistent cash flow and strong coverage levels, strong market position, and well integrated care delivery model.

[http://www.fitchratings.com/creditdesk/press\\_releases/detail.cfm?print=1&pr\\_id=767589](http://www.fitchratings.com/creditdesk/press_releases/detail.cfm?print=1&pr_id=767589) 11/6/2012

Following the series 2012 issuance, Advocate's debt will total nearly \$1.3 billion of which \$608.3 million is fixed, \$321.3 million are variable rate demand bonds supported by SBPAs, \$281 million are put bonds supported by self-liquidity (of which \$119.9 million is subject to tender within 13 months), and \$100 million are non-rated variable rate direct bank placements. Pro forma MADS is estimated at \$72.6 million per the underwriter. While Advocate faces sizable put, renewal, and interest rate exposure, its SBPAs were recently renewed through 2015-2017, and its balance sheet strength further mitigates these risks.

Robust operating profitability has resulted in operating EBITDA of over \$500 million (12.1% and 11.1% operating EBITDA margins in 2010 and 2011, respectively) and net EBITDA over \$600 million (EBITDA margins of 15% and 13.2% in 2010 and 2011, respectively). Strong performance continued through September 2012, with a 10.3% operating EBITDA and 14.2% EBITDA margins. The series 2012 bonds will be used to finance some of Advocate's capital plans, which are notably sizeable through 2015 and will require continued strength in cash flow and perhaps additional debt issuance. Further, Advocate's defined benefit pension is well funded.

At Sept. 30, 2012, Advocate's unrestricted cash and investments totaled nearly \$3.4 billion compared \$3.1 billion at fiscal 2011. Liquidity metrics at Sept. 30, 2012 were robust with 295.4 DCOH, pro forma cushion ratio of 46.2x and cash and investments equating to 246.7% of pro forma long-term debt; all of which exceed Fitch's respective 'AA' category medians of 241.1, 24.1x and 169.4%.

Advocate's well integrated clinical platform coupled with its position as market leader and largest system in the state provide some buffer against competitive and regulatory challenges. Through June 30, 2012 Advocate's share was 15.8% against its closest competitor the newly-aligned Presence Health system with 10.4% market share. However, the presence of several well regarded academic medical centers and community hospitals and the recent merger activity by large multi-state systems present some credit risk. Fitch expects that Advocate's high level of physician integration and continued growth of the system should sustain its strong market position. The most recent expected addition to the system is Sherman Health, which announced it is pursuing a partnership with Advocate with a letter of intent signed in October 2012. The closing is expected in mid-2013.

The 'F1+' rating reflects Advocate's availability of highly liquid resources to cover the mandatory tender on its put bonds. At Sept. 30, 2012, Advocate's eligible cash and investment position available for same-day settlement would cover the cost of the maximum mandatory put on any given date well in excess of Fitch's criteria of 1.25x. Advocate provided Fitch with an internal procedures letter outlining the procedures to meet any un-remarketed puts. In addition, Advocate provides monthly liquidity reports to Fitch to monitor the sufficiency of Advocate's cash and investment position relative to its mandatory put exposure.

The Stable Outlook is supported by Fitch's expectation that Advocate will remain the market leader, allowing for consistent cash flow in support of its capital and debt service needs, while maintaining solid liquidity against the risks associated with its capital structure. Fitch believes Advocate's experienced management team and effective management practices should also ensure strong relative performance over the longer term.

Advocate is counter-party to three floating to fixed rate swaps with a total notional value of \$326.3 million against its series 2008C VRDBs. The mark to market on the swaps at Sept. 30, 2012 was approximately negative \$96.2 million requiring \$5.7 million in collateral be posted.

Advocate is an integrated health care system composed of 10 acute care hospitals and an integrated children's hospital (totaling approximately 3,200 licensed beds), primary and specialty physician services, home health, hospice, outpatient centers, via over 250 sites serving the Chicago metropolitan area and central Illinois. Total revenues in audited fiscal 2011 were \$4.65 billion (reflects Fitch's reclassification of bad debt to an expense).

Advocate's disclosure includes annual audited financial statements as well as quarterly unaudited balance sheet, income statement, cash flow statement, an extensive MD&A, and utilization statistics. The information is posted to the Municipal Securities Rulemaking Board's EIMMA system. In addition, management holds routine calls with rating agencies and with investors. Fitch considers Advocate's disclosure standards to be best practice.

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In addition to the sources of information identified in Fitch's Revenue Supported Rating Criteria, this action was informed by information from Citigroup as Underwriter.

**Applicable Criteria and Related Research:**

--'Revenue-Supported Rating Criteria', dated Jun. 12, 2012;  
--'Nonprofit Hospitals and Health Systems Rating Criteria', dated July 23, 2012;  
--'Criteria for Assigning Short-Term Ratings Based on Internal Liquidity', dated June 15, 2012.

**Applicable Criteria and Related Research:**

Revenue-Supported Rating Criteria  
Nonprofit Hospitals and Health Systems Rating Criteria  
Criteria for Assigning Short-Term Ratings Based on Internal Liquidity

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**IX. 1120.130 - Financial Viability**

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

**Financial Viability Waiver**

The applicant is not required to submit financial viability ratios if:

1. All of the projects capital expenditures are completely funded through internal sources
2. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
3. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Not applicable. Advocate Health and Hospitals has an A- bond rating.

**IX. 1120.130 - Financial Viability**

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

**APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

Not applicable. Advocate Health and Hospitals has an A- bond rating.

**X. 1120.140 - Economic Feasibility**

This section is applicable to all projects subject to Part 1120.

**A. Reasonableness of Financing Arrangements Not Applicable**

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
  - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
  - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

**B. Conditions of Debt Financing**

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

**C. Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE										
Department (list below)	A	B	C		D	E		G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)		
Contingency										
<b>TOTALS</b>										

\* Include the percentage (%) of space for circulation



<sup>1</sup> Space in an existing building is being modernized to house the proposed additional 12 intensive care beds. The building is a 1954 building which underwent modernization in 1992, or more than 20 years ago. Hence, the building's infrastructure needs to be upgraded as part of this project. The infrastructure modernization costs are listed on Attachment 42 as costs Unrelated to Square Footage and include the following:

Medical Gas Manifold Expansion	\$ 509,000
Switchgear and Generator Upgrades	388,000
Plumbing Infrastructure Upgrades	<u>243,000</u>
Total	\$1,140,000

**D. Projected Operating Costs**

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

**E. Total Effect of the Project on Capital Costs**

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT -42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**D. Projected Operating Costs**

	Year 2017
Cost per equivalent patient day	\$85.05

**E. Effect of the Project on Capital Costs**

	Year 2017
Cost per equivalent patient day	\$217.36

2320 East 93rd Street  
Chicago, Illinois 60617-9984  
Telephone 773.967.2000



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

Dear Ms. Avery:

The purpose of this letter is to attest to the fact that Advocate Health and Hospitals Corporation will use the selected form of debt financing for Advocate Trinity Hospital's proposed 12-bed intensive care bed addition described by this Certificate of Need application because it will be at the lowest net cost available, is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term, financing costs and other factors.

Sincerely,

A handwritten signature in cursive script that reads "Jon Bruss".

Jon Bruss  
President Advocate Trinity Hospital

Signature of Notary

Seal of the Notary

A handwritten signature in cursive script that reads "Mary Ellen Kowalski".  
3/1/13

[www.advocatehealth.com](http://www.advocatehealth.com)

Related to the Evangelical Lutheran Church in America and the United Church of Christ

**XI. Safety Net Impact Statement**

**SAFETY NET IMPACT STATEMENT** that describes all of the following must be submitted for **ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS**:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

**Safety Net Impact Statements shall also include all of the following:**

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

**A table in the following format must be provided as part of Attachment 43.**

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			
Charity (cost in dollars)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			
Medicaid (revenue)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			

**APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

1. *The Project's material impact, if any, on essential safety net services to the community, to the extent that it is feasible for an applicant to have such knowledge.*

In July 2012, Advocate Health and Hospitals released a statement that Advocate provided \$571 million in charitable care and community services in 2011. Of this, Advocate provided \$95 million in fee and discounted charity care for the uninsured and underinsured and supplied more than \$295 million in care without full reimbursement from Medicare, Medicaid or other government-sponsored programs. In addition to free and subsidized care, Advocate offers programs and services that respond to communities' unique needs. These include health and wellness screenings, behavioral health services, and school-based health care. Advocate has also made significant investments in language-assistance programs. Contributions to other not-for profit community organizations, as well as equipment, supplies and clinic space donations totaled \$4.6 million. Advocate also increased its provision of medical education and training by more than \$9 million. As part of its annual Community Benefits Report, Advocate provided a detailed breakdown of these contributions.

Each year, a portion of Advocate's community benefits efforts support Advocate Trinity Hospital's Southeast Side service area and its role as a safety net hospital.

Advocate Trinity Hospital's ("Trinity," "Hospital) current intensive care expansion project is centered on increasing capacity to provide more services to the South Market including the Southeast Side of Chicago. The proposed additional 12 intensive care beds and modest expansion of Outpatient Physical Medicine and Outpatient Cardiac Rehabilitation will expand capacity for these safety net services. The expansions will make these services more accessible to a growing number of patients with limited financial access to health care, special needs, or other limitations. Capital funds for the Project are provided by Advocate Health and Hospitals Corporation.

2. *The Project's impact on the ability of another provider of health care system to cross-subsidize safety net services, if reasonably know by the applicant.*

Advocate Trinity Hospital's addition of 12 intensive care beds and modernization of space to house the beds as well as two rehab services should not affect any other facility's ability to cross-subsidize other safety net services. The patients expected to use the service that are part of the Project, historically, have been served by Trinity.

3. *How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.*

Not applicable. No facility or services are being discontinued as part of this project.

**Safety Net Impact Statements shall also include all of the following.**

1. *For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.*
2. *For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.*

1. And 2. In July 2012, Advocate Health and Hospitals Corporation released a statement that Advocate provided more than \$571 million in charitable care and services in 2011.

Advocate Trinity Hospital certifies that the following charity care and community benefits information is accurate and complete and in accordance with the Illinois Community Benefits Act, and certifies that the amount of care provided to Medicaid patients is consistent with the information published in the Annual Hospital Profile.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year – 2009	Year – 2010	Year – 2011
Inpatient	288	306	396
Outpatient	1,189	1,344	1,952
Total	1,477	1,650	2,348
Charity (cost In dollars)			
Inpatient	\$2,916,400	\$2,094,300	\$2,499,000
Outpatient	\$1,552,600	\$1,244,100	\$1,505,000
Total	\$4,469,000	\$3,338,400	\$4,004,000
MEDICAID			
Medicaid (# of patients)	Year – 2009	Year – 2010	Year – 2011
Inpatient	3,294	3,443	3,300
Outpatient	22,080	21,152	22,928
Total	25,374	24,595	26,228
Medicaid (revenue)			
Inpatient	\$65,145,052	\$70,387,729	\$70,424,825
Outpatient	\$35,658,534	\$39,358,299	\$45,487,459
Total	\$100,803,586	\$109,746,028	\$115,912,284

Source: Hospital Records

3. *Any information the applicant believes is directly relevant to safety net services, including information regarding teaching and research, and any other service.*

Advocate Trinity Hospital has served Chicago's Southeast Side for over 115 years.

Trinity is a vital health care resource to this community that is characterized by low family income, high unemployment, low education, and high incidence of cardiovascular disease, stroke, diabetes and cancer and related comorbidities. The Hospital is dedicated to providing excellent health care close to home for this community. Trinity serves more than 90,000 patients each year.

The Hospital is fully accredited and provides a full range of inpatient and outpatient services as well as a variety of community benefit/outreach programs. Over the years the acuity of the Hospital's case mix has increased and today the Hospital is one of largest providers with among the highest acuity case mix in in Planning Area A-03, the Hospital's service area.

Attachment 43, Table  
Comparison of Case Mix Indices among Planning Area A-03 Hospital

Provider	Number of Beds	Discharges Jan.-Sept. 2012	Case Mix Index
University of Chicago Medical Center	568	19,215	1.7897
Presence Mercy Medical Center	449	7,653	1.2224
Holy Cross Hospital	274	7,426	1.2034
Advocate Trinity Hospital	193	9,738	1.1489
South Shore Hospital	146	3,062	1.0923
Roseland Community Hospital	134	2,635	0.9432
Jackson Park Hospital	261	5,508	0.9239
Provident Hospital of Cook County	113	1,179	0,7847

Source: *Hospital Profiles, 2011*; COMPdata

Trinity is a Disproportionate Share Hospital; this means that the Medicaid inpatient utilization rate is at least the statewide mean plus one standard deviation and a low income utilization rate of at least 25 percent.

As noted in Attachment 13, Empirical Evidence, Trinity has an aggressive outcomes improvement and safety program and has been recognized for their quality by Health Grades® with 5 star ratings for pulmonary and stroke care as well as the highest rating for hip replacement surgery. Health Grades® also recognized the Hospital for Emergency Medicine Excellence. Further, Trinity was named a “Promising Practice” by AHA’s Institute for Diversity in Health Care Management.

Advocate Trinity Hospital partners with schools, businesses, and community-based, faith-based, and other organizations in the community to help create a better tomorrow.

Trinity’s dedication to expanding its partnerships has resulted in a network of more than 80 community organizations, key leaders, elected officials and the faith community to implement and enhance community outreach programs. The Hospital is working with over 45 churches to implement the Faith and Health Outreach program which includes health screenings, health fairs and programs such as the healthy lifestyle behavioral modification programs “Active for Your Health” and “First Place for Health” that teach healthy principles. Further, Trinity works with grassroots community organizations and neighborhood groups to address the health needs and community concerns that impact the community. Finally, the Hospital works with the Chicago Health Department on a number of initiatives.

From introducing teens to health care careers to helping adults improve their health through education and prevention, Advocate and the Hospital's staff expresses its mission, values and philosophy to the community.

The following represent a few examples of Trinity's commitment as a safety net provider to the Southeast Side community.

- Work Re-entry Training

Trinity partners with the North Lawndale Employment Network to train service candidates for re-entry into the job market.

- Partnership with Local High Schools

The Hospital offers job shadowing and volunteer opportunities to introduce students to health care careers.

- Community Health Outreach Programming

Through the Community Health Promotion Department, the Hospital takes health care outside of the hospital and into the neighborhoods and offer programs free of charge.

- Senior Advocate Programs

Trinity offers a Breakfast Club, Exercise and Nutrition Program, an AARP 55 Alive Defensive Driving Course, as well as Flu Shot Clinics and free subscriptions to Senior Advocate Magazine

- Diabetes Self-Management Program

The Hospital offers a Diabetes Support Group and education efforts to residents diagnosed with diabetes and their families.

Advocate Trinity's 2011 Community Benefits Year-End Summary Report is included as Attachment 43, Exhibit 1.

As part of its mission, Advocate has provided funds for capital, operations, and charity care to serve this community. Between 2008 and 2012, Advocate Health and Hospitals provided to Advocate Trinity Hospital and the Southwest Side community \$72.0 million in capital (including funds for the proposed intensive care bed expansion) and \$28.6 million for operations and charity care, or a total of more than \$100.6 million.

In summary, Advocate Health and Hospitals Corporation and Advocate Trinity Hospital make a vital contribution to Chicago's Southeast Side communities. It is truly a safety net for the health needs of the local residents.

**2011 Community Benefits Year-End Summary Report**

I have provided the following referenced information to Advocate Health Care Network for purposes of its filing under the Annual Non-Profit Community Benefits Plan Report and the documents related thereto. To the best of my knowledge, after due inquiry, all such information is true and complete and contains no material misstatements or omissions that could render such information untrue or incomplete.

(Note: 3 names required below)

VP/Finance/Program Director's

Name: Maureen Morrison Ext.: 45-5050 Site: Advocate Trinity Hospital

\*VP of Finance must review and approve the site's report. If the site has no VP of Finance, then the Program Director may review and approve report.

Finance Cmty Bnfts Reporting

Leader's Name: Erika Alvarez-Lockie Ext.: 45-5071 Submittal Date: April 6, 2012

Cmty Health Leader's Name: Jackie Rouse Ext.: 45-3453 Other: Patrick Owens 45-5410

Community Benefits Reporting Category

Information Required	From Community Health Events Worksheet Report	From Planning & Management Operations Worksheet Report	Category Totals	Comments
<b>Community Health Events</b>				
Total Number of Lives Touched (Attendees)	7,759	-	7,759	Since the community health manager manages both the Vol. Svcs. & Cmty Hlth Depts, her salary and department costs are divided equally between the two departments. The 1/2 related to Cmty Health is reported in this category.
Total Number of Services Administered	10,179	2,143	12,322	Total svcs. administered is included here for Smr Transportation Svcs. as Other In-Kind Donations
Total Volunteer Hours	489	-	489	Workshs don't have a place to report that data.
Total Staff Hours	2,914	623	3,537	Totals are Correct/LR
Total Expense	187,910.26	141,531.62	309,441.88	
Total Revenue	58,449.64	-	58,449.64	
Total Community Health Events Community Benefit	\$ 109,460.62	\$ 141,531.62	\$ 250,992.24	
<b>Cash Donations</b>				
Information Required	From Cash Donations Worksheet Report	From Planning & Management Operations Worksheet Report	Category Totals	Comments
Total Number of Lives Touched (if available)	-	NA	-	Reviewed by Finance for South Chicago Neighborhood donation of \$1,000.
Total Cash Donations Community Benefit	\$ 9,092.00	NA	\$ 9,092.00	Totals are Correct/LR
<b>Meeting Space In-Kind Donations</b>				
Information Required	From Meeting Space Donations Worksheet Report	From Planning & Management Operations Worksheet Report	Category Totals	Comments
Total Number of Lives Touched (Attendees)	139	NA	139	Plng & Mngt. Operations provided by Cmty Relations Dept., therefore cmty relations' staff costs associated with arranging meeting space is exclusively captured in the community health events category.
Total Staff Hours	6	NA	6	Totals are Correct/LR
Total Value of Meeting Space	\$ 1,494.20	NA	\$ 1,494.20	
Total Revenue	\$ -	NA	\$ -	
Total Meeting Space In-Kind Donations Community Benefit	\$ 1,494.20	NA	\$ 1,494.20	
<b>Other In-Kind Donations</b>				
Information Required	From Other In-Kind Donations Worksheet Report	From Planning & Management Operations Worksheet Report	Category Totals	Comments
Total Number of Lives Touched (if available)	1,072	-	1,072	Total Services Admin. reported in Cmty Health Events category as no place to report it in Other In-Kind Donations category.
Total Other In-Kind Donations Community Benefit	\$ 67,565.51	\$ 21,946.90	\$ 89,532.41	Totals are Correct/LR
<b>Information Required</b>	From Health Professionals Education Worksheet Report	From Planning & Management Operations Worksheet Report	Category Totals	Comments
Information Required				

Health Professionals Education	Total Number of Students Attending	1,493	-	1,493	HPE costs carried over to here from Planning & Mngt Operations report. Students taught reported in the HPE report are Correct/LR
	Total Staff Hours	71,874	-	71,874	
	Total Expense	\$ 4,218,808.30	\$ 20,610.00	\$ 4,239,418.30	
	Total Revenue	\$ -	\$ -	\$ -	
Total Health Professionals Education Community Benefit	\$ 4,218,808.30	\$ 20,610.00	\$ 4,239,418.30		
Language Assistance Services	Information Required	From Language Assistance Services Worksheet Report	From Planning & Management Operations Worksheet Report	Category Totals	Comments
	Total Number of Encounters	931	-	931	LAS coordinator's costs reported in Png & Mngt Ops.
	Total Expense	\$ 38,260.98	\$ 8,952.98	\$ 47,213.96	LAS coordinator's costs reported in Png & Mngt Ops. lives touched are included in LAS Worksheet Report.
	Total Revenue	\$ -	\$ -	\$ -	Correct/LR
Volunteer Services	Information Required	From Volunteer Services Worksheet Report	From Planning & Management Operations Worksheet Report	Category Totals	Comments
	Total Number of Lives Touched (if available)	-	-	-	Since the community health manager manages both the Vol. Svcs. & Cmty Hlth
	Total Staff Hours	2	623	625	Depls, her salary and department costs are divided equally between the two departments.
	Total Volunteer Hours	8,826	-	8,826	The 1/2 related to Volunteer Services is reported in this category.
Total Community Benefit-Staff	\$ 78.30	\$ -	\$ 78.30	Totals are Correct/LR	
Total Community Benefit-Community Volunteers	\$ 63,888.50	\$ 141,531.62	\$ 205,420.12		
Combined Total Staff & Cmty Volunteer Svcs. Cmty Benefit	\$ 64,066.80	\$ 141,531.62	\$ 205,698.42		
<b>TOTAL COMMUNITY BENEFIT (Total Costs for All Categories Combined)</b>				<b>\$ 4,863,341.13</b>	<b>Correct/LR</b>

HEALTH PROFESSIONALS EDUCATION -- TOTAL NUMBER OF UNIQUE STUDENTS TAUGHT

Please contact the Director/Manager responsible for each of your site's Health Professional Education programs (i.e., pharmacy students, nursing students, physical therapy students, radiology students, etc.) and ask those individuals to provide you with the total number of UNIQUE students taught for their program during the Jan. 1 thru Dec. 31 calendar year. UNIQUE refers to a student being counted only once during the calendar year, regardless of whether they are taught weekly, monthly biannually or the entire year.

Total Number of "UNIQUE" Students Taught in Health Professional Education Programs at Your Site for the Calendar Year	1493
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VOLUNTEER SERVICES -- TOTAL NUMBER OF UNIQUE COMMUNITY VOLUNTEERS

Please contact the Director/Manager responsible for your site's Volunteer Services program and ask that individual to provide you with the total number of UNIQUE community volunteers (individuals that come from the community who volunteer their time to Advocate) for their program during the Jan 1 thru Dec. 31 calendar year. UNJQUE refers to the community volunteer being counted only once during the calendar year. Even if the department elects to report its community volunteers using the community benefits reporting worksheets more frequently throughout the year (quarterly for example), the total number of unique community volunteers provided below will represent each volunteer only being counted one time for the entire calendar year.

Total Number of "UNIQUE" Volunteers From the Community that Provided Their Time to Your Site for the Calendar Year	57
--	----

Correct/LR

**2011 Cash Disbursements Report  
for Advocate Community Hospital**

Occurrence Date	Donation Recipient	Donation Description	Dollar Amount	Total Community Benefit	Number of Lives Touched
06/30/2011	South Chicago Neighborhood House	Donation given to support community programs at South Chicago Neighborhood House Senior Program which provides free activities to seniors.	1,000.00	1,000.00	0
06/17/2011	Chicago Defender Charities	Support of Bud Billiken Parade and Chicago Defender Charities by to provide scholarships to high school students enter college.	250.00	250.00	0
02/18/2011	Villa Guadalupe Senior Services	Donation to support senior health fair	1,000.00	1,000.00	0
03/22/2011	American Cancer Society	Donation to support the Southeast Chicago Relay for Life Walk	1,000.00	1,000.00	0
03/22/2011	Villa Guadalupe Senior Services	Donation to support senior resource fair	350.00	350.00	0
10/12/2011	University of Illinois Foundation	2011 Sponsorship for the Power of Nursing Leadership event	2,000.00	2,000.00	0
05/16/2011	National Association of Health Service Executives	Fundraiser for National Association of Health Service Executives	495.00	495.00	0
05/09/2012	Roseland Community Hospital Foundation	Roseland Community Hospital 4th Annual Golf Outing	437.00	437.00	0
06/07/2011	Calumet Area Industrial Commission	Contribution toward door prize items for annual golf outing.	100.00	100.00	0
04/29/2011	Chicago Family Health Center	Partner sponsorship Healing Hands Celebration	650.00	650.00	0
04/12/2011	Leadership Greater Chicago	Half Leadership Circle Sponsorship	400.00	400.00	0
04/25/2011	Woodlawn Community Development Corp	Support for the 4th Annual Mother's Day Luncheon on May 13, 2011.	200.00	200.00	0
02/18/2011	Antioch Missionary Baptist Church	Support for fundraiser for Pastoral Anniversary Gala - half page ad	200.00	200.00	0
07/16/2011	Ada S. McKinley Community Services	Support of annual golf outing with purchase of one ticket	10.00	10.00	0
12/15/2011	Association of Togolese	Charitable contribution to the Sivame Free Clinic sponsored by Association of Togolese in Chicagoland	1,000.00	1,000.00	0
			<b>\$9,092.00</b>	<b>\$9,092.00</b>	<b>0</b>

2011 Other In-kind Donations

Submit Date	Primary Contact Name	Advocate Site	Donating Facility	Primary Cost Center Number	Donation Day/Date	Donation Recipient	Donation Description	Donation Type	Dollar Amount	Total Community Benefit	Number of Lives Touched
03/30/2012	Jackie Rouse	Trinity Hospital	Trinity Hospital	065-1039	12/31/2011	Patients/Out patients	Parking/transportation vouchers	Parking/Cab Vouchers	\$ 3,537.51	\$ 3,537.51	0
03/30/2012	Jackie Rouse	Trinity Hospital	Trinity Hospital	065-8639	12/31/2011	Patients/Out patients	Costs of maintaining a transportation service for senior wellness bus	Transportation for Patients/Families	\$ 64,048.00	\$ 64,048.00	1072
<b>Totals</b>									<b>\$ 67,585.51</b>	<b>\$ 67,585.51</b>	<b>1072</b>

## **XII. Charity Care Information**

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

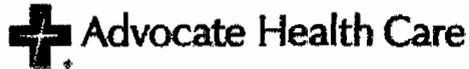
CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS **ATTACHMENT-44**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Advocate Trinity Hospital's 3-year summary of charity care is included as Attachment 44, Exhibit 1. Advocate's web page describes the charity care program that is available at each of the System's hospitals; this overview is provided in English and Spanish at [http://www.advocatehealth.com/blank.cfm?print=yes&id=455&iirf\\_redire](http://www.advocatehealth.com/blank.cfm?print=yes&id=455&iirf_redire); this is provided as Attachment 44, Exhibit 2. This web page directs the reader to the Summary of Advocate's Health Care Charity Policy, Attachment 44, Exhibit 3 and a copy of the Charity Care Application, Attachment 44, Exhibit 4.

CHARITY CARE			
	2009	2010	2011
Net Patient Revenue	\$114,785,773	\$128,697,955	\$125,159,175
Amount of Charity Care (charges)	\$16,392,000	\$11,076,00	\$11,306,593
Cost of Charity Care	\$4,469,000	\$3,338,400	\$4,004,000

Source: Hospital Records



## Charity/Financial Assistance Guidelines

You can also view this page in [Spanish](#).  
Usted puede ver ésta página en [español](#).

Consistent with Advocate Health Care's values of compassion and stewardship, it is Advocate's policy to provide charity care to patients in need. Advocate prides itself on assisting those individuals.

Advocate patients are encouraged to communicate with their hospital's financial counselor if they anticipate difficulty paying their portion of the hospital bill. Our counselors make every effort to help patients who are uninsured or face other financial challenges that may prevent them from paying for the health care services we provide. Counselors may assist patients in applying for a government-funded program (such as Illinois Medicaid, Kid Care, Family Care or crime victim funds), setting up an extended payment plan or applying for Advocate charity care.

Advocate's charity care program provides discounts (up to 100 percent of hospital charges) to patients who meet financial eligibility guidelines.

A key provision of charity care requires the cooperation of the patient in providing health insurance information, applying for available government programs, completing an Advocate charity care application, and providing any requested supporting documentation. Given the sensitive nature of these requests, all communications with the patient or family members will be handled in strict confidence and in a compassionate manner.

If you are interested in applying for government funding or Advocate charity care, please click on the hospital; [BroMenn](#), [Christ](#), [Condell](#), [Eureka](#), [Good Samaritan](#), [Good Shepherd](#), [Illinois Masonic](#), [Lutheran General](#), [South Suburban](#), or [Trinity](#), where you received care and follow the instructions listed. You may also obtain a charity care application at the cashier office in the hospital lobby.

Advocate's provision of charity care is voluntary and discretionary and nothing in the web page or the process is intended to create a contract. The availability of charity care is dependent on financial viability and the condition of the hospital at the time of the determination.

To learn more about our charity care program in Spanish click [here](#).

View our patient brochure: [Understanding Billing and Financial Assistance](#)

- [English](#)
- [Español](#)

[http://www.advocatehealth.com/blank.cfm?print=ves&id=455&iirf\\_redirect](http://www.advocatehealth.com/blank.cfm?print=ves&id=455&iirf_redirect) 12/28/2012



**SUMMARY OF ADVOCATE HEALTH CARE'S CHARITY CARE POLICY<sup>1</sup>**

It is the policy of Advocate Health Care to provide financial assistance to patients in need. Advocate hospitals will extend medically necessary services free-of-charge, or at a reduced amount, to an individual who is eligible under the following criteria. This summary applies to patients of Advocate Hospitals (i) who have no private health insurance or public health coverage (such as Medicare, Medicaid or other government programs) or (ii) whose co-payments and deductibles equal or exceed \$5,000 in a calendar year.

Charity Care decisions are based on the family's "gross income," which means gross earnings reportable to the federal government. An uninsured patient whose family's gross income does not exceed six times the Federal Poverty Level ("FPL") may qualify for Charity Care. The FPL varies with the size of the family and is updated annually. For example, as of January 26, 2012, an uninsured family of four may be eligible for Charity Care if its household income is less than \$138,300 per year. You may also be granted Charity Care if your family income is higher than six times FPL if you can show extenuating financial circumstances (such as large outstanding medical bills).

The following table will be used to make the Charity Care determinations:

Multiple of FPL	0 - 2	2 - 3	3 - 4	4 - 6 <small>(Uninsured Illinois residents with a balance &gt;\$300)</small>
Expected Payment	\$0	Hospital's Cost of Services Provided	Hospital's Cost of Services Provided	135% of the Hospital's Cost of Services
Maximum Expected Payment	\$0	5% of Family Income	10% of Family Income	25% of Family Income

To qualify for Charity Care, you must complete the attached application form and mail or deliver it to the Advocate Hospital where you were treated. All communications with the patient or family members will be handled in strict confidence and in a compassionate manner. The application requires you to certify your family's current monthly income, and provide proof in the form of W-2 forms, tax return or pay stubs if available. If you cannot provide such documents, the determination will be based on your certification of your family's income. It is your responsibility to cooperate with Advocate by filling out the application and providing the requested information if possible, and also by helping Advocate seek payment from health insurers or the government if such payment might be available. While your application for Charity Care is pending, Advocate will not try to collect the bills for which you are seeking assistance.

If you apply for Charity Care, the Advocate Hospital will notify you whether your application has been approved or denied. If you disagree with Advocate's decision, you may appeal the decision to the Ombudsperson within 45 days. The Ombudsperson can be reached at (630) 575-3446. You may also contact the Ombudsperson if you have questions about the Charity Care process, or you may contact the Advocate Hospital's financial counselors at 773-967-5044.

Return your completed application and documents to the hospital at the following address:

**Advocate Trinity Hospital**  
**ATTN: Business Office / Financial Counselor**  
**2320 East 93<sup>rd</sup> Street**  
**Chicago, IL 60617**

<sup>1</sup> This is a summary created pursuant to a settlement agreement in *Cristiani v. Advocate Health Care* and applies only to patients covered by that agreement. If there are any differences between this summary and the settlement agreement, the terms of the settlement agreement control. This summary does not guarantee or grant any third party or person any rights, claims, benefits or privileges beyond those that may exist under the *Cristiani* settlement. This summary does not constitute an offer to any particular patient and creates no contractual rights or obligations.



**Charity Care Application**

**Patient Account Number(s):** \_\_\_\_\_

<b>INSTRUCTIONS: COMPLETE THE APPLICATION IN FULL AND SIGN THE AUTHORIZATION TO VERIFY INFORMATION.</b>						
<b>PATIENT INFORMATION</b>						
Last Name	First	M.I.	Age	Social Security Number	Family Size	
Street	Apt. #	City	State	Zip Code	Home Phone	
Employer	Address				Cell Phone	
City	State	Zip Code	Monthly Income		Work Phone	
<b>SPOUSE / (PARENT INFORMATION IF MINOR)</b>				Relationship to Patient		Age
Last Name	First	M.I.	Social Security Number	Home Phone		
Employer	Address				Cell Phone	
City	State	Zip Code	Monthly Income		Work Phone	
<b>INCOME INFORMATION</b>						
Please provide one or more of the following for each employed family member and sign the statement below.						
1) a copy of most recent tax return						
2) a copy of most recent W-2 and 1099 Forms						
3) a copy of most recent pay stub						
If you cannot provide any documentation relating to your income, fill out the statement below:						
I, _____ (name), certify that I have no documents that prove my family's monthly income of \$ _____. I understand that if the above information is untrue, any charity granted to me may be forfeited, future requests may be denied and I will be responsible for payment of the hospital bill.						

**OTHER INFORMATION**

If you have additional documents that may help Advocate make a determination regarding your application, such as large outstanding bills which would show financial hardship, please provide those documents (example: phone bills, electricity bills, medical bills, bank or checking statements, etc....)

**APPLICANT CERTIFICATION:** I certify that the above information is true and complete to the best of my/our knowledge. I understand that as part of the financial screening process, my/our address, employment and credit history may be verified. I authorize Advocate to obtain copies of my tax returns from the Internal Revenue Service and the Illinois Department of Revenue.

Applicant Signature: \_\_\_\_\_

Date: \_\_\_\_\_

If you have any questions regarding your application please call the Financial Counselor at 773-967-5044.

Return your completed application and documents to the hospital at the following address:

**Advocate Trinity Hospital**  
**ATTN: Business Office / Financial Counselor**  
**2320 East 93<sup>rd</sup> Street**  
**Chicago, IL 60617**

Appendix A

Site Ownership Documentation

Trinity

COMMITMENT FOR TITLE INSURANCE



# Chicago Title Insurance Company

Providing Title Related Services Since 1847

CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, herein called the Company, for a valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A (which policy or policies cover title risks and are subject to the Exclusions from Coverage and the Conditions and Stipulations as contained in said policy/ies) in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor, all subject to the provisions of Schedules A and B hereof and to the Commitment Conditions and Stipulations which are hereby incorporated by reference and made a part of the Commitment. A complete copy of the Commitment Conditions and Stipulations is available upon request and such include, but are not limited to, the proposed Insured's obligation to disclose, in writing, knowledge of any additional defects, liens, encumbrances, adverse claims or other matters which are not contained in the Commitment; provisions that the Company's liability shall in no event exceed the amount of the policy/ies as stated in Schedule A hereof, must be based on the terms of this Commitment, shall be only to the proposed Insured and shall be only for actual loss incurred in good faith reliance on this Commitment; and provisions relating to the General Exceptions, to which the policy/ies will be subject unless the same are disposed of to the satisfaction of the Company.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by issuance of a revised Commitment.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

This Commitment is based upon a search and examination of Company records and/or public records by the Company. Utilization of the information contained herein by an entity other than the Company or a member of the Chicago Title and Trust Family of Title Insurers for the purpose of issuing a title commitment or policy or policies shall be considered a violation of the proprietary rights of the Company of its search and examination work product.

This Commitment shall not be valid or binding until signed by an authorized signatory.

Issued By:

CHICAGO TITLE INSURANCE COMPANY  
1725 S. NAPERVILLE RD  
WHEATON, IL 60187

Refer Inquiries To:

(630)871-3500



CHICAGO TITLE INSURANCE COMPANY

By

*Henry S. Gery*  
Authorized Signatory

Commitment No.: 1410 008284165 UL

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE A

YOUR REFERENCE: ADVOCATE TRINITY HOSPITAL

ORDER NO.: 1410 008284165 UL

EFFECTIVE DATE: JULY 30, 2007

1. POLICY OR POLICIES TO BE ISSUED:

LOAN POLICY: ALTA LOAN 1992  
AMOUNT: \$10,000.00  
PROPOSED INSURED: TO COME

2. THE ESTATE OR INTEREST IN THE LAND DESCRIBED OR REFERRED TO IN THIS COMMITMENT AND COVERED HEREIN IS A FEE SIMPLE UNLESS OTHERWISE NOTED.

3. TITLE TO SAID ESTATE OR INTEREST IN SAID LAND IS AT THE EFFECTIVE DATE VESTED IN:  
ADVOCATE HEALTH AND HOSPITALS CORPORATION, AN ILLINOIS NOT FOR PROFIT CORPORATION

4. MORTGAGE OR TRUST DEED TO BE INSURED:

TO COME.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE A (CONTINUED)

ORDER NO.: 1410 008284165 UL

5. THE LAND REFERRED TO IN THIS COMMITMENT IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 26 THROUGH 29, BOTH INCLUSIVE, LOTS 31 THROUGH 35, BOTH INCLUSIVE, AND LOTS 37, 38, 39 AND 40 IN BLOCK 15 IN S. E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14; EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 1 THROUGH 4, BOTH INCLUSIVE, LOT 5 (EXCEPT THE SOUTH 16 FEET OF THE EAST 75 FEET THEREOF), LOT 6 (EXCEPT THE SOUTH 8 FEET THEREOF AND EXCEPT THE EAST 16 FEET OF THE NORTH 75 FEET THEREOF), LOT 7 (EXCEPT THE SOUTH 8 FEET THEREOF AND EXCEPT THE WEST 16 FEET THEREOF), LOT 20 (EXCEPT THE NORTH 8 FEET THEREOF), LOT 21 (EXCEPT THE NORTH 8 FEET THEREOF) AND LOTS 22 THROUGH 26, BOTH INCLUSIVE, IN BLOCK 16 IN S. E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14, TOGETHER WITH THE EAST AND WEST VACATED 16 FOOT ALLEY BEING THE SOUTH 8 FEET OF LOTS 6 AND 7 AND THE NORTH 8 FEET OF LOTS 20 AND 21 (EXCEPT THE EAST 16 FEET THEREOF); TOGETHER WITH THE NORTH AND SOUTH VACATED 16 FOOT ALLEY BEING THE WEST 16 FEET OF LOT 7 (EXCEPT THE SOUTH 8 FEET THEREOF); TOGETHER WITH THE NORTH AND SOUTH VACATED 16 FOOT ALLEY BEING THE EAST 16 FEET OF THE NORTH 75 FEET OF LOT 6), ALL IN BLOCK 16 AFORESAID, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOTS 1, 2 (EXCEPT THE WEST 26.0 FEET THEREOF), 8 AND 9 IN CLARK'S RESUBDIVISION OF THE EAST 153.58 FEET OF BLOCK 17 IN S. E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

LOTS 1 THROUGH 15, BOTH INCLUSIVE, AND LOTS 45 AND 46 IN BLOCK 18 IN S. E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 5:

LOTS 11, 12, 39, 40 AND 42 THROUGH 46, BOTH INCLUSIVE, IN BLOCK 19 IN S. E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 6:

LOTS 1, 2, 3, 46, THE NORTH 1/2 OF LOT 39, ALL OF LOTS 40 AND 41 AND THE SOUTH 1/2 OF LOT 42 IN BLOCK 20 IN S. E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH,

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE A (CONTINUED)

ORDER NO.: 1410 008284165 UL

RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 7:

THE NORTH AND SOUTH VACATED 16 FOOT ALLEY LYING WEST OF AND ADJOINING LOTS 1 THROUGH 5, BOTH INCLUSIVE; LYING SOUTH OF THE NORTH LINE OF LOT 1 PRODUCED WEST AND NORTH OF THE SOUTH LINE OF LOT 5 PRODUCED WEST, IN BLOCK 16 IN S. E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 8:

THE EAST AND WEST VACATED 16 FOOT ALLEY LYING SOUTH OF AND ADJOINING LOT 5 (EXCEPT THE EAST 75 FEET THEREOF) AND SOUTH OF AND ADJOINING THE SOUTH LINE OF LOT 5 PRODUCED WEST 16 FEET, IN BLOCK 16 IN S. E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 9:

LOTS 8 THROUGH 24, BOTH INCLUSIVE, IN CLARK AND MILBRAITH'S RESUBDIVISION OF LOTS 8 TO 19, INCLUSIVE, IN BLOCK 16 IN S. E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 10:

THE EAST AND WEST VACATED 16 FOOT ALLEY LYING SOUTH OF AND ADJOINING LOTS 8 THROUGH 14, BOTH INCLUSIVE, AND LYING NORTH OF AND ADJOINING LOTS 15 THROUGH 24, BOTH INCLUSIVE, ALL IN CLARK AND MILBRAITH'S RESUBDIVISION OF LOTS 8 TO 19 INCLUSIVE IN BLOCK 16 OF S. E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 11:

ALL OF THE VACATED EAST AND WEST ALLEY, 32 FEET WIDE, LYING NORTH OF AND ADJOINING THE NORTH LINE OF LOTS 24, 25 AND 26, LYING SOUTH OF THE NORTH LINE OF THE SOUTH 16 FEET OF LOT 5, LYING EAST OF THE WEST LINE OF THE EAST 75 FEET OF SAID LOT 5 AND SAID WEST LINE EXTENDED SOUTHERLY, AND LYING WESTERLY OF THE EAST LINE OF SAID LOT 5 AND SAID EAST LINE EXTENDED SOUTHERLY, ALL IN BLOCK 16 IN S. E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 12:

LOTS 1 THROUGH 10, BOTH INCLUSIVE, IN BLOCK 19 IN S. E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 13:

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE A (CONTINUED)

ORDER NO.: 1410 008284165 UL

ALL THAT PART OF SOUTH CRANDON AVENUE, LYING WEST OF THE WEST LINE OF LOTS 14 AND 15, LYING WEST OF THE WEST LINE OF VACATED EAST/WEST 16 FOOT ALLEY VACATED BY ORDINANCE APPROVED BY THE CITY OF CHICAGO JANUARY 27, 1941 AND RECORDED FEBRUARY 27, 1941 IN THE OFFICE OF THE RECORDER OF DEEDS OF COOK COUNTY, ILLINOIS AS DOCUMENT NUMBER 12631033; ALSO BEING DESCRIBED AS A LINE DRAWN FROM THE SOUTHWEST CORNER OF LOT 14 TO THE NORTHWEST CORNER OF LOT 15 IN CLARK AND MILBRATH'S RESUBDIVISION OF LOTS 8 TO 19, BOTH INCLUSIVE, IN BLOCK 16 IN S.E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO BEING A SUBDIVISION OF THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, LYING EAST OF THE EAST LINE OF LOTS 1 AND 9 IN CLARK'S RESUBDIVISION OF THE EAST 153.58 FEET OF BLOCK 17 IN SE GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO AFORESAID, LYING EAST OF THE EAST LINE OF THE EAST/WEST 16 FEET PUBLIC ALLEY DEDICATED BY PLAT OF DEDICATION FOR PUBLIC ALLEY APPROVED BY THE CITY COUNCIL OF THE CITY OF CHICAGO, JULY 13, 1896 AND RECORDED AUGUST 11, 1896 IN THE OFFICE OF THE RECORDER OF DEEDS OF COOK COUNTY, ILLINOIS AS DOCUMENT 2428081 SAID LINE BEING DESCRIBED AS THE EAST LINE OF THE SOUTH 7 FEET OF LOT 4 AND THE EAST LINE OF THE NORTH 9 FEET OF LOT 5 IN BLOCK 17 IN S.E. GROSS' CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO LYING SOUTH OF A LINE DRAWN FROM THE NORTHWEST CORNER OF LOT 14 IN CLARK AND MILBRAITH'S RESUBDIVISION AFORESAID TO THE NORTHWEST CORNER OF LOT 1 IN CLARK'S RESUBDIVISION AFORESAID AND LYING NORTH OF A LINE DRAWN FROM THE SOUTHWEST CORNER OF LOT 15 IN CLARK AND MILBRAITH'S RESUBDIVISION AFORESAID TO THE SOUTHEAST CORNER OF LOT 9 IN CLARK'S RESUBDIVISION AFORESAID;

ALSO

THAT PART OF THE EAST/WEST 16 FOOT PUBLIC ALLEY DEDICATED BY PLAT OF DEDICATION FOR PUBLIC ALLEY APPROVED BY THE CITY COUNCIL OF THE CITY OF CHICAGO, JULY 13, 1896 AND RECORDED AUGUST 11, 1896 IN THE OFFICE OF THE RECORDERS OF DEEDS OF COOK COUNTY, ILLINOIS AS DOCUMENT NUMBER 2428081 BEING DESCRIBED ON THE LAST RECORDED DOCUMENT (BEING A PLAT OF DEDICATION) AS 'THE SOUTH 7 FEET OF LOT 4 AND THE NORTH 9 FEET OF LOT 5 OF SAID BLOCK 17 OF SAID S.E. GROSS' SUBDIVISION' AFORESAID, WHICH LIES BETWEEN A LINE DRAWN FROM THE SOUTHEAST CORNER OF LOT 1 IN CLARK'S RESUBDIVISION AFORESAID TO THE NORTHEAST CORNER OF LOT 9 IN CLARK'S RESUBDIVISION AFORESAID AND THE SOUTHERLY EXTENSION OF THE EAST LINE OF THE WEST 26.00 FEET OF LOT 2 IN CLARK'S RESUBDIVISION AFORESAID, SAID PUBLIC STREET AND PART OF PUBLIC ALLEY HEREIN VACATED BEING FURTHER DESCRIBED AS SOUTH CRANDON AVENUE LYING BETWEEN THE SOUTH LINE OF EAST 92ND PLACE AND THE NORTH LINE OF EAST 93RD STREET, TOGETHER WITH THE EAST 49.0 FEET, MORE OR LESS, OF THE EAST/WEST 16 FOOT PUBLIC ALLEY IN THE BLOCK BOUNDED BY EAST 92ND PLACE, EAST 93RD STREET, SOUTH LUELLA AVENUE AND SOUTH CRANDON AVENUE, ALL IN COOK COUNTY, ILLINOIS AS VACATED IN THE ORDINANCE RECORDED MAY 3, 1999 AS DOCUMENT 99425121, ALL IN COOK COUNTY, ILLINOIS

PARCEL 14:

LOT 41 IN BLOCK 19 IN S. E. GROSS CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, BEING A SUBDIVISION OF THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

PARCEL 15:

LOT 38 IN BLOCK 19 IN S. E. GROSS CALUMET HEIGHTS ADDITION TO SOUTH CHICAGO, BEING A SUBDIVISION OF THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

CHICAGO TITLE INSURANCE COMPANY  
 COMMITMENT FOR TITLE INSURANCE  
 SCHEDULE B

ORDER NO.: 1410 008284165 UL

1. WE SHOULD BE FURNISHED A PROPERLY EXECUTED ALTA STATEMENT.

2. NOTE FOR INFORMATION: THE COVERAGE AFFORDED BY THIS COMMITMENT AND ANY POLICY ISSUED PURSUANT HERETO SHALL NOT COMMENCE PRIOR TO THE DATE ON WHICH ALL CHARGES PROPERLY BILLED BY THE COMPANY HAVE BEEN FULLY PAID.

Y 3.

1. TAXES FOR THE YEAR(S) 2004, 2006 AND 2007  
 2007 TAXES ARE NOT YET DUE OR PAYABLE.

1A. NOTE: 2006 FIRST INSTALLMENT WAS DUE MARCH 01, 2007  
 NOTE: 2006 FINAL INSTALLMENT NOT YET DUE OR PAYABLE

PERM TAX#	PCL	YEAR	1ST INST	STAT
25-01-414-018-0000	1 OF 53	2006	NOT BILLED	
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 29 PARCEL 1				
25-01-414-020-0000	2 OF 53	2006	NOT BILLED	
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 31 PARCEL 1				
25-01-414-021-0000	3 OF 53	2006	NOT BILLED	
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 32 PARCEL 1				
25-01-414-022-0000	4 OF 53	2006	NOT BILLED	
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 33 PARCEL 1				
25-01-414-023-0000	5 OF 53	2006	NOT BILLED	
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 34 PARCEL 1				
25-01-414-024-0000	6 OF 53	2006	\$409.19	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 35 PARCEL 1				
25-01-414-026-0000	7 OF 53	2006	\$464.75	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 37 PARCEL 1				
25-01-414-052-0000	8 OF 53	2006	NOT BILLED	
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOTS 38-40 PARCEL 1				
25-01-414-053-0000	9 OF 53	2006	NOT BILLED	
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOTS 26-28 PARCEL 1				

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

25-01-415-011-0000	10 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PART LOT 2 PARCEL 3 & PART OF VACATED ALLEY			
25-01-415-012-0000	11 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 1 PARCEL 3 & PART OF VACATED ALLEY			
25-01-415-024-0000	12 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 8 PARCEL 3			
25-01-415-025-0000	13 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 9 PARCEL 3			
25-01-416-001-0000	14 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PART OF PARCEL 2, PARCEL 3 AND VACATED ALLEY			
25-01-416-002-0000	15 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 6 PARCEL 2 & PART OF VACATED ALLEY			
25-01-416-003-0000	16 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 1 PARCEL 2 & PART OF VACATED ALLEY			
25-01-416-004-0000	17 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 2 PARCEL 2 & PART OF VACATED ALLEY			
25-01-416-005-0000	18 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 3 PARCEL 2 & PART OF VACATED ALLEY			
25-01-416-006-0000	19 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 4 PARCEL 2 & PART OF VACATED ALLEY			
25-01-416-007-0000	20 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 5 PARCEL 2 & PART OF VACATED ALLEY			
25-01-416-008-0000	21 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 20 PARCEL 2 & PART OF VACATED ALLEY			

**CHICAGO TITLE INSURANCE COMPANY  
 COMMITMENT FOR TITLE INSURANCE  
 SCHEDULE B (CONTINUED)**

ORDER NO.: 1410 008284165 UL

25-01-416-009-0000	22 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 21 PARCEL 2 & PART OF VACATED ALLEY			
25-01-416-010-0000	23 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 22 PARCEL 2 & PART OF VACATED ALLEY			
25-01-416-011-0000	24 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 23 PARCEL 2 & PART OF VACATED ALLEY			
25-01-416-012-0000	25 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 24 PARCEL 2 & PART OF VACATED ALLEY			
25-01-416-013-0000	26 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 25 PARCEL 2 & PART OF VACATED ALLEY			
25-01-416-014-0000	27 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 26 PARCEL 2 & PART OF VACATED ALLEY			
25-01-422-008-0000	28 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 3 PARCEL 6			
25-01-422-029-0000	29 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 46 PARCEL 6			
25-01-422-033-0000	30 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 41 & SOUTH HALF LOT 42 PARCEL 6			
25-01-422-034-0000	31 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. NORTH HALF LOT 39 & LOT 40 PARCEL 6			
25-01-422-053-0000	32 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOTS 1 & 2 PARCEL 6			
25-01-423-011-0000	33 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 11 PARCEL 5			
25-01-423-012-0000	34 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 12 PARCEL 5			
25-01-423-029-0000	35 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 46 PARCEL 5			
25-01-423-030-0000	36 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOTS 44 & 45 PARCEL 5			
25-01-423-031-0000	37 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 43 PARCEL 5			
25-01-423-032-0000	38 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 42 PARCEL 5			
25-01-423-033-0000	39 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 41 PARCEL 14			
25-01-423-034-0000	40 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 40 PARCEL 5			
25-01-423-035-0000	41 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 39 PARCEL 5			
25-01-423-036-0000	42 OF 53	2006	NOT BILLED
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 38 PARCEL 15			
25-01-423-063-0000	43 OF 53	2006	\$73,238.12 PAID

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PART PARCEL 12  
25-01-423-064-0000 44 OF 53 2006 \$1,447.04 PAID  
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PART PARCEL 12  
25-01-424-001-0000 45 OF 53 2006 NOT BILLED  
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 10 PARCEL 4  
25-01-424-002-0000 46 OF 53 2006 NOT BILLED  
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 9 PARCEL 4  
25-01-424-003-0000 47 OF 53 2006 NOT BILLED  
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 8 PARCEL 4  
25-01-424-013-0000 48 OF 53 2006 NOT BILLED  
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. SOUTH HALF OF LOT 14 &  
LOT 15 PARCEL 4  
25-01-424-027-0000 49 OF 53 2006 NOT BILLED  
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 46 PARCEL 4  
25-01-424-028-0000 50 OF 53 2006 NOT BILLED  
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOT 45 PARCEL 4  
25-01-424-044-0000 51 OF 53 2006 NOT BILLED  
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOTS 3-7 PARCEL 4  
25-01-424-053-0000 52 OF 53 2006 NOT BILLED  
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOTS 1 & 2 PARCEL 4  
25-01-424-054-0000 53 OF 53 2006 NOT BILLED  
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. LOTS 11-13 & NORTH HALF  
OF LOT 14 PARCEL 4

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PERM TAX# 25-01-414-018-0000 PCL 1 OF 53 VOLUME 280

3A THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-414-020-0000 PCL 2 OF 53 VOLUME 280

3B THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-414-021-0000 PCL 3 OF 53 VOLUME 280

3C THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-414-022-0000 PCL 4 OF 53 VOLUME 280

3D THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-414-023-0000 PCL 5 OF 53 VOLUME 280

3E THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-414-052-0000 PCL 8 OF 53 VOLUME 280

3F THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-414-053-0000 PCL 9 OF 53 VOLUME 280

3G THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-415-011-0000 PCL 10 OF 53 VOLUME 280

3H THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-415-012-0000 PCL 11 OF 53 VOLUME 280

31 THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-415-024-0000 PCL 12 OF 53 VOLUME 280

3J THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-415-025-0000 PCL 13 OF 53 VOLUME 280

3K THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

4A SPECIAL ASSESSMENT WARRANT NUMBER 60474  
CITY, VILLAGE, TOWN: CITY OF CHICAGO

FOR IMPROVING ALLEYS  
CONFIRMED ON 04-21-1982 FOR 749.98

PAYABLE IN 5 INSTALLMENTS

INST	YEAR DUE OR RETURNED	DISPOSITION	AMOUNT	INT	VOL/PAGE	DATE
------	-------------------------	-------------	--------	-----	----------	------

1	1984	UNPAID RETURNED DELINQUENT	\$202.18			
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2	1985	UNPAID RETURNED DELINQUENT	\$197.07			
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PRINCIPAL AMOUNTING TO \$149.21  
APPLY TO COUNTY COLLECTOR

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-416-001-0000 PCL 14 OF 53 VOLUME 280

3L THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID

EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-416-002-0000 PCL 15 OF 53 VOLUME 280

3M THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-416-003-0000 PCL 16 OF 53 VOLUME 280

3N THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-416-004-0000 PCL 17 OF 53 VOLUME 280

30 THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-416-005-0000 PCL 18 OF 53 VOLUME 280

3P THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-416-006-0000 PCL 19 OF 53 VOLUME 280

3Q THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-416-007-0000 PCL 20 OF 53 VOLUME 280

3R THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-416-008-0000 PCL 21 OF 53 VOLUME 280

3S THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID

EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-416-009-0000 PCL 22 OF 53 VOLUME 280

3T THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-416-010-0000 PCL 23 OF 53 VOLUME 280

3U THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-416-011-0000 PCL 24 OF 53 VOLUME 280

3V THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-416-012-0000 PCL 25 OF 53 VOLUME 280

3W THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-416-013-0000 PCL 26 OF 53 VOLUME 280

3X THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-416-014-0000 PCL 27 OF 53 VOLUME 280

3Y THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-422-008-0000 PCL 28 OF 53 VOLUME 280

3Z THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-422-029-0000 PCL 29 OF 53 VOLUME 280

3AA THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-422-033-0000 PCL 30 OF 53 VOLUME 280

3AB THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-422-034-0000 PCL 31 OF 53 VOLUME 280

3AC THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-422-053-0000 PCL 32 OF 53 VOLUME 280

3AD THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-423-011-0000 PCL 33 OF 53 VOLUME 280

3AE THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE

COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-423-012-0000 PCL 34 OF 53 VOLUME 280

3AF THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-423-029-0000 PCL 35 OF 53 VOLUME 280

3AG THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID

EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-423-030-0000 PCL 36 OF 53 VOLUME 280

3AH THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-423-031-0000 PCL 37 OF 53 VOLUME 280

3AI THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-423-032-0000 PCL 38 OF 53 VOLUME 280

3AJ THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-423-033-0000 PCL 39 OF 53 VOLUME 280

3AK THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-423-034-0000 PCL 40 OF 53 VOLUME 280

3AL THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE

COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-423-035-0000 PCL 41 OF 53 VOLUME 280

3AM THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-423-036-0000 PCL 42 OF 53 YEAR 2004 VOLUME 280

2A THE GENERAL TAXES AS SHOWN BELOW

YEAR	AMOUNT
2004	\$ 714.90

THE FIRST ESTIMATED INSTALLMENT AMOUNTING TO \$ 349.96 IS PAID.

THE FINAL INSTALLMENT AMOUNTING TO \$ 364.94 IS UNPAID.  
THE TAX RECORDS SHOW \$ 86.13 PAID ON ACCOUNT ON FINAL INSTALLMENT.  
BALANCE UNPAID OF RECORD.

NOTE: ACQUIRED BY ADVOCATE HEALTH AND HOSPITAL DOCKET NUMBER

04-16-1895 UNDER CHAPTER 120 SECTION 508A AND 600. THIRTY-NINE  
PERCENT EXEMPTION. EXEMPTION BALANCE AMOUNTING TO \$278.81.  
COMPLAINT NUMBER E88233-001.

3AN THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-424-001-0000 PCL 45 OF 53 VOLUME 280

3A0 THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-424-002-0000 PCL 46 OF 53 VOLUME 280

3AP THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-424-003-0000 PCL 47 OF 53 VOLUME 280

3AQ THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID

EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-424-013-0000 PCL 48 OF 53 VOLUME 280

3AR THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-424-027-0000 PCL 49 OF 53 VOLUME 280

3AS THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-424-028-0000 PCL 50 OF 53 VOLUME 280

3AT THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

PERM TAX# 25-01-424-044-0000 PCL 51 OF 53 VOLUME 280

3AU THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-424-053-0000 PCL 52 OF 53 VOLUME 280

3AV THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

PERM TAX# 25-01-424-054-0000 PCL 53 OF 53 VOLUME 280

3AW THE GENERAL TAXES AS SHOWN BELOW ARE MARKED EXEMPT ON THE  
COLLECTOR'S WARRANTS.

YEAR(S): 2005 AND PRIOR

UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID  
TAXES.

- B 4. BECAUSE OF PROCEDURES INSTITUTED BY THE COOK COUNTY TREASURER, THE COMPANY REQUESTS THAT ORIGINAL TAX BILLS BE FURNISHED WHENEVER THE COMPANY IS REQUESTED TO PAY TAXES. IF ORIGINAL TAX BILLS ARE NOT FURNISHED, THE COMPANY WILL COLLECT ADDITIONAL FEES FOR EACH TAX NUMBER TO PAY CHARGES IMPOSED BY THE COOK COUNTY TREASURER FOR THE PRODUCTION OF DUPLICATE TAX BILLS. FURTHER, BECAUSE OF DELAYS BY THE COOK COUNTY TREASURER IN PRODUCING DUPLICATE TAX BILLS, THE COMPANY WILL HOLD BACK FROM CLOSING ADDITIONAL FUNDS TO PAY INTEREST THAT WILL ACCRUE BECAUSE OF THE TREASURER'S PROCEDURES.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

- K 5. WE SHOULD BE FURNISHED A CERTIFIED COPY OF THE DIRECTORS' RESOLUTIONS AUTHORIZING THE CONVEYANCE OR MORTGAGE TO BE INSURED. SAID RESOLUTIONS SHOULD EVIDENCE THE AUTHORITY OF THE PERSONS EXECUTING THE CONVEYANCE OR MORTGAGE. IF THEY DO NOT, A CERTIFIED COPY OF THE CORPORATE BY-LAWS ALSO SHOULD BE FURNISHED.

IF SAID CONVEYANCE OR MORTGAGE COMPRISES ALL OR SUBSTANTIALLY ALL THE CORPORATION'S ASSETS, WE ALSO SHOULD BE FURNISHED A CERTIFIED COPY OF THE SHAREHOLDER/MEMBER RESOLUTIONS WHICH AUTHORIZE SAID CONVEYANCE OR MORTGAGE. THIS COMMITMENT IS SUBJECT TO SUCH FURTHER EXCEPTIONS, IF ANY, AS MAY BE DEEMED NECESSARY AFTER OUR REVIEW OF THESE MATERIALS.

- L 6. EXISTING UNRECORDED LEASES AND ALL RIGHTS THEREUNDER OF THE LESSEES AND OF ANY PERSON OR PARTY CLAIMING BY, THROUGH OR UNDER THE LESSEES.

- M 7. WE SHOULD BE FURNISHED A STATEMENT THAT THERE IS NO PROPERTY MANAGER EMPLOYED TO MANAGE THE LAND, OR, IN THE ALTERNATIVE, A FINAL LIEN WAIVER FROM ANY SUCH PROPERTY MANAGER.

- P 8. MUNICIPAL REAL ESTATE TRANSFER TAX STAMPS (OR PROOF OF EXEMPTION) MUST ACCOMPANY ANY CONVEYANCE AND CERTAIN OTHER TRANSFERS OF PROPERTY LOCATED IN CHICAGO. PLEASE CONTACT SAID MUNICIPALITY PRIOR TO CLOSING FOR ITS SPECIFIC REQUIREMENTS, WHICH MAY INCLUDE THE PAYMENT OF FEES, AN INSPECTION OR OTHER APPROVALS.

- N 9. PURSUANT TO YOUR REQUEST THAT WE INSURE A MORTGAGE SECURING REIMBURSEMENT PURSUANT TO AN INDUSTRIAL REVENUE BOND CONTEMPLATED FOR THE DESCRIBED PREMISES, WE SHOULD BE FURNISHED THE FOLLOWING DOCUMENTATION PRIOR TO CLOSING:

1. A BOND COUNSEL'S OPINION LETTER UPON WHICH WE MAY RELY THAT REFLECTS AN EXAMINATION HAS BEEN MADE OF THE BOND ISSUE AND USE OF THE PROCEEDS THEREOF, AND THE PERTINENT REGULATORY AND STATUTORY AUTHORITY AND OTHER DOCUMENTATION NECESSARY FOR THE VALIDITY OF THE BOND ISSUE.

2. A LEGAL OPINION LETTER FROM BORROWER'S COUNSEL UPON WHICH WE MAY RELY THAT THE MORTGAGE EVIDENCING THE BOND ISSUE AND ASSIGNMENT TO AN INSTITUTIONAL LENDER WILL CREATE A FIRST LIEN; IS PROPER; IS EXEMPT FROM SECURITIES LAWS; AND THAT OTHER CONDITIONS HAVE BEEN MET FOR THE ISSUER AND OTHER PARTIES TO ESTABLISH AN ENFORCEABLE LIEN.

3. IF THERE WILL BE A LEASE AGREEMENT MADE AS SECURITY FOR THE BOND, WE SHOULD HAVE OPINION OF THE LESSEE'S LEGAL COUNSEL THAT THE DOCUMENTS WHEN EXECUTED WILL BE BINDING AND ENFORCEABLE.

4. IF THE PROCEEDS OF THE BOND ARE TO BE USED FOR THE CONSTRUCTION OF IMPROVEMENTS ON THE LAND AND THE BOND PROCEEDS WILL BE ADMINISTERED THROUGH A DISBURSING AGENT, WE SHOULD BE NOTIFIED OF THAT FACT AND THIS REPORT IS SUBJECT TO ADDITIONAL EXCEPTIONS AS MAY BE DEEMED NECESSARY.

- J 10. RIGHTS OF THE UNITED STATES OF AMERICA TO RECOVER ANY PUBLIC FUNDS ADVANCED UNDER THE PROVISIONS OF ONE OR MORE OF THE VARIOUS FEDERAL STATUTES RELATING TO HEALTH CARE.

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

- D 11. EASEMENT IN, UPON, UNDER, OVER AND ALONG A STRIP OF LAND IN LOTS 17 TO 24 IN PARCEL 9, SAID STRIP BEING 16 FEET IN WIDTH AND HAVING A CENTER LINE DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 17, AND RUNNING THENCE SOUTHEASTERLY IN A STRAIGHT LINE TO A POINT IN LOT 18 WHICH IS 15 FEET EAST OF THE WEST LINE OF SAID LOT AND 50 FEET SOUTH OF THE NORTH LINE THEREOF; THENCE EAST IN A STRAIGHT LINE PARALLEL WITH THE NORTH LINES OF LOTS 18 TO 22 TO A POINT IN SAID LOT 22 WHICH IS 5 FEET EAST OF THE WEST LINE OF SAID LOT; THENCE NORTHEASTERLY IN A STRAIGHT LINE TO A POINT ON THE NORTH LINE OF LOT 24 WHICH IS 6 FEET WEST OF THE NORTHEAST CORNER THEREOF;

TO ERECT, OPERATE AND MAINTAIN POLES, WIRES, CABLES, CROSS ARMS AND RELATED EQUIPMENT, TOGETHER WITH RIGHT OF ACCESS TO SAID EQUIPMENT; AS CREATED BY GRANT MADE BY SOUTH CHICAGO COMMUNITY HOSPITAL TO COMMONWEALTH EDISON COMPANY RECORDED AUGUST 22, 1941 AS DOCUMENT 12744327.

NOTE: SAID INSTRUMENT ALSO CONTAINS PROVISIONS RELATING TO THE ERECTION OR REMOVAL OF BUILDINGS NEAR THE EASEMENT.

(FOR FURTHER PARTICULARS, SEE RECORD.)

(AFFECTS LOTS 17 TO 24 IN PARCEL 9)

- E 12. EASEMENT IN, UPON, UNDER, OVER AND ALONG CERTAIN PARTS OF THE LAND TO ERECT, OPERATE AND MAINTAIN POLES, WIRES, CABLES, CROSS ARMS, CONDUITS, AND OTHER OVERHEAD AND UNDERGROUND EQUIPMENT FOR THE TRANSMISSION OF ELECTRICITY, TOGETHER WITH RIGHT OF ACCESS TO SAID EQUIPMENT; AS CREATED BY GRANT MADE BY SOUTH CHICAGO COMMUNITY HOSPITAL TO COMMONWEALTH EDISON COMPANY RECORDED OCTOBER 16, 1945 AS DOCUMENT 13629715.

NOTE: SAID INSTRUMENT ALSO CONTAINS PROVISIONS RELATING TO THE REMOVAL OR RELOCATION OF EQUIPMENT AND TO THE ERECTION OF BUILDINGS ON THE EASEMENT.

(FOR FURTHER PARTICULARS, SEE RECORD.)

(AFFECTS PARCELS 2, 7, 8, 9, 10 AND 11)

- F 13. RIGHTS, IF ANY, OF THE PUBLIC OR QUASI-PUBLIC UTILITIES THOSE PORTIONS OF THE LAND FALLING IN VACATED STREETS AND ALLEYS FOR MAINTENANCE THEREIN OF POLES, CONDUITS, SEWERS, ETC.

- G 14. COVENANTS AND RESTRICTIONS AS CONTAINED IN DOCUMENT FILED AS LR3069139.

(AFFECTS THE NORTH 1/2 OF LOT 39, ALL OF LOTS 40 AND 41 AND THE SOUTH 1/2 OF LOT 42 IN PARCEL 6)

- H 15. TERMS AND PROVISIONS AS CONTAINED IN ORDINANCE OF VACATION FILED AS DOCUMENT LR888966, AS MEMORIALIZED ON TORRENS CERTIFICATE.

(AFFECTS PARCEL 10)

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B (CONTINUED)

ORDER NO.: 1410 008284165 UL

I 16. EASEMENT GRANT FROM SOUTH CHICAGO COMMUNITY HOSPITAL TO THE COMMONWEALTH  
EDISON COMPANY RECORDED DECEMBER 30, 1975 AS DOCUMENT 23339036.

(AFFECTS PARCEL 11)

O 17. NOTE FOR INFORMATION (ENDORSEMENT REQUESTS):

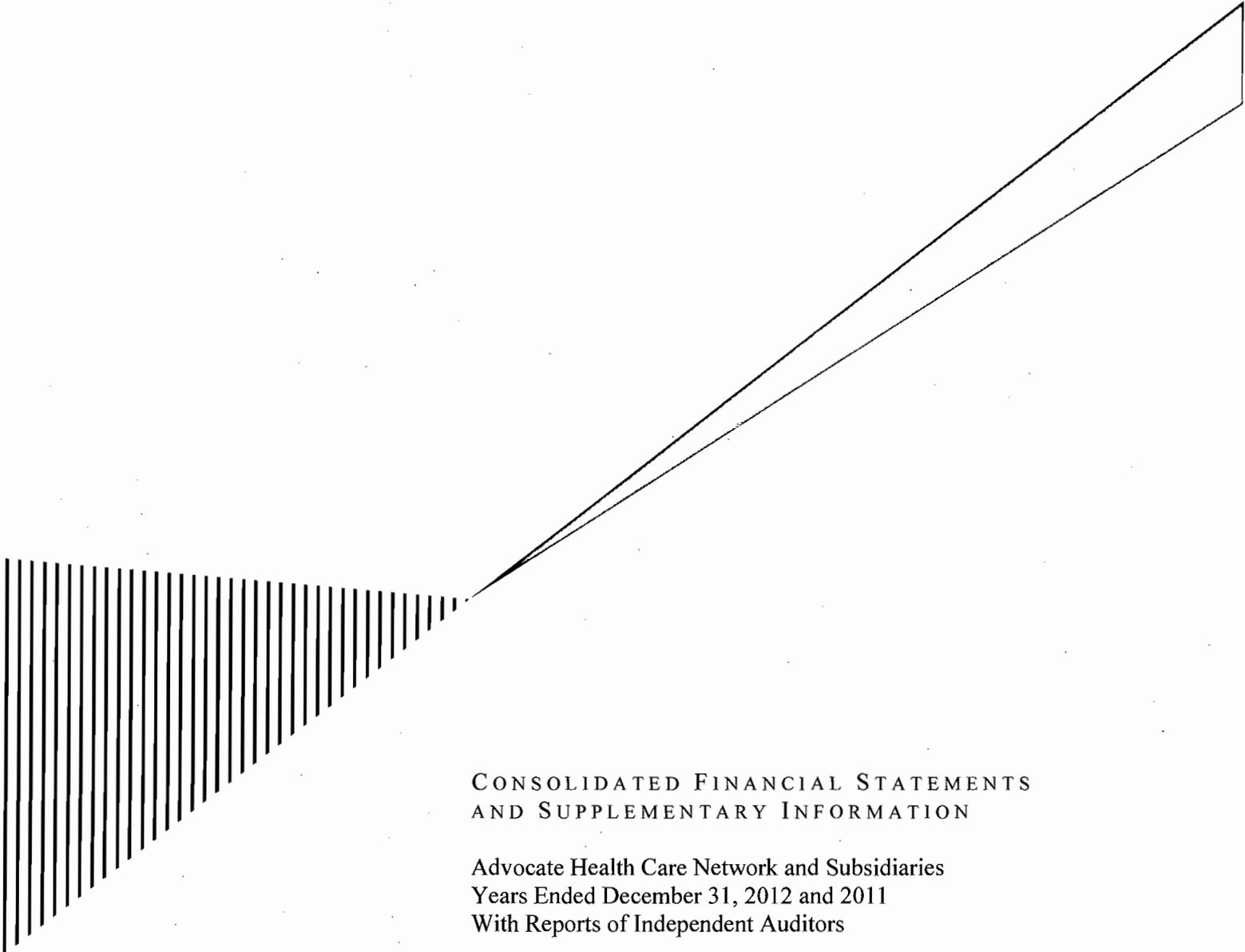
ALL ENDORSEMENT REQUESTS SHOULD BE MADE PRIOR TO CLOSING TO ALLOW AMPLE TIME  
FOR THE COMPANY TO EXAMINE REQUIRED DOCUMENTATION.

(THIS NOTE WILL BE WAIVED FOR POLICY).

\*\* END \*\*

## Appendix B

The Consolidated Financial Statements and Supplementary Information for Advocate Healthcare Network and Subsidiaries, Years Ended December 31 2012 and 2011, with Report of Independent Auditors.



CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

Advocate Health Care Network and Subsidiaries  
Years Ended December 31, 2012 and 2011  
With Reports of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

Advocate Health Care Network and Subsidiaries

Consolidated Financial Statements and Supplementary Information

Years Ended December 31, 2012 and 2011

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## Report of Independent Auditors

The Board of Directors  
Advocate Health Care Network

We have audited the accompanying consolidated financial statements of Advocate Health Care Network and Subsidiaries (collectively, the System), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Advocate Health Care Network and Subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

March 8, 2013

## Advocate Health Care Network and Subsidiaries

### Consolidated Balance Sheets (Dollars in Thousands)

	December 31	
	2012	2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 397,945	\$ 302,796
Short-term investments	21,528	20,372
Assets limited as to use	76,841	75,710
Patient accounts receivable, less allowances for uncollectible accounts of \$152,543 in 2012 and \$132,507 in 2011	534,519	509,632
Amounts due from primary third-party payors	11,294	6,357
Prepaid expenses, inventories, and other current assets	230,488	258,971
Collateral proceeds received under securities lending program	20,794	19,135
Total current assets	1,293,409	1,192,973
Assets limited as to use:		
Internally and externally designated investments limited as to use	4,224,383	3,636,696
Investments under securities lending program	21,014	19,067
	4,245,397	3,655,763
Other noncurrent assets	116,305	110,445
Interest in health care and related entities	135,676	129,955
Reinsurance receivable	175,975	177,207
Deferred costs and intangible assets, less allowances for amortization	47,378	36,708
	4,720,731	4,110,078
Property and equipment – at cost:		
Land and land improvements	189,226	180,834
Buildings	2,209,485	2,098,612
Movable equipment	1,262,737	1,204,236
Construction-in-progress	136,740	112,855
	3,798,188	3,596,537
Less allowances for depreciation	2,034,494	1,922,395
	1,763,694	1,674,142
	\$ 7,777,834	\$ 6,977,193

	December 31	
	2012	2011
<b>Liabilities, net assets and shareholders' equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 19,103	\$ 22,711
Long-term debt subject to short-term remarketing arrangements	187,795	197,870
Accounts payable	228,321	201,800
Accrued salaries and employee benefits	347,617	335,044
Accrued expenses	118,158	194,914
Amounts due to primary third-party payors	240,192	214,637
Current portion of accrued insurance and claims costs	95,093	98,152
Obligations to return collateral under securities lending program	21,069	19,410
Total current liabilities	<u>1,257,348</u>	<u>1,284,538</u>
Noncurrent liabilities:		
Long-term debt, less current portion	1,142,458	1,000,521
Pension plan liability	66,716	108,372
Accrued insurance and claims cost, less current portion	661,395	648,885
Accrued losses subject to reinsurance recovery	175,975	177,207
Obligations under swap agreements, net of collateral posted	84,814	89,092
Other noncurrent liabilities	124,215	109,073
	<u>2,255,573</u>	<u>2,133,150</u>
Total liabilities	<u>3,512,921</u>	<u>3,417,688</u>
Net assets/shareholders' equity:		
Unrestricted	4,128,166	3,444,745
Temporarily restricted	90,351	75,331
Permanently restricted	45,414	38,463
	<u>4,263,931</u>	<u>3,558,539</u>
Non-controlling interest	982	966
Total net assets/shareholders' equity	<u>4,264,913</u>	<u>3,559,505</u>
	<u>\$ 7,777,834</u>	<u>\$ 6,977,193</u>

*See accompanying notes to consolidated financial statements.*

Advocate Health Care Network and Subsidiaries

Consolidated Statements of Operations and  
Changes in Net Assets  
(Dollars in Thousands)

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Unrestricted revenues, gains, and other support</b>		
Net patient service revenue	\$ 4,108,071	\$ 3,949,129
Provision for uncollectible accounts	(210,905)	(211,507)
	<u>3,897,166</u>	<u>3,737,622</u>
Capitation revenue	390,985	397,485
Other revenue	310,982	272,113
	<u>4,599,133</u>	<u>4,407,220</u>
<b>Expenses</b>		
Salaries, wages, and employee benefits	2,349,806	2,221,793
Purchased services and operating supplies	1,131,037	1,085,228
Contracted medical services	149,009	146,883
Insurance and claims costs	99,892	89,094
Other	337,419	346,385
Depreciation and amortization	187,742	171,884
Interest	45,953	45,141
	<u>4,300,858</u>	<u>4,106,408</u>
Operating income	298,275	300,812
<b>Nonoperating income (loss)</b>		
Investment income (loss)	380,749	(92,062)
Change in fair value of interest rate swaps	(52)	(45,011)
Loss on refinancing of debt	(24)	(32)
Other nonoperating items, net	(7,292)	(15,354)
	<u>373,381</u>	<u>(152,459)</u>
Revenues in excess of expenses	<u>\$ 671,656</u>	<u>\$ 148,353</u>

Advocate Health Care Network and Subsidiaries

Consolidated Statements of Operations and  
Changes in Net Assets (continued)

(Dollars in Thousands)

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Unrestricted net assets</b>		
Revenues in excess of expenses	\$ 671,656	\$ 148,353
Net assets released from restrictions and used for capital purchases	7,378	4,767
Postretirement benefit plan adjustments	4,444	(71,780)
Other	(57)	—
Increase in unrestricted net assets	<u>683,421</u>	<u>81,340</u>
<b>Temporarily restricted net assets</b>		
Contributions for medical education programs, capital purchases, and other purposes	21,869	12,979
Realized gains on investments	2,580	2,197
Unrealized gains (losses) on investments	6,304	(2,122)
Net assets released from restrictions and used for operations, medical education programs, capital purchases, and other purposes	<u>(15,733)</u>	<u>(12,509)</u>
Increase in temporarily restricted net assets	<u>15,020</u>	<u>545</u>
<b>Permanently restricted net assets</b>		
Contributions for medical education programs, capital purchases, and other purposes	<u>6,951</u>	<u>9,669</u>
Increase in permanently restricted net assets	<u>6,951</u>	<u>9,669</u>
Increase in net assets	705,392	91,554
Change in non-controlling interest	16	(67)
Net assets/shareholders' equity at beginning of year	<u>3,559,505</u>	<u>3,468,018</u>
Net assets/shareholders' equity at end of year	<u>\$ 4,264,913</u>	<u>\$ 3,559,505</u>

See accompanying notes to consolidated financial statements.

## Advocate Health Care Network and Subsidiaries

### Consolidated Statements of Cash Flows (Dollars in Thousands)

	Year Ended December 31	
	2012	2011
<b>Operating activities</b>		
Increase in net assets	\$ 705,408	\$ 91,487
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation, amortization, and accretion	187,956	173,040
Provision for uncollectible accounts	210,905	211,507
Change in deferred income taxes	(1,044)	3,013
Losses on disposal of property and equipment	1,088	2,726
Loss on refinancing of debt	24	32
Change in fair value of interest rate swaps	52	45,011
Postretirement benefit plan adjustments	(4,444)	71,780
Restricted contributions and gains on investments, net of assets released from restrictions used for operations	(8,355)	(7,742)
Changes in operating assets and liabilities:		
Trading securities	(538,587)	(459,448)
Patient accounts receivable	(235,792)	(319,061)
Amounts due to/from primary third-party payors	20,618	(25,395)
Accounts payable, accrued salaries and employee benefits, accrued expenses, and other noncurrent liabilities	(64,672)	59,081
Other assets	27,563	(29,688)
Accrued insurance and claims cost	9,451	(24,230)
Net cash provided by (used in) operating activities	310,171	(207,887)
<b>Investing activities</b>		
Purchases of property and equipment	(280,863)	(250,582)
Proceeds from sale of property and equipment	7,431	3,685
Purchases of investments designated as non-trading	(970,653)	(253,913)
Sales of investments designated as non-trading	887,970	254,291
Other	(21,925)	(16,401)
Net cash used in investing activities	(378,040)	(262,920)
<b>Financing activities</b>		
Proceeds from issuance of debt	162,881	214,228
Payments of long-term debt	(33,237)	(33,319)
Collateral posted under swap agreements	(4,330)	27,969
Proceeds from restricted contributions and gains on investments	37,704	22,723
Net cash provided by financing activities	163,018	231,601
Increase (decrease) in cash and cash equivalents	95,149	(239,206)
Cash and cash equivalents at beginning of year	302,796	542,002
Cash and cash equivalents at end of year	\$ 397,945	\$ 302,796

See accompanying notes to consolidated financial statements.

# Advocate Health Care Network and Subsidiaries

## Notes to Consolidated Financial Statements (Dollars in Thousands)

December 31, 2012

### 1. Organization and Summary of Significant Accounting Policies

#### Organization

Advocate Health Care Network (the System) is a nonprofit, faith-based health care organization dedicated to providing comprehensive health care services, including inpatient acute and nonacute care, primary and specialty physician services and various outpatient services to communities in Northern and Central Illinois. Additionally, through a long-term academic and teaching affiliation, the System trains resident physicians. The System is affiliated with the United Church of Christ and Evangelical Lutheran Church of America. Substantially all expenses of the System are related to providing health care services.

#### Mission and Community Benefit

As a faith-based health care organization, the mission, values and philosophy of the System form the foundation for its strategic priorities. The System's mission is to serve the health care needs of individuals, families and communities through a holistic philosophy rooted in the fundamental understanding of human beings as created in the image of God. The System's core values of compassion, equality, excellence, partnership and stewardship guide its actions to provide health care services to its communities. Consistent with the values of compassion and stewardship, the System makes a major commitment to patients in need, regardless of their ability to pay. This care is provided to patients who meet the criteria established under the System's charity care policy. Patients eligible for consideration can earn up to 600% of the federal poverty level. Qualifying patients can receive up to 100% discounts from charges and extended payment plans. In 2012 and 2011, \$400,625 and \$336,978, respectively, of patient charges were foregone under this policy. The System's cost of providing charity care in 2012 and 2011 was \$109,491 and \$92,643, respectively. The cost of providing charity care is calculated using the 2011 Medicare cost to charge ratio.

The System is also involved in other numerous wide-ranging community benefit activities that include providing health education, immunizations for children, support groups, health screenings, health fairs, pastoral care, home-delivered meals, transportation services, seminars and speakers, crisis lines, publication of health magazines, medical residency and internships, research and language assistance and other subsidized health services. These activities are provided free of charge or at a fee that is below the cost of providing them. The cost of these activities and the costs of uncompensated care for 2012 will be included in a community benefit report that will be filed with the Office of the Attorney General for the State of Illinois in June 2013.

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### Principles of Consolidation

Included in the System's consolidated financial statements are all of its wholly owned or controlled subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

##### Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and amounts disclosed in the notes to the consolidated financial statements at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Although estimates are considered to be fairly stated at the time made, actual results could differ materially from those estimates.

##### Cash Equivalents

The System considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

##### Investments

The System has designated substantially all of its investments as trading. Certain debt-related investments are designated as non-trading. Investments in debt and equity securities with readily determinable fair values are measured at fair value using quoted market prices or other observable inputs. The non-trading portfolio consists mainly of cash equivalents, money market, and commercial paper. Investments in limited partnerships that invest in marketable securities and derivative products (hedge funds) are reported using the equity method of accounting based on information provided by the respective partnership. Investments in private equity limited partnerships with ownership percentages of 5% or greater are recorded on the equity method of accounting, while those with ownership percentages of 5% or less are recorded on the cost method of accounting. Investment income or loss (including realized gains and losses, interest, dividends, changes in equity of limited partnerships and unrealized gains and losses) is included in investment income unless the income or loss is restricted by donor or law or is related to assets

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 1. Organization and Summary of Significant Accounting Policies (continued)

designated for self-insurance programs. Investment income on self-insurance trust funds is reported in other revenue. Unrealized gains and losses that are restricted by donor or law are reported as a change in temporarily restricted net assets.

#### Assets Limited as to Use

Assets limited as to use consist of investments set aside by the Board of Directors for future capital improvements and certain medical education and health care programs. The Board of Directors retains control of these investments and may, at its discretion, subsequently use them for other purposes. Additionally, assets limited as to use include investments held by trustees under debt agreements and self-insurance trusts.

#### Patient Service Revenue and Accounts Receivable

Patient accounts receivable are stated at net realizable value. The System evaluates the collectibility of its accounts receivable based on the length of time the receivable is outstanding, major payor sources of revenue, historical collection experience and trends in health care insurance programs to estimate the appropriate allowance for uncollectible accounts and provision for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for uncollectible accounts. For receivables associated with self-pay patients, the System records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. These adjustments are accrued on an estimated basis and are adjusted as needed in future periods. Accounts receivable are charged to the allowance for uncollectible accounts when they are deemed uncollectible.

The allowance for uncollectible accounts as a percentage of accounts receivable increased from 21% in 2011 to 22% in 2012 primarily due to an increase in self-pay accounts receivables. The System's combined allowance for uncollectible accounts receivable, uninsured discounts and charity care covered 100% of self-pay accounts receivable at December 31, 2012 and 2011.

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**1. Organization and Summary of Significant Accounting Policies (continued)**

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. For uninsured patients who do not qualify for charity care, the System recognizes revenue at the time of service on the basis of its standard rates less the self-pay discount. Patient service revenue, net of contractual allowances, the provision for charity care and other discounts (but before the provision for uncollectible accounts), is reported at the estimated net realizable amounts from patients, third-party payors and others for service rendered, including estimated adjustments under reimbursement agreements with third-party payors, certain of which are subject to audit by administering agencies. These adjustments are accrued on an estimated basis and are adjusted as needed in future periods. Patient service revenue, net of the provision for charity care, contractual allowances and other discounts (but before the provision for uncollectible accounts), recognized in the period from these major payor sources, is as follows for the years ended December 31, 2012 and 2011:

**Patient Service Revenue (Net of Contractual Allowances and Discounts)**

	<u>2012</u>	<u>2011</u>
Third-party payors	\$ 3,711,044	\$ 3,613,034
Self-pay	397,027	336,095
Total all payors	<u>\$ 4,108,071</u>	<u>\$ 3,949,129</u>

**Inventories**

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out) or market value.

**Reinsurance Receivables**

Reinsurance receivables are recognized in a manner consistent with the liabilities relating to the underlying reinsured contracts.

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### Deferred Costs

Deferred costs consist primarily of noncurrent deferred tax assets and deferred bond issuance costs. Deferred bond issuance costs are amortized over the life of the bonds using the effective interest method.

##### Asset Impairment

The System considers whether indicators of impairment are present and performs the necessary tests to determine if the carrying value of an asset is appropriate. Impairment write-downs, except for those related to investments, are recognized in operating income at the time the impairment is identified.

##### Property and Equipment

Provisions for depreciation of property and equipment are based on the estimated useful lives of the assets ranging from 3 to 80 years using the straight-line method.

##### Asset Retirement Obligations

The System recognizes its legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development or normal operations of long-lived assets when these obligations are incurred. The obligations are recorded as a noncurrent liability and are accreted to present value at the end of each period. When the obligation is incurred, an amount equal to the present value of the liability is added to the cost of the related asset and is depreciated over the life of the related asset. The obligations at December 31, 2012 and 2011, were \$19,249 and \$19,031, respectively.

##### Derivative Financial Instruments

The System has entered into derivative transactions to manage its interest rate risk. Derivative instruments are recorded as either assets or liabilities at fair value. Subsequent changes in a derivative's fair value are recognized in nonoperating income (loss).

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### General and Professional Liability Risks

The provision for self-insured general and professional liability claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

##### Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the System has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity. Temporarily restricted net assets and earnings on permanently restricted net assets are used in accordance with the donor's wishes primarily to purchase property and equipment or to fund medical education or other health care programs.

Assets released from restriction to fund purchases of property and equipment are reported in the consolidated statements of operations and changes in net assets as increases to unrestricted net assets. Those assets released from restriction for operating purposes are reported in the consolidated statements of operations and changes in net assets as other revenue. When restricted, earnings are recorded as temporarily restricted net assets until amounts are expended in accordance with the donor's specifications.

##### Capitation Revenue

The System has agreements with various managed care organizations under which the System provides or arranges for medical care to members of the organizations in return for a monthly payment per member. Revenue is earned each month as a result of agreeing to provide or arrange for their medical care.

##### Other Nonoperating Items, Net

Other nonoperating items, net primarily consist of provisions for environmental remediation, contributions to charitable organizations, valuation adjustments for investments on the equity method of accounting and income taxes.

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### Revenues in Excess of Expenses and Changes in Net Assets

The consolidated statements of operations and changes in net assets include revenues in excess of expenses as the performance indicator. Changes in unrestricted net assets, which are excluded from revenues in excess of expenses, primarily include contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets) and postretirement benefit adjustments.

##### Grants

Grant revenue is recognized in the period it is earned based on when the applicable project expenses are incurred and project milestones are achieved. Grant payments received in advance of related project expenses are recorded as deferred revenue until the expenditure has been incurred. The System records grant revenue in other revenue in the consolidated statements of operations and changes in net assets.

Under certain provisions of the American Recovery and Reinvestment Act of 2009, federal incentive payments are available to hospitals, physicians and certain other professionals when they adopt certified electronic health record (EHR) technology or become "meaningful users" of EHRs in ways that demonstrate improved quality, safety and effectiveness of care. These incentive payments are being accounted for in the same manner as grant revenue.

##### New Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued guidance to amend disclosure requirements related to fair value measurement. The guidance expands disclosures for Level 3 fair value measurements, addresses nonfinancial assets highest and best use and permits fair value adjustments for assets and liabilities with offsetting risks. Other than requiring additional disclosures, adoption of this new guidance on January 1, 2012 did not have a material impact on the System's consolidated financial statements.

In December 2011, the FASB issued guidance that enhances disclosures about financial and derivative instruments that are either offset on the consolidated balance sheet or subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **1. Organization and Summary of Significant Accounting Policies (continued)**

offset on the consolidated balance sheet. This new guidance is effective for fiscal years and interim periods within those fiscal years beginning on or after January 1, 2013. The System is evaluating the effect this guidance will have on its consolidated financial statement disclosures.

#### **Reclassifications in the Consolidated Financial Statements**

Certain reclassifications were made to the 2011 consolidated financial statements to conform to the classifications used in 2012. There was no impact on net assets or revenues in excess of expenses.

#### **2. Contractual Arrangements With Third-Party Payors**

The System provides care to certain patients under payment arrangements with Medicare, Medicaid, Health Care Service Corporation, d/b/a Blue Cross and Blue Shield of Illinois (Blue Cross) and various other health maintenance and preferred provider organizations. Services provided under these arrangements are paid at predetermined rates and/or reimbursable costs, as defined. Reported costs and/or services provided under certain of the arrangements are subject to audit by the administering agencies. Changes in Medicare and Medicaid programs and reduction of funding levels could have a material adverse effect on the future amounts recognized as patient service revenue.

Amounts earned from the above payment arrangements accounted for 92% of the System's net patient service revenue in 2012 and 2011. For the years ended December 31, 2012 and 2011, 30% of net patient service revenue was earned from Blue Cross, 10% was earned from the Medicaid program, and 26% was earned from the Medicare program. Provision has been made in the consolidated financial statements for contractual adjustments, representing the difference between the established charges for services and actual or estimated payment. The extreme complexity of laws and regulations governing the Medicare and Medicaid programs renders at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Changes in the estimates that relate to prior years' third-party payment arrangements resulted in increases in net patient service revenue of \$1,510 and \$26,322 for the years ended December 31, 2012 and 2011, respectively. As part of the Medicare Rural Floor Budget Neutrality Act settlement, the System recognized \$29,302 in net patient service revenue and \$2,930 in operating expenses as part of purchased services and operating supplies.

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 2. Contractual Arrangements With Third-Party Payors (continued)

The System's concentration of credit risk related to accounts receivable is limited due to the diversity of patients and payors. The System grants credit, without collateral, to its patients, most of whom are local residents and insured under third-party payor arrangements. The System has established guidelines for placing patient balances with collection agencies, subject to terms of certain restrictions on collection efforts as determined by the System. Amounts due to/from primary third-party payors in the consolidated balance sheets primarily relate to the Blue Cross, Medicare or Medicaid programs. At December 31, 2012 and 2011, 17% and 18%, respectively, of patient accounts receivable were due under contracts with Blue Cross and 14% and 13%, respectively, were due from the Medicaid program. Patients accounts receivable due from the Medicare program were 10% at both December 31, 2012 and 2011.

The System has entered into various capitated physician provider agreements, including Humana Health Plan, Inc. and Humana Insurance Company and their affiliates (collectively, Humana), Healthspring Inc. and Wellcare Health Plans, Inc. Capitation revenues received under the agreements with Humana amounted to 38% of the System's capitation revenue for both the years ended December 31, 2012 and 2011. Capitation revenues received under Healthspring Inc. and Wellcare Health Plans, Inc. agreements amounted to 26% and 25% of the System's capitation revenue for the years ended December 31, 2012 and 2011, respectively.

Provision has been made in the consolidated financial statements for the estimated cost of providing certain medical services under capitated arrangements with managed care organizations. The System accrues a liability for reported, as well as an estimate for incurred but not recorded (IBNR), contracted medical services. The liability represents the expected ultimate cost of all reported and unreported claims unpaid at year-end. The System uses the services of a consulting actuary to determine the estimated cost of the IBNR claims. Adjustments to the estimates are reflected in current year operations. At December 31, 2012 and 2011, the liabilities for unpaid medical claims amounted to \$20,621 and \$22,388, respectively, and are included in accrued expenses in the consolidated balance sheets.

The System participates in the State of Illinois' Hospital Assessment Program, in which the System recognized \$145,198 and \$147,779 of Illinois hospital assessment revenue in net patient service revenue and \$106,219 and \$106,190 of expense in other expense in 2012 and 2011, respectively.

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 3. Cash and Cash Equivalents and Investments (Including Assets Limited as to Use)

Investments (including assets limited as to use) and other financial instruments at December 31 are summarized as follows:

	2012	2011
Assets limited as to use:		
Designated for self-insurance programs	\$ 839,810	\$ 804,174
Internally and externally designated for capital improvements, medical education and health care programs	3,243,800	2,773,301
Externally designated under debt agreements	217,614	134,931
Investments under securities lending program	21,014	19,067
	4,322,238	3,731,473
Other financial instruments:		
Cash and cash equivalents and short-term investments	419,473	323,168
	\$ 4,741,711	\$ 4,054,641

Investments in debt and equity securities with readily determinable fair values are measured at fair value using quoted market prices. Investments in limited partnerships that invest in marketable securities and derivative products (hedge funds) are reported using the equity method of accounting based on information provided by the respective partnership. Investments in private equity limited partnerships with ownership percentages of 5% or greater are recorded on the equity method of accounting, while those with ownership percentages of 5% or less are recorded on the cost method of accounting. The composition and carrying value of assets limited as to use, short-term investments and cash and cash equivalents at December 31 is set forth in the following table:

	2012	2011
Cash and short-term investments	\$ 648,201	\$ 538,223
Corporate bonds and other debt securities	426,203	224,843
United States government obligations	151,743	201,740
Government mutual funds	643,506	535,663
Bond and other debt security mutual funds	513,124	549,142
Commodity mutual funds	4,666	3,205
Hedge funds	695,862	521,552
Private equity limited partnership funds	289,820	267,968
Equity securities	1,028,242	746,764
Equity mutual funds	340,344	465,541
	\$ 4,741,711	\$ 4,054,641

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 3. Cash and Cash Equivalents and Investments (Including Assets Limited as to Use) (continued)

The System regularly compares the net asset value (NAV), which is a proxy for the fair value of its private equity investments, to the recorded cost for potential other-than-temporary impairment. The NAV of these investments based on estimates determined by the investments' management was \$310,837 and \$284,987 at December 31, 2012 and 2011, respectively. In 2012 and 2011, the System identified and recorded \$6,100 and \$1,500, respectively, of impairment losses that are included in investment income (loss) in the consolidated statements of operations and changes in net assets.

At December 31, 2012 and 2011, the System has commitments to fund private equity investments an additional \$442,301 and \$298,118, respectively. The unfunded commitments at December 31, 2012, are expected to be funded over the next seven years.

Investment returns for assets limited as to use, cash and cash equivalents and short-term investments comprise the following for the years ended December 31:

	2012	2011
Interest and dividend income	\$ 160,350	\$ 55,984
Net realized gains	93,763	70,088
Net unrealized gains (losses)	184,525	(159,770)
	\$ 438,638	\$ (33,698)

Investment returns are included in the consolidated statements of operations and changes in net assets for the years ended December 31 as follows:

	2012	2011
Other revenue	\$ 49,005	\$ 58,289
Investment income (loss)	380,749	(92,062)
Realized and unrealized gains on investments – temporarily restricted net assets	8,884	75
	\$ 438,638	\$ (33,698)

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **3. Cash and Cash Equivalents and Investments (Including Assets Limited as to Use) (continued)**

As part of the management of the investment portfolio, the System has entered into an arrangement whereby securities owned by the System are loaned primarily to brokers and investment bankers. The loans are arranged through a bank. Borrowers are required to post collateral in the form of United States Treasury securities for securities borrowed equal to approximately 100% and 102% in 2012 and 2011, respectively, of the value of the security on a daily basis at a minimum. The bank is responsible for reviewing the creditworthiness of the borrowers. The System has also entered into an arrangement whereby the bank is responsible for the risk of borrower bankruptcy and default. At December 31, 2012 and 2011, the System loaned \$21,014 and \$19,067, respectively, in securities and accepted collateral for these loans in the amount of \$21,069 and \$19,410, respectively, of which \$20,794 and \$19,135, respectively, represent cash collateral and are included in current assets and current liabilities in the accompanying consolidated balance sheets.

#### **4. Fair Value Measurements**

The System accounts for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in active markets. The System categorizes each of its fair value measurements in one of the three levels based on the highest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1: Quoted prices in active markets for identified assets or liabilities.

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly.

Level 3: Unobservable inputs in which there is little or no market data, which then requires the reporting entity to develop its own assumptions about what market participants would use in pricing the asset or liability.

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **4. Fair Value Measurements (continued)**

The following section describes the valuation methodologies the System uses to measure financial assets and liabilities at fair value. In general, where applicable, the System uses quoted prices in active markets for identical assets and liabilities to determine fair value. This pricing methodology applies to Level 1 investments such as domestic and international equities, United States Treasuries, exchange-traded mutual funds and agency securities. If quoted prices in active markets for identical assets and liabilities are not available to determine fair value, then quoted prices for similar assets and liabilities or inputs other than quoted prices that are observable either directly or indirectly are used. These investments are included in Level 2 and consist primarily of corporate notes and bonds, foreign government bonds, mortgage-backed securities, commercial paper and certain agency securities. The fair value for the obligations under swap agreements included in Level 2 is estimated using industry standard valuation models. These models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rate curves. The fair values of the obligation under swap agreements include fair value adjustments related to the System's credit risk.

The System's investments are exposed to various kinds and levels of risk. Equity securities and equity mutual funds expose the System to market risk, performance risk and liquidity risk for both domestic and international investments. Market risk is the risk associated with major movements of the equity markets. Performance risk is the risk associated with a company's operating performance. Fixed income securities and fixed income mutual funds expose the System to interest rate risk, credit risk and liquidity risk. As interest rates change, the value of many fixed income securities is affected, including those with fixed interest rates. Credit risk is the risk that the obligor of the security will not fulfill its obligations. Liquidity risk is affected by the willingness of market participants to buy and sell particular securities. Liquidity risk tends to be higher for equities related to small capitalization companies and certain alternative investments. Due to the volatility in the capital markets, there is a reasonable possibility of subsequent changes in fair value resulting in additional gains and losses in the near term.

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

4. Fair Value Measurements (continued)

The following are assets and liabilities measured at fair value on a recurring basis at December 31, 2012 and 2011:

Description	2012	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash and short-term investments	\$ 648,201	\$ 646,169	\$ 2,032	\$ -
Corporate bonds and other debt securities	426,203	-	426,203	-
United States government obligations	151,743	-	151,743	-
Government mutual funds	643,506	535,188	108,318	-
Bond and other debt security mutual funds	513,124	289,388	223,736	-
Commodity mutual funds	4,666	-	4,666	-
Equity securities	1,028,242	1,028,242	-	-
Equity mutual funds	340,344	248,234	92,110	-
Investments at fair value	3,756,029	\$ 2,747,221	\$ 1,008,808	\$ -
Investments not at fair value	985,682			
Total investments	<u>\$ 4,741,711</u>			
Collateral proceeds received under securities lending program	\$ 20,794		\$ 20,794	
<b>Liabilities</b>				
Obligations under swap agreements	\$ (89,144)		\$ (89,144)	
Collateral under swap agreements	4,330		4,330	
Net liability under swap agreements	<u>\$ (84,814)</u>		<u>\$ (84,814)</u>	
Obligations to return collateral under securities lending program	\$ (21,069)		\$ (21,069)	

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

4. Fair Value Measurements (continued)

Description	2011	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash and short-term investments	\$ 538,223	\$ 538,223	\$ -	\$ -
Corporate bonds and other debt securities	224,843	-	224,843	-
United States government obligations	201,740	-	201,740	-
Government mutual funds	535,663	463,163	72,500	-
Bond and other debt security mutual funds	549,142	266,550	282,592	-
Commodity mutual funds	3,205	-	3,205	-
Equity securities	746,764	746,764	-	-
Equity mutual funds	465,541	385,504	80,037	-
Investments at fair value	3,265,121	\$ 2,400,204	\$ 864,917	\$ -
Investments not at fair value	789,520			
Total investments	<u>\$ 4,054,641</u>			
Collateral proceeds received under securities lending program	<u>\$ 19,135</u>		<u>\$ 19,135</u>	
<b>Liabilities</b>				
Obligations under swap agreements	<u>\$ (89,092)</u>		<u>\$ (89,092)</u>	
Liability under swap agreements	<u>\$ (89,092)</u>		<u>\$ (89,092)</u>	
Obligations to return collateral under securities lending program	<u>\$ (19,410)</u>		<u>\$ (19,410)</u>	

The fair value table at December 31, 2011 has been revised to classify certain cash and short-term investments, government mutual funds, and bonds and other debt security mutual funds from Level 2 to Level 1.

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

**4. Fair Value Measurements (continued)**

The carrying values of cash and cash equivalents, accounts receivable and payable, accrued expenses and short-term borrowings are reasonable estimates of their fair values due to the short-term nature of these financial instruments.

Investments not at fair value include hedge funds and private equity limited partnerships (alternative investments). The fair values of the alternative investments that do not have readily determinable fair values are determined by the general partner or fund manager taking into consideration, among other things, the cost of the securities or other investments, prices of recent significant transfers of like assets and subsequent developments concerning the companies or other assets to which the alternative investments relate. Based on the inputs in determining the estimated fair value of these investments these assets would be considered Level 3.

The valuation for the estimated fair value of long-term debt is completed by a third-party service and takes into account a number of factors including, but not limited to, any one or more of the following: (i) general interest rate and market conditions; (ii) macroeconomic and/or deal-specific credit fundamentals; (iii) valuations of other financial instruments that may be comparable in terms of rating, structure, maturity and/or covenant protection; (iv) investor opinions about the respective deal parties; (v) size of the transaction; (vi) cash flow projections, which in turn are based on assumptions about certain parameters that include, but are not limited to, default, recovery, prepayment and reinvestment rates; (vii) administrator reports, asset manager estimates, broker quotations and/or trustee reports, and (viii) comparable trades, where observable. Based on the inputs in determining the estimated fair value of debt this liability would be considered Level 2. The estimated fair value of long-term debt based on quoted market prices for the same or similar issues was \$1,376,968 and \$1,252,830 at December 31, 2012 and 2011, respectively, which included consideration of third-party credit enhancements, of which there was no impact.

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 5. Interest in Health Care and Related Entities

During 2000, in connection with the acquisition of a medical center, the System acquired an interest in the net assets of the Masonic Family Health Foundation (the Foundation), an independent organization, under the terms of an asset purchase agreement (the Agreement). The use of substantially all of the Foundation's net assets is designated to support the operations and/or capital needs of one of the System's medical facilities. Additionally, 90% of the Foundation's investment yield, net of expenses, on substantially all of the Foundation's investments is designated for the support of one of the System's medical facilities. The Foundation must pay the System, annually, 90% of the investment yield or an agreed-upon percentage of the beginning of the year net assets.

The interest in the net assets of this organization amounted to \$82,700 and \$78,450 as of December 31, 2012 and 2011, respectively, and is reflected in interest in health care and related entities in the accompanying consolidated balance sheets. The System's interest in the investment yield is reflected in the accompanying consolidated statements of operations and changes in net assets and amounted to \$8,959 and \$(548) for the years ended December 31, 2012 and 2011, respectively. Cash distributions received by the System from the Foundation under terms of the Agreement amounted to \$3,998 and \$3,169 during the years ended December 31, 2012 and 2011, respectively. In addition to the amounts distributed under the Agreement, the Foundation contributed \$445 and \$411 to the System for program support of one of its medical facilities during the years ended December 31, 2012 and 2011, respectively.

The System has a 50% membership and governance interest in Advocate Health Partners (d/b/a Advocate Physician Partners) (APP), which has been accounted for on an equity basis. The System's carrying value in this interest was \$0 at December 31, 2012 and 2011. Financial information relating to this interest is as follows:

	<u>2012</u>	<u>2011</u>
Assets	\$ 162,604	\$ 143,337
Liabilities	158,888	141,261
Revenues in excess of expenses	—	—

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 5. Interest in Health Care and Related Entities (continued)

The System contracts with APP for certain operational and administrative services. Total expenses incurred for these services were \$19,088 and \$22,219 in 2012 and 2011, respectively. At December 31, 2012 and 2011, the System had an accrued liability to APP for those services for \$1,703 and \$1,562, respectively.

APP purchased claims processing and certain management services from the System in the amounts of \$7,773 and \$8,827 in 2012 and 2011, respectively. Under terms of an agreement with the System, APP reimburses the System for salaries, benefits and other expenses that are incurred by the System on APP's behalf. The amount billed for these services in 2012 and 2011 was \$20,775 and \$16,809, respectively. The System had a receivable from APP at December 31, 2012 and 2011, for claims processing and management services of \$4,557 and \$5,363, respectively.

#### 6. Long-Term Debt

Long-term debt, net of unamortized original issue discount or premium consisted of the following at December 31:

	2012	2011
Revenue bonds and revenue refunding bonds, Illinois Finance Authority Series:		
1993C, 6.00% to 7.00%, principal payable in varying annual installments through April 2018	\$ 22,298	\$ 24,592
2003A (weighted-average rate of 4.38% during 2012 and 2011), principal payable in varying annual installments through November 2022; interest based on prevailing market conditions at time of remarketing	24,130	26,290
2003C (weighted-average rate of 0.30% and 0.44% during 2012 and 2011, respectively), principal payable in varying annual installments through November 2022; interest based on prevailing market conditions at time of remarketing	23,430	25,585
2008A (weighted-average rate of 2.03% and 1.92% during 2012 and 2011, respectively), principal payable in varying annual installments through November 2030; interest based on prevailing market conditions at time of remarketing	144,712	145,510

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

6. Long-Term Debt (continued)

	2012	2011
Revenue bonds and revenue refunding bonds, Illinois Finance Authority Series (continued):		
2008C (weighted-average rate of 0.45% and 0.44% during 2012 and 2011, respectively), principal payable in varying annual installments through November 2038; interest based on prevailing market conditions at time of remarketing	\$ 343,270	\$ 343,270
2008D, 4.50% to 6.50%, principal payable in varying annual installments through November 2038	160,107	163,985
2010A, 5.50%, principal payable in varying annual installments through April 2044	37,287	37,297
2010B, 5.38%, principal payable in varying annual installments through April 2044	52,186	52,180
2010C, 5.38%, principal payable in varying annual installments through April 2044	25,533	25,529
2010D, 3.00% to 5.25%, principal payable in varying annual installments through April 2038	116,464	122,415
2011A, 2.50% to 5.00%, principal payable in varying annual installments through April 2041	41,366	44,183
2011B, (weighted-average rate of 0.28% and 0.25% during 2012 and 2011, respectively), principal payable in varying annual installments through April 2051, subject to a put provision that provides for a cumulative seven-month notice and remarketing period, interest tied to a market index plus a spread	70,000	70,000
2011C, (weighted-average rate of 0.87% and 0.88% during 2012 and 2011, respectively), principal payable in varying annual installments through April 2049, subject to a put provision at the end of the initial seven-year period; interest tied to a market index plus a spread	50,000	50,000
2011D, (weighted-average rate of 0.97% and 0.98% during 2012 and 2011, respectively), principal payable in varying annual installments through April 2049, subject to a put provision at the end of the initial 10-year period; interest tied to a market index plus a spread	50,000	50,000
2012, 4.00% to 5.00%, principal payable in varying annual installments through June 2047	149,991	-
Capital lease obligations	31,113	31,407
Other	7,469	8,859
	<u>1,349,356</u>	<u>1,221,102</u>
Less current portion of long-term debt	19,103	22,711
Less long-term debt subject to short-term remarketing arrangements	187,795	197,870
	<u>\$ 1,142,458</u>	<u>\$ 1,000,521</u>

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 6. Long-Term Debt (continued)

Maturities of long-term debt, capital leases and sinking fund requirements, assuming remarketing of the variable rate demand revenue refunding bonds, for the five years ending December 31, 2017, are as follows: 2013 – \$19,103; 2014 – \$18,837; 2015 – \$21,022; 2016 – \$20,492; and 2017 – \$21,878.

The System's unsecured variable rate revenue bonds, Series 2003C of \$23,430, Series 2008 (A-1 and A-2) of \$94,365 and Series 2011B of \$70,000, while subject to a long-term amortization period, may be put to the System at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within a maximum of 12 months after December 31, 2012, the principal amount of such bonds has been classified as a current obligation in the accompanying consolidated balance sheets. Management believes the likelihood of a material amount of bonds being put to the System is remote. However, to address this possibility, the System has taken steps to provide various sources of liquidity, including assessing alternate sources of financing, including lines of credit and/or unrestricted assets as a source of self-liquidity.

The System has standby bond purchase agreement with banks to provide liquidity support for the Series 2008C Bonds. In the event of a failed remarketing the first installment commences on the date one year and one day after the bank purchases the bond. As of December 31, 2012 and 2011, there were no bank purchased bonds outstanding. The agreements expire as follows: August 2015, August 2016, and August 2017.

All outstanding bonds were issued pursuant to a Master Trust Indenture dated as of December 1, 1996 (the Master Indenture), as subsequently amended, between the System and Bank of New York Mellon as master trustee. Under the terms of the Master Indenture and other arrangements, various amounts are to be on deposit with trustees, and certain specified payments are required for bond redemption and interest payments. The Master Indenture and other debt agreements, including a bank credit agreement, also place restrictions on the System and require the System to maintain certain financial ratios.

Interest paid, net of capitalized interest, amounted to \$42,726 and \$41,485 in 2012 and 2011, respectively. The System capitalized interest of approximately \$2,621 and \$2,928 in 2012 and 2011, respectively.

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 6. Long-Term Debt (continued)

On November 29, 2012, the Illinois Finance Authority, on behalf of the System, issued its Revenue Bonds, Series 2012, in the amount of \$145,620. The proceeds of the Series 2012 Bonds were used, together with other funds available to the System, to finance, refinance, or reimburse the System for a portion of the costs related to the acquisition, construction, renovation, and equipping of certain capital projects, and to pay certain costs of issuing the Series 2012 Bonds.

On September 21, 2011, the Illinois Finance Authority, on behalf of the System, issued its Revenue Bonds, Series 2011A-D, in the amount of \$213,730. The proceeds of the Series 2011 Bonds were used, together with other funds available to the System, to finance, refinance, or reimburse the System for a portion of the costs related to the acquisition, construction, renovation, and equipping of certain capital projects; to refund prior bonds (Series 1998A and Series 1998B); and to pay certain costs of issuing the Series 2011 Bonds.

The System maintains an interest rate swap program on certain of its variable rate debt as described in Note 7.

At December 31, 2012 the System had lines of credit with banks aggregating to \$200,000. These lines of credit provide for various interest rates and payment terms and expire as follows: \$25,000 in February 2013; \$75,000 in March 2013; \$50,000 in November 2013; and \$50,000 in December 2014. These lines of credit may be used to redeem bonded indebtedness, to pay costs related to such redemptions, for capital expenditures or for general working capital purposes. At December 31, 2012, no amounts were outstanding on these lines of credit. At December 31, 2011, there was \$2,974 outstanding that bore interest of prime (3.25% at December 31, 2011).

In 2013, the Series 2008A-1 and Series 2008A-2 bonds were remarketed at a premium for an approximate seven-year period and a portion of the outstanding par was redeemed in the amount of \$9,095 and \$7,735, respectively.

In 2013, \$25,000 and \$75,000 of the lines of credit were extended to February 2014 and March 2015, respectively.

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 7. Derivatives

The System has interest rate related derivative instruments to manage its exposure on its variable rate debt instruments and does not enter into derivative instruments for any purpose other than risk management purposes. By using derivative financial instruments to manage the risk of changes in interest rates, the System exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes the System, which creates credit risk for the System. When the fair value of a derivative contract is negative, the System owes the counterparty, and therefore, it does not possess credit risk. The System minimizes the credit risk in derivative instruments by entering into transactions that require the counterparty to post collateral for the benefit of the System based on the credit rating of the counterparty and the fair value of the derivative contract. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. The System also mitigates risk through periodic reviews of its derivative positions in the context of its total blended cost of capital.

At December 31, 2012, the System maintains an interest rate swap program on its Series 2008C variable rate demand revenue bonds. These bonds expose the System to variability in interest payments due to changes in interest rates. The System believes that it is prudent to limit the variability of its interest payments. To meet this objective and to take advantage of low interest rates, the System entered into various interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk. These swaps limit the variable rate cash flow exposure on the variable rate demand revenue bonds to synthetically fixed cash flows. The notional amount under each interest rate swap agreement is reduced over the term of the respective agreement to correspond with reductions in various outstanding bond series. The following is a summary of the outstanding positions under these interest rate swap agreements at December 31, 2012 and 2011:

Bond Series	Notional Amount	Maturity Date	Rate Received	Rate Paid
2008C-1	\$ 129,900	November 1, 2038	61.7% of LIBOR + 26 bps	3.60%
2008C-2	\$ 108,425	November 1, 2038	61.7% of LIBOR + 26 bps	3.60%
2008C-3	\$ 88,000	November 1, 2038	61.7% of LIBOR + 26 bps	3.60%

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**7. Derivatives (continued)**

The swaps are not designated as hedging instruments, and therefore, hedge accounting has not been applied. As such, unrealized changes in fair value of the swaps are included as a component of nonoperating income (loss) in the consolidated statements of operations and changes in net assets as changes in the fair value of interest rate swaps. The net cash settlement payments, representing the realized changes in fair value of the swaps, are included as interest expense in the consolidated statements of operations and changes in net assets.

The fair value of derivative instruments is as follows:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Consolidated balance sheet location</b>		
Obligations under swap agreements	\$ (89,144)	\$ (89,092)
Collateral posted under swap agreements	4,330	-
Obligations under swap agreements, net	<u>\$ (84,814)</u>	<u>\$ (89,092)</u>

Amounts recorded in the consolidated statements of operations and changes in net assets for the derivatives are as follows:

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Consolidated statement of operations and changes in net assets location</b>		
Net cash payments on interest rate swap agreements (interest expense)	<u>\$ 10,359</u>	<u>\$ 10,400</u>
Change in the fair value of interest rate swaps (nonoperating)	<u>\$ (52)</u>	<u>\$ (45,011)</u>

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Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**7. Derivatives (continued)**

The aggregate fair value of all swap instruments with credit risk-related contingent features that are in a liability position was \$89,144 and \$89,092 at December 31, 2012 and 2011, respectively, for which the System has posted collateral of \$4,330 and \$0 at December 31, 2012 and 2011, respectively, in the normal course of business. The swap instruments contain provisions that require the System's debt to maintain an investment grade credit rating from certain major credit rating agencies. If the System's debt were to fall below investment grade on the valuation date, it would be in violation of these provisions, and the counterparty to the derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on derivative instruments in net liability positions. If the credit risk-related contingent features underlying these swap agreements were triggered on December 31, 2012, the System would be required to post up to \$84,814 in collateral to the counterparties.

**8. Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes or periods at December 31:

	2012	2011
Net assets currently available for:		
Purchases of property and equipment	\$ 6,120	\$ 5,598
Medical education and other health care programs	67,111	57,394
Net assets available for future periods:		
Purchases of property and equipment	5,723	3,952
Medical education and other health care programs	11,397	8,387
	\$ 90,351	\$ 75,331

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**8. Restricted Net Assets (continued)**

Permanently restricted net assets generate investment income, which is used to benefit the following purposes or periods at December 31:

	<u>2012</u>	<u>2011</u>
Net assets currently producing investment income:		
Purchases of property and equipment	\$ 1,000	\$ 1,000
Medical education and other health care programs	35,166	21,559
Net assets available to produce investment income in future periods:		
Medical education and other health care programs	9,248	15,904
	<u>\$ 45,414</u>	<u>\$ 38,463</u>

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 9. Retirement Plans

The System maintains defined-benefit pension plans, the Advocate Health Care Network Pension Plan and Condell Health Network Retirement Plan (the Plans), which cover a majority of its employees (associates). The Condell Health Network Retirement Plan was frozen effective January 1, 2008 to new participants, and current participants ceased to accrue additional pension benefits. The System may elect to terminate the Condell Health Network Retirement Plan in the future subject to the provisions set forth in Employee Retirement Income Security Act of 1974.

A summary of changes in the plan assets, projected benefit obligation and the resulting funded status of the System's defined-benefit pension plans is as follows:

	2012	2011
Change in plan assets:		
Plan assets at fair value at beginning of year	\$ 653,518	\$ 672,769
Actual return on plan assets	90,138	(7,294)
Employer contributions	69,015	22,300
Benefits paid	(44,557)	(34,257)
Plan assets at fair value at end of year	\$ 768,114	\$ 653,518
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 761,890	\$ 707,064
Service cost	38,541	38,285
Interest cost	36,818	39,012
Actuarial gain	42,138	11,786
Benefits paid	(44,557)	(34,257)
Projected benefit obligation at end of year	\$ 834,830	\$ 761,890
Plan assets less than projected benefit obligation	\$ (66,716)	\$ (108,372)
Accumulated benefit obligation at end of year	\$ 759,260	\$ 699,330

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**9. Retirement Plans (continued)**

The Condell Health Network Retirement Plan paid lump sums totaling \$12,421 and \$3,896 in 2012 and 2011, respectively. These amounts are greater than the sum of the plan's service cost and interest cost for 2012 and 2011. As a result, the System recognized a settlement charge in the amount of \$4,101 and \$1,199 in 2012 and 2011, respectively.

	<u>2012</u>	<u>2011</u>
Net periodic pension expense consists of the following for the years ended December 31:		
Service cost	\$ 38,541	\$ 38,285
Interest cost	36,818	39,013
Expected return on plan assets	(54,706)	(56,290)
Amortization of:		
Prior service credit	(4,823)	(4,823)
Recognized actuarial loss	12,496	7,392
Settlement/curtailment	4,101	1,199
Net pension expense	<u>\$ 32,427</u>	<u>\$ 24,776</u>

The amount of actuarial loss and prior service cost (credit) included in other changes in unrestricted net assets expected to be recognized in net periodic pension cost during the fiscal year ending December 31, 2013, is \$17,412 and \$4,823, respectively.

For the defined-benefit plans previously described, changes in plan assets and benefit obligations recognized in unrestricted net assets during 2012 and 2011 include an actuarial (loss) gain of \$(9,891) and \$66,779, respectively, and net prior service costs of \$4,823 in both years.

Included in unrestricted net assets are the following amounts that have not yet been recognized in net periodic pension cost:

	<u>2012</u>	<u>2011</u>
Unrecognized prior credit	\$ (28,240)	\$ (33,063)
Unrecognized actuarial loss	237,525	247,416
	<u>\$ 209,285</u>	<u>\$ 214,353</u>

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**9. Retirement Plans (continued)**

Employer contributions were paid from employer assets for both years presented. No plan assets are expected to be returned to the employer. All benefits paid under the Plans were paid from the plans' assets. The System anticipates making \$31,680 in contributions to the plans' assets during 2013. Expected associate benefit payments are \$48,540 in 2013; \$50,960 in 2014; \$53,820 in 2015; \$59,610 in 2016; \$61,390 in 2017; and \$350,770 in 2018 through 2022.

The pension plans' asset allocation and investment strategies are designed to earn returns on plan assets consistent with a reasonable and prudent level of risk. Investments are diversified across classes, economic sectors and manager style to minimize the risk of loss. The System uses investment managers specializing in each asset category and, where appropriate, provides the investment manager with specific guidelines that include allowable and/or prohibited investment types. The System regularly monitors manager performance and compliance with investment guidelines.

The System's target and actual pension asset allocations are as follows:

<u>Asset Category</u>	<u>Target</u>	<u>Actual Asset Allocation</u>	
		<u>2012</u>	<u>2011</u>
Domestic and international equity securities	42.5%	44.6%	46.5%
Private equity limited partnerships and hedge funds	17.5	16.5	15.8
Fixed income securities	30.0	29.3	28.7
Real estate	10.0	8.5	9.0
Cash and cash equivalents	—	1.1	—
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Within the domestic and international equity portfolio, investments are diversified among large and mid-capitalizations (15%), non-large capitalizations (2.5%) and international and emerging markets (25%).

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 9. Retirement Plans (continued)

Fair value methodologies for Level 1 and Level 2 are consistent with the inputs described in Note 4. Real estate commingled funds for which an active market exists are included in Level 2. Fair value for Level 3 represents the Plans' ownership interests in the NAVs of the respective private equity partnerships, hedge funds and real estate commingled funds for which active markets do not exist (alternative investments). The System opted to use the NAV per share, or its equivalent, as a practical expedient for fair value of the Plans' interest in hedge funds and private equity funds. The alternative investment assets consist of marketable securities as well as securities and other assets that do not have readily determinable fair values. The fair values of the alternative investments that do not have readily determinable fair values are determined by the general partner or fund manager taking into consideration, among other things, the cost of the securities or other investments, prices of recent significant transfers of like assets and subsequent developments concerning the companies or other assets to which the alternative investments relate. There is inherent uncertainty in such valuations, and the estimated fair values may differ from the values that would have been used had a ready market for these investments existed. Private equity partnerships and real estate commingled funds typically have finite lives ranging from 5 to 10 years, at the end of which all invested capital is returned. For hedge funds, the typical lock-up period is one year, after which invested capital can be redeemed on a quarterly basis with at least 30 days' but no more than 90 days' notice. The Plans' investment assets are exposed to the same kinds and levels of risk as described in Note 4.

At December 31, 2012 and 2011, the System, on behalf of the Plans, has commitments to fund private equity investments an additional \$48,974 and \$38,699, respectively. The unfunded commitments at December 31, 2012, are expected to be funded over the next seven years.

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**9. Retirement Plans (continued)**

The following are the Plans' financial instruments at December 31, 2012, measured at fair value on a recurring basis by the valuation hierarchy defined in Note 4:

Description	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 13,053	\$ 8,403	\$ 4,650	\$ —
Equity securities:				
Small cap	2,450	—	2,450	—
Large cap	52,555	42,842	9,713	—
Value equity	39,673	37,887	1,786	—
Growth equity	54,226	52,176	2,050	—
U.S. equity	17,613	16,862	751	—
International equity	117,811	39,984	77,827	—
International equity – emerging	64,885	60,983	3,902	—
Fixed income securities:				
Core plus bonds	159,168	145,930	13,238	—
Long duration bonds	62,987	—	62,987	—
High yield bonds	1,831	—	1,831	—
Emerging market bonds	1,018	—	1,018	—
Other types of investments:				
Hedge funds	50,201	—	—	50,201
Private equity funds	68,868	—	—	68,868
Real estate	61,775	—	44,568	17,207
Total	\$ 768,114	\$ 405,067	\$ 226,771	\$ 136,276

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

9. Retirement Plans (continued)

The table below sets forth a summary of changes in the fair value of the Plans' Level 3 assets for 2012:

	Hedge Funds	Private Equity	Real Estate
Fair value at January 1, 2012	\$ 43,083	\$ 53,737	\$ 16,130
Net purchases and sales	4,256	8,269	(370)
Realized gains and losses	-	3,017	275
Unrealized gains and losses	2,862	3,845	1,172
Fair value at December 31, 2012	\$ 50,201	\$ 68,868	\$ 17,207

The following are the Plans' financial instruments at December 31, 2011, measured at fair value on a recurring basis by the valuation hierarchy defined in Note 4:

Description	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 2,864	\$ -	\$ 2,864	\$ -
Equity securities:				
Small cap	2,909	-	2,909	-
Large cap	53,827	43,033	10,794	-
Value equity	41,173	38,645	2,528	-
Growth equity	56,122	54,593	1,529	-
U.S. equity	20,993	19,954	1,039	-
International equity	94,906	31,691	63,215	-
International equity – emerging	38,533	34,327	4,206	-
Fixed income securities:				
Core plus bonds	177,007	159,907	17,100	-
Long duration bonds	12,314	-	12,314	-
Other types of investments:				
Hedge funds	43,083	-	-	43,083
Private equity funds	53,737	-	-	53,737
Real estate	56,050	-	39,920	16,130
Total	\$ 653,518	\$ 382,150	\$ 158,418	\$ 112,950

The fair value table at December 31, 2011 has been revised to classify certain cash and short-term investments, government mutual funds, and bonds and other debt security mutual funds from Level 2 to Level 1.

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**9. Retirement Plans (continued)**

The table below sets forth a summary of changes in the fair value of the Plans' Level 3 assets for 2011:

	<u>Hedge Funds</u>	<u>Private Equity</u>	<u>Real Estate</u>
Fair value at January 1, 2011	\$ 30,414	\$ 46,290	\$ 11,194
Net purchases and sales	14,774	5,010	1,489
Realized gains and losses	-	1,053	137
Unrealized gains and losses	(2,105)	1,384	3,310
Fair value at December 31, 2011	<u>\$ 43,083</u>	<u>\$ 53,737</u>	<u>\$ 16,130</u>

Assumptions used to determine benefit obligations at the measurement date are as follows:

	<u>2012</u>	<u>2011</u>
Discount rate	3.85%	4.75%
Assumed rate of return on assets	7.50	7.75
Weighted-average rate of increase in future compensation (age-based table)	4.15	4.80

Assumptions used to determine net pension expense for the fiscal years are as follows:

	<u>2012</u>	<u>2011</u>
Discount rate	4.75%	5.40%
Assumed rate of return on assets	7.75	8.00
Weighted-average rate of increase in future compensation (age-based table)	4.80	4.80

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 9. Retirement Plans (continued)

The assumed rate of return on plan assets is based on historical and projected rates of return for asset classes in which the portfolio is invested. The expected return for each asset class was then weighted based on the target asset allocation to develop the overall expected rate of return on assets for the portfolio. This resulted in the selection of the 7.50% and 7.75% assumption for 2012 and 2011, respectively.

In addition to the defined-benefit pension plans, the System sponsors various defined-contribution plans. Amounts contributed by the System approximated \$34,797 and \$32,752 in 2012 and 2011, respectively, and are included in salaries, wages and employee benefits expense in the consolidated statements of operations and changes in net assets.

#### 10. General and Professional Liability Risks

The System is self-insured for substantially all general and professional liability risks. The self-insurance programs combine various levels of self-insured retention with excess commercial insurance coverage. In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits. Revocable trust funds, administered by a trustee and a captive insurance company, have been established for the self-insurance programs. Actuarial consultants have been retained to determine the estimated cost of claims, as well as to determine the amount to fund into the irrevocable trust and captive insurance company.

The estimated cost of claims is actuarially determined based on past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. Accrued insurance liabilities and contributions to the revocable trust were determined using a discount rate of 3.50% and 4.00% for 2012 and 2011, respectively. Accrued insurance liabilities for the System's captive insurance company were determined using a discount rate of 3.00% for 2012 and 2011. Total accrued insurance liabilities would have been approximately \$53,308 and \$64,775 greater at December 31, 2012 and 2011, respectively, had these liabilities not been discounted.

The System is a defendant in certain litigation related to professional and general liability risks. Although the outcome of the litigation cannot be determined with certainty, management believes, after consultation with legal counsel, that the ultimate resolution of this litigation will not have any material adverse effect on the System's operations or financial condition.

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **11. Legal, Regulatory, and Other Contingencies and Commitments**

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. During the last few years, as a result of nationwide investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, exclusion from the Medicare and Medicaid programs, and revocation of federal or state tax-exempt status. Moreover, the System expects that the level of review and audit to which it and other health care providers are subject will increase.

Various federal and state agencies have initiated investigations, which are in various stages of discovery, relating to reimbursement, billing practices and other matters of the System. There can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations, and it is not possible to determine the impact, if any, such claims or penalties would have on the System. As a result, there is a reasonable possibility that recorded amounts will change by a material amount in the near term. To foster compliance with applicable laws and regulations, the System maintains a compliance program designed to detect and correct potential violations of laws and regulations related to its programs.

The System is committed to constructing additions and renovations to its medical facilities and implementing information technology projects, which are expected to be completed in future years. The estimated cost of these commitments is \$414,355, of which \$293,959 has been incurred as of December 31, 2012.

Future minimum rental commitments at December 31, 2012, for all noncancelable leases with original terms of more than one year are \$38,732, \$32,628, \$27,545, \$22,807 and \$20,396 for the years ending December 31, 2013 through 2017, respectively, and \$67,092 thereafter.

Rent expense, which is included in other expenses, amounted to approximately \$70,077 and \$77,170 in 2012 and 2011, respectively.

Advocate Health Care Network and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**12. Income Taxes and Tax Status**

Certain subsidiaries of the System are for-profit corporations. Significant components of the for-profit subsidiaries' deferred tax assets (liabilities) are as follows at December 31:

	<u>2012</u>	<u>2011</u>
<b>Deferred tax assets</b>		
Allowance for uncollectible accounts	\$ 4,346	\$ 4,523
Other accrued expenses	39	39
Reserves for incurred but not reported claims	255	364
Accrued insurance	7,699	7,732
Accrued compensation and employee benefits	4,745	4,023
Third-party settlements	848	848
Prepaid and other assets	380	373
Net operating losses	15,078	25,809
Total deferred tax assets	<u>33,390</u>	<u>43,711</u>
Less valuation allowance	<u>12,354</u>	<u>25,809</u>
Net deferred tax assets, included in deferred costs and intangible assets and prepaid expenses, inventories, and other assets	<u>\$ 21,036</u>	<u>\$ 17,902</u>
<b>Deferred tax liabilities</b>		
Property and equipment	\$ (7,165)	\$ (7,149)
Other accrued expenses	(3,647)	(272)
Deferred gain on acquisition	(4,827)	(6,228)
Total deferred tax liabilities, included in other noncurrent liabilities	<u>\$ (15,639)</u>	<u>\$ (13,649)</u>
Net deferred tax asset	<u>\$ 5,397</u>	<u>\$ 4,253</u>

As of December 31, 2012, the for-profit corporations had \$33,410 of federal and \$48,908 of state net operating loss carryforwards, with unutilized amounts expiring between 2019 and 2032.

The valuation allowance decreased by \$13,455 during 2012. This change is primarily due to the release of valuation allowances associated with net operating losses either expiring or realized via refund claims during the year. The valuation allowance as of the end of 2012 primarily consists of net operating losses that are unlikely to be realized.

## Advocate Health Care Network and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 12. Income Taxes and Tax Status (continued)

Significant components of the for-profit subsidiaries' provision (credit) for income taxes are as follows for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Current:		
Federal	\$ (1,012)	\$ 4,629
State	(309)	1,413
Deferred	(1,144)	2,612
	<u>\$ (2,465)</u>	<u>\$ 8,654</u>

Federal and state income taxes paid relating to the System's for-profit corporations were \$7,284 and \$1,102 in 2012 and 2011, respectively. In 2012, \$7,075 of the taxes paid related to the acquisition of a for-profit entity of which the System transferred the majority of the assets to an exempt subsidiary.

The System and all other controlled or wholly owned subsidiaries are exempt from income taxes under Internal Revenue Code Section 501(c)(3). They do, however, operate certain programs that generate unrelated business income. The current tax provision recorded on this income was \$1,378 and \$390 for the years ended December 31, 2012 and 2011, respectively. Federal, state, and local governments are increasingly scrutinizing the tax status of not-for-profit hospitals and health care systems.

#### 13. Subsequent Events

The System evaluated events occurring between January 1, 2012 and March 8, 2013, which is the date when the consolidated financial statements were issued. The System and Sherman Health Systems have executed a nonbinding letter of intent to form an affiliation to unify their nonprofit health care missions.

## Supplementary Information



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## Report of Independent Auditors on Supplementary Information

The Board of Directors  
Advocate Health Care Network

We have audited the consolidated financial statements of Advocate Health Care Network and Subsidiaries (collectively, the System) as of and for the year ended December 31, 2012, and have issued our report thereon dated March 8, 2013, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statement as a whole. The accompanying details of consolidated balance sheet and details of consolidated statement of operations and changes in net assets and shareholders' equity are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Ernst & Young LLP*

March 8, 2013

Advocate Health Care Network and Subsidiaries

Details of Consolidated Balance Sheet  
(Dollars in Thousands)

December 31, 2012

	Consolidated	Eliminations	Advocate Health Care Network	Advocate Health and Hospitals Corporation and Subsidiaries	Advocate Network Services, Incorporated and Subsidiaries	Advocate Charitable Foundation	Advocate Insurance SPC
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 397,945	\$ -	\$ 408	\$ 355,844	\$ 41,613	\$ 1	\$ 79
Short-term investments	21,528	-	200	-	-	21,328	-
Assets limited as to use	76,841	-	-	64,328	155	-	12,358
Patient accounts receivable, less allowances for uncollectible accounts	534,519	(6,127)	-	508,500	32,146	-	-
Amounts due from primary third-party payors	11,294	-	-	11,113	181	-	-
Intercompany accounts receivable	-	(67,426)	61	29,807	36,508	339	711
Prepaid expenses, inventories, and other current assets	230,488	-	-	157,558	30,885	26,094	15,951
Collateral proceeds received under securities lending program	20,794	-	-	20,794	-	-	-
Total current assets	1,293,409	(73,553)	669	1,147,944	141,488	47,762	29,099
Assets limited as to use:							
Internally and externally designated investments limited as to use	4,224,383	-	204,295	3,731,262	77,460	110,870	100,496
Investments under securities lending program	21,014	-	-	21,014	-	-	-
Investment in subsidiaries	-	(184,196)	184,196	-	-	-	-
Other noncurrent assets	116,305	-	-	111,762	-	4,543	-
Interest in health care and related entities	135,676	-	-	113,819	-	-	-
Reinsurance receivable	175,975	-	-	8,294	-	-	-
Deferred costs and intangible assets, less allowances for amortization	47,378	-	-	35,124	-	-	167,681
	4,720,731	(184,196)	388,491	4,021,275	111,571	115,413	268,177
Property and equipment - at cost:							
Land and land improvements	189,226	-	-	175,542	13,684	-	-
Buildings	2,209,485	-	-	2,127,847	81,113	525	-
Movable equipment	1,262,737	-	-	1,182,937	78,364	1,436	-
Construction-in-progress	136,740	-	-	135,525	1,215	-	-
	3,798,188	-	-	3,621,851	174,376	1,961	-
Less allowances for depreciation	2,034,494	-	-	1,922,362	110,532	1,600	-
	1,763,694	-	-	1,699,489	63,844	361	-
	\$ 7,777,834	\$ (257,749)	\$ 389,160	\$ 6,868,708	\$ 316,903	\$ 163,536	\$ 297,276

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Advocate Health Care Network and Subsidiaries

Details of Consolidated Balance Sheet (continued)  
(Dollars in Thousands)

	Consolidated	Eliminations	Advocate Health Care Network	Advocate Health and Hospitals Corporation and Subsidiaries	Advocate Network Services, Incorporated and Subsidiaries	Advocate Charitable Foundation	Advocate Insurance SPC
<b>Liabilities and net assets and shareholders' equity</b>							
Current liabilities:							
Current portion of long-term debt	\$ 19,103	\$ -	\$ -	\$ 17,522	\$ 1,581	\$ -	\$ -
Long-term debt subject to short-term remarketing arrangements	187,795	-	-	187,795	-	-	-
Accounts payable	228,321	-	-	214,052	13,951	239	79
Accrued salaries and employee benefits	347,617	-	-	324,683	21,482	1,452	-
Accrued expenses	118,158	(6,127)	1,500	83,894	32,264	346	6,281
Amounts due to primary third-party payors	240,192	-	-	237,765	2,427	-	-
Current portion of accrued insurance and claims costs	95,093	-	-	66,726	2,279	-	26,088
Notes and accounts payable to Advocate Health Care Network and subsidiaries	-	(67,426)	9	36,599	24,422	5,383	1,013
Obligations to return collateral under securities lending program	21,069	-	-	21,069	-	-	-
Total current liabilities	1,257,348	(73,553)	1,509	1,190,105	98,406	7,420	33,461
Noncurrent liabilities:							
Long-term debt, less current portion	1,142,458	-	-	1,136,569	5,889	-	-
Pension plan liability	66,716	-	-	64,233	2,483	-	-
Accrued insurance and claims cost, less current portion	661,395	-	-	601,998	19,260	-	40,137
Accrued losses subject to reinsurance recovery	175,975	-	-	8,294	-	-	167,681
Obligations under swap agreements, net of collateral posted	84,814	-	-	84,814	-	-	-
Other noncurrent liabilities	124,215	-	118	87,982	33,486	2,629	-
Total liabilities	2,255,573	-	118	1,983,890	61,118	2,629	207,818
	3,512,921	(73,553)	1,627	3,173,995	159,524	10,049	241,279
Net assets/shareholders' equity:							
Unrestricted	4,128,166	28,198	387,533	3,693,640	-	18,795	-
Temporarily restricted	90,351	-	-	1,073	-	89,278	-
Permanently restricted	45,414	-	-	-	-	45,414	-
Common stock	-	(1)	-	-	1	-	-
Additional paid-in capital	-	(177,163)	-	-	177,163	-	-
Non-controlling interest	982	-	-	-	982	-	-
Retained (deficit) earnings/partnership losses	-	(35,230)	-	-	(20,767)	-	55,997
Total net assets/shareholders' equity	4,264,913	(184,196)	387,533	3,694,713	157,379	153,487	55,997
	7,777,834	(257,749)	389,160	6,868,708	316,903	163,536	297,276

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**Advocate Health Care Network and Subsidiaries**  
**Details of Consolidated Statement of Operations and Changes in Net Assets and Shareholders' Equity**  
*(Dollars in Thousands)*

December 31, 2012

	Consolidated	Eliminations	Advocate Health Care Network	Advocate Health and Hospitals Corporation and Subsidiaries	Advocate Network Services, Incorporated and Subsidiaries	Advocate Charitable Foundation	Advocate Insurance SPC
<b>Unrestricted revenues, gains, and other support</b>							
Net patient service revenue	\$ 4,108,071	\$ (74,430)	\$ 3,951,729	\$ 230,772	\$ -	\$ -	\$ -
Provision for uncollectible accounts	(210,905)	-	(109,880)	(11,025)	-	-	-
Capitation revenue	3,897,666	(74,430)	3,751,849	219,747	-	-	-
Other revenue	300,985	(85,911)	12,698	378,287	-	-	-
	210,982	(160,341)	298,306	60,348	-	-	-
	4,599,133	-	4,062,343	658,382	-	-	36,682
<b>Expenses</b>							
Salaries, wages, and employee benefits	2,349,806	-	2,120,357	221,614	7,614	-	-
Purchased services and operating supplies	1,131,037	(56,635)	1,016,805	169,472	1,236	-	159
Contracted medical services	149,009	(74,411)	(2)	223,422	-	-	-
Insurance and claims costs	59,892	(27,447)	102,862	5,953	14	-	18,515
Other	337,419	(1,848)	297,020	31,780	2,537	-	7,930
Depreciation and amortization	187,742	-	177,228	10,440	74	-	-
Interest	45,953	-	45,514	439	-	-	-
Operating income (loss)	4,300,858	(160,341)	3,759,984	663,120	11,475	-	26,604
	298,275	-	302,959	(4,738)	(10,008)	-	10,078
<b>Nonoperating income (loss)</b>							
Investment income (loss)	380,749	-	7,363	357,607	10,815	-	4,964
Change in fair value of interest rate swaps	(52)	-	(52)	-	-	-	-
Loss on refinancing of debt	(24)	-	(24)	-	-	-	-
Other nonoperating items, net	(2,202)	-	(12,974)	5,705	(23)	-	-
Revenue in excess of (less than) expenses	671,656	-	7,347	647,516	11,282	(10,031)	15,042
<b>Unrestricted net assets</b>							
Net assets released from restrictions and used for capital purchases	7,378	-	7,373	-	-	-	-
Transfers to/from Advocate Health Care Network and Subsidiaries	-	-	140,100	(130,035)	35	9,800	-
Pretirement benefit plan adjustments	4,444	-	4,444	-	-	-	-
Other	(57)	-	-	-	1	(58)	-
Increase (decrease) in unrestricted net assets	683,421	-	147,447	509,298	11,818	(181)	15,042
<b>Temporarily restricted net assets</b>							
Contributions for medical education programs, capital purchases, and other purposes	21,869	-	23	-	-	21,846	-
Realized gains on investments	2,580	-	14	-	-	2,566	-
Unrealized gains on investments	6,304	-	14	-	-	6,290	-
Net assets released from restriction and used for operations, medical education programs, capital purchases, and other purposes	(15,733)	-	-	-	-	(15,733)	-
Increase in temporarily restricted net assets	15,020	-	51	-	-	14,969	-
<b>Permanently restricted net assets</b>							
Contributions for medical education programs, capital purchases, and other purposes	6,951	-	-	-	-	6,951	-
Increase in permanently restricted net assets	6,951	-	-	-	-	6,951	-
<b>Increase in net assets</b>							
Change in non-controlling interest	705,392	-	147,447	509,349	11,818	21,736	15,042
Net assets/shareholders' equity at beginning of year	16	-	16	-	-	-	-
Net assets/shareholders' equity at end of year	3,599,935	(184,196)	3,400,886	3,185,364	145,545	131,751	40,955
	4,264,018	(184,196)	3,873,533	3,694,211	137,379	153,487	55,927

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Advocate Health and Hospitals Corporation and Subsidiaries

Details of Consolidated Balance Sheet  
(Dollars in Thousands)

December 31, 2012

Assets	Consolidated	Eliminations	Advocate Health and Hospitals Corporation	Advocate Northside Health System	Advocate Condell Medical Center	Midwest Heart Specialists	EHS Home Health Care Services, Inc. and Subsidiary	Eliminations	EHS Home Health Care Service, Inc.	Advocate Hospice
Current assets:										
Cash and cash equivalents	\$ 355,844	\$ -	\$ 271,203	\$ 33,575	\$ 37,291	\$ 2,019	\$ 11,756	\$ -	\$ 7,761	\$ 3,995
Assets limited as to use	64,328	-	64,328	-	-	-	-	-	-	-
Patient accounts receivable, less allowances for uncollectible accounts	508,500	-	410,249	59,929	31,791	-	6,531	-	4,006	2,525
Accounts receivable from Advocate Health Care Network and subsidiaries	11,113	-	8,106	2,198	809	-	-	-	-	-
Amounts due from primary third-party payors	29,807	-	26,598	1,529	333	-	1,347	-	1,315	32
Intercountry accounts receivable	-	(41,992)	23,343	13,246	4,817	243	343	(269)	549	63
Prepaid expenses, inventories, and other current assets	157,558	-	133,113	17,028	6,841	384	192	-	181	11
Collateral proceeds received under securities lending program	20,794	-	20,794	-	-	-	-	-	-	-
Total current assets	1,147,944	(41,992)	957,734	127,505	81,882	2,646	20,169	(269)	13,812	6,626
Assets limited as to use:										
Internally and externally designated investments limited as to use	3,731,262	-	3,598,677	80,119	37,905	5,228	9,333	-	6,825	2,508
Investments under securities lending program	21,014	-	21,014	-	-	-	-	-	-	-
Other noncurrent assets	111,762	-	86,331	25,384	47	-	-	-	-	-
Interest in health care and related entities	113,819	(15,869)	46,234	83,454	-	-	-	-	-	-
Reinsurance receivable	8,294	-	7,816	-	478	-	-	-	-	-
Deferred costs and intangible assets, less allowances for amortization	35,124	-	30,984	114	478	4,026	-	-	-	-
	4,021,275	(15,869)	3,791,056	189,071	38,430	9,254	9,333	-	6,825	2,508
Property and equipment - at cost:										
Land and land improvements	175,542	-	105,426	15,340	54,776	-	-	-	-	-
Buildings	2,127,847	-	1,773,640	117,172	236,241	-	794	-	794	-
Movable equipment	1,182,937	-	1,067,117	57,262	54,271	-	4,287	-	4,222	65
Construction-in-progress	135,525	-	112,109	22,368	1,048	-	-	-	-	-
	3,621,851	-	3,058,292	212,142	346,336	-	5,081	-	5,016	65
Less allowances for depreciation	1,922,362	-	1,754,541	99,447	64,246	-	4,128	-	4,101	27
	1,699,489	-	1,303,751	112,695	282,090	-	953	-	915	38
	\$ 6,868,708	\$ (57,861)	\$ 6,052,541	\$ 429,271	\$ 402,402	\$ 11,900	\$ 30,455	\$ (269)	\$ 21,552	\$ 9,172

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Advocate Health and Hospitals Corporation and Subsidiaries

Details of Consolidated Balance Sheet (continued)  
(Dollars in Thousands)

	Consolidated	Eliminations	Advocate Health and Hospitals Corporation	Advocate Northside Health System	Advocate Condell Medical Center	Midwest Heart Specialists	EHS Home Health Care Services, Inc. and Subsidiary	Eliminations	EHS Home Health Care Service, Inc.	Advocate Hospice
<b>Liabilities and net assets</b>										
Current liabilities:										
Long-term debt subject to short-term remarketing arrangements	\$ 17,522	\$ -	\$ 17,170	\$ -	\$ 352	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	187,795	-	187,795	-	-	-	-	-	-	-
Accrued salaries and employee benefits	214,052	-	177,853	20,634	11,705	302	3,558	-	2,163	1,395
Accrued expenses	324,683	-	287,518	20,050	12,417	-	4,698	-	4,024	674
Amounts due to primary third-party payors	83,894	-	62,067	12,085	8,328	657	757	-	612	145
Current portion of accrued insurance and claims costs	237,765	-	173,298	22,730	35,400	-	6,337	-	6,298	39
Notes and accounts payable to Advocate Health Care Network and subsidiaries	66,726	-	66,726	-	-	-	-	-	-	-
Intercompany payables	36,599	-	30,592	2,815	1,555	9	1,628	-	1,376	252
Obligations to return collateral under securities lending program	-	(41,992)	18,572	14,347	7,504	128	1,441	(269)	1,086	624
Total current liabilities	21,069	-	21,069	-	-	-	-	-	-	-
	1,190,105	(41,992)	1,042,660	92,661	77,261	1,096	18,419	(269)	15,559	3,129
Noncurrent liabilities:										
Long-term debt, less current portion	1,136,569	-	1,105,889	-	30,680	-	-	-	-	-
Pension plan liability	64,233	-	31,484	-	32,749	-	-	-	-	-
Accrued insurance and claims cost, less current portion	601,998	-	601,998	-	-	-	-	-	-	-
Accrued losses subject to reinsurance recovery	8,294	-	7,816	-	478	-	-	-	-	-
Obligations under swap agreements, net of collateral posted	84,814	-	84,814	-	-	-	-	-	-	-
Other noncurrent liabilities	87,982	-	81,561	5,510	166	745	-	-	-	-
Total liabilities	1,983,890	-	1,913,562	5,510	64,073	745	-	-	-	-
	3,173,995	(41,992)	2,936,222	98,171	141,334	1,841	18,419	(269)	15,559	3,129
Net assets:										
Unrestricted	3,693,640	-	3,095,246	331,100	261,068	(5,810)	12,036	-	5,993	6,043
Temporarily restricted	1,073	-	1,073	-	-	-	-	-	-	-
Additional paid-in capital	-	(15,869)	-	-	-	15,869	-	-	-	-
Total net assets	3,694,713	(15,869)	3,096,319	331,100	261,068	10,059	12,036	-	5,993	6,043
	\$ 6,868,708	\$ (57,861)	\$ 6,052,541	\$ 429,271	\$ 402,402	\$ 11,900	\$ 30,455	\$ (269)	\$ 21,552	\$ 9,172

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Advocate Health and Hospitals Corporation and Subsidiaries

Details of Consolidated Statement of Operations and Changes in Net Assets and Shareholders' Equity  
(Dollars in Thousands)

December 31, 2012

	Consolidated	Eliminations	Advocate Health and Hospitals Corporation	Advocate Northside Health System	Advocate Condell Medical Center	Midwest Heart Specialists	EHS Home Health Care Services, Inc. and Subsidiary	Eliminations	EHS Home Health Care Service, Inc.	Advocate Hospice
<b>Unrestricted revenues, gains, and other support</b>										
Net patient service revenue	\$ 3,951,729	\$ -	\$ 3,127,021	\$ 437,325	\$ 310,438	\$ -	\$ -	\$ 76,945	\$ -	\$ 19,081
Provision for uncollectible accounts	(199,880)	-	(153,277)	(28,830)	(16,115)	388	(2,046)	-	(1,566)	(480)
	3,751,849	-	2,973,744	408,495	294,323	388	74,899	-	56,298	18,601
Capitation revenue	12,698	-	8,659	3,429	610	-	-	-	-	610
Other revenue	298,596	(60,777)	314,409	24,243	14,697	1,382	4,442	(2,022)	6,562	102
	4,062,943	(60,777)	3,296,812	436,167	309,020	1,770	79,951	(2,022)	63,270	18,703
<b>Expenses</b>										
Salaries, wages, and employee benefits	2,120,557	-	1,719,757	213,343	131,290	-	56,167	-	47,218	8,949
Purchased services and operating supplies	1,016,805	(56,315)	821,069	121,995	114,205	629	15,202	(2,022)	9,312	7,912
Contracted medical services	(2)	(2)	-	-	-	-	-	-	-	-
Insurance and claims costs	102,862	(157)	84,916	13,589	4,162	(2)	354	-	203	151
Other	297,020	(4,305)	256,745	29,179	12,485	(1,806)	4,722	-	3,851	871
Depreciation and amortization	177,228	-	145,686	12,835	16,360	1,892	455	-	447	8
Interest	45,514	-	42,963	2,514	37	-	-	-	-	-
	3,759,984	(60,777)	3,071,154	390,941	281,016	750	76,900	(2,022)	61,031	17,891
Operating income	302,959	-	225,658	45,226	28,004	1,020	3,051	-	2,239	812
<b>Nonoperating income (loss)</b>										
Investment income	357,607	-	338,469	15,344	2,991	229	574	-	409	165
Change in fair value of interest rate swaps	(52)	-	(52)	-	-	-	-	-	-	-
Loss on refinancing of debt	(24)	-	(24)	-	-	-	-	-	-	-
Other nonoperating items, net	(12,974)	-	(5,696)	(93)	(126)	(7,059)	-	-	-	-
Revenues in excess of (less than) expenses	647,516	-	538,355	60,477	30,869	(5,810)	3,625	-	2,648	977
Net assets released from restrictions and used for capital purposes	7,373	-	5,544	975	854	-	-	-	-	-
Transfers to/from Advocate Health Care Network and subsidiaries	(150,035)	-	(80,035)	(50,000)	(20,000)	-	-	-	-	-
Postretirement benefit plan adjustments	4,444	-	5,681	-	(1,237)	-	-	-	-	-
Increase (decrease) in unrestricted net assets	509,298	-	489,545	11,452	10,486	(5,810)	3,625	-	2,648	977
<b>Temporarily restricted net assets</b>										
Contributions for medical education programs, capital purchases, and other purposes	23	-	23	-	-	-	-	-	-	-
Realized gains on investments	14	-	14	-	-	-	-	-	-	-
Unrealized gains on investments	14	-	14	-	-	-	-	-	-	-
Net assets released from restriction and used for operations, medical education programs, capital purchases, and other purposes	-	-	-	-	-	-	-	-	-	-
Increase in temporarily restricted net assets	51	-	51	-	-	-	-	-	-	-
Increase (decrease) in net assets	509,349	-	489,596	11,452	10,486	(5,810)	3,625	-	2,648	977
Net assets/shareholders' equity at beginning of year	3,185,364	(15,869)	2,606,723	319,648	250,582	15,869	8,411	-	3,345	5,066
Net assets/shareholders' equity at end of year	\$ 3,694,713	\$ (15,869)	\$ 3,096,319	\$ 331,100	\$ 261,068	\$ 10,059	\$ 12,036	\$ -	\$ 5,993	\$ 6,043

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Advocate Northside Health System and Subsidiaries

Details of Consolidated Balance Sheet  
(Dollars in Thousands)

December 31, 2012

	Consolidated	Eliminations	Advocate Northside Health System	HispanoCare, Inc.
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 33,575	\$ -	\$ 33,162	\$ 413
Patient accounts receivable, less allowances for uncollectible accounts	59,929	-	59,929	-
Amounts due from primary third-party payors	2,198	-	2,198	-
Accounts receivable from Advocate Health Care Network and subsidiaries	1,529	-	1,484	45
Intercompany accounts receivable	13,246	(6)	13,252	-
Prepaid expenses, inventories, and other current assets	17,028	-	17,028	-
Total current assets	127,505	(6)	127,053	458
Assets limited as to use:				
Internally and externally designated investments limited as to use	80,119	-	80,119	-
Other noncurrent assets	25,384	-	25,384	-
Interest in health care and related entities	83,454	-	83,454	-
Deferred costs and intangible assets, less allowances for amortization	114	-	114	-
	189,071	-	189,071	-
Property and equipment – at cost:				
Land and land improvements	15,340	-	15,340	-
Buildings	117,172	-	117,172	-
Movable equipment	57,262	-	57,173	89
Construction-in-progress	22,368	-	22,368	-
	212,142	-	212,053	89
Less allowances for depreciation	99,447	-	99,361	86
	112,695	-	112,692	3
	\$ 429,271	\$ (6)	\$ 428,816	\$ 461

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Advocate Northside Health System and Subsidiaries

Details of Consolidated Balance Sheet (continued)  
*(Dollars in Thousands)*

	Consolidated	Eliminations	Advocate Northside Health System	HispanoCare, Inc.
<b>Liabilities and net assets</b>				
Current liabilities:				
Accounts payable	\$ 20,634	\$ -	\$ 20,626	\$ 8
Accrued salaries and employee benefits	20,050	-	20,031	19
Accrued expenses	12,085	-	12,085	-
Amounts due to primary third-party payors	22,730	-	22,730	-
Notes and accounts payable to Advocate Health Care Network and subsidiaries	2,815	-	2,784	31
Intercompany payables	14,347	(6)	14,347	6
Total current liabilities	92,661	(6)	92,603	64
Noncurrent liabilities:				
Other noncurrent liabilities	5,510	-	5,510	-
Total liabilities	98,171	(6)	98,113	64
Net assets:				
Unrestricted	331,100	-	330,703	397
Total net assets	331,100	-	330,703	397
	\$ 429,271	\$ (6)	\$ 428,816	\$ 461

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Advocate Northside Health System and Subsidiaries

Details of Consolidated Statement of Operations and  
Changes in Net Assets and Shareholders' Equity

(Dollars in Thousands)

December 31, 2012

	Consolidated	Eliminations	Advocate Northside Health System	HispanoCare, Inc.
<b>Unrestricted revenues, gains, and other support</b>				
Net patient service revenue	\$ 437,325	\$ -	\$ 437,325	\$ -
Provision for uncollectible accounts	(28,830)	-	(28,830)	-
	408,495	-	408,495	-
Capitation revenue	3,429	-	3,429	-
Other revenue	24,243	-	24,109	134
	436,167	-	436,033	134
<b>Expenses</b>				
Salaries, wages, and employee benefits	213,343	-	213,029	314
Purchased services and operating supplies	121,995	-	121,972	23
Insurance and claims costs	13,589	-	13,589	-
Other	29,179	-	29,044	135
Depreciation and amortization	12,835	-	12,833	2
	390,941	-	390,467	474
Operating income (loss)	45,226	-	45,566	(340)
<b>Nonoperating income (loss)</b>				
Investment income	15,344	-	15,343	1
Other nonoperating items, net	(93)	-	(93)	-
Revenues in excess of (less than) expenses	60,477	-	60,816	(339)
Net assets released from restrictions and used for capital purposes	975	-	975	-
Transfers to/from Advocate Health Care Network and subsidiaries	(50,000)	-	(50,250)	250
Increase (decrease) in unrestricted net assets	11,452	-	11,541	(89)
Unrestricted net assets at beginning of year	319,648	-	319,162	486
Unrestricted net assets at end of year	\$ 331,100	\$ -	\$ 330,703	\$ 397

Evangelical Services Corporation and Subsidiaries  
d/b/a Advocate Network Services, Inc. and Subsidiaries

Details of Consolidated Balance Sheet  
(Dollars in Thousands)

December 31, 2012

	Consolidated	Eliminations	Advocate Network Services, Inc.	High Technology, Inc.	Advocate Home Care Products, Inc.	Dreyer Clinic, Inc.	Advocate Health Centers, Inc.	BoMenn Medical Group
<b>Assets</b>								
Current assets:								
Cash and cash equivalents	\$ 41,613	\$ -	\$ 12,454	\$ 2,747	\$ 12,467	\$ 8,805	\$ 1,542	\$ 3,598
Assets limited as to use	155	-	-	-	-	-	-	155
Patient accounts receivable, less allowances for uncollectible accounts	32,146	(510)	-	1,528	2,887	21,039	2,462	4,740
Amounts due from primary third-party payors and subsidiaries	181	-	-	-	-	-	-	181
Accounts receivable from Advocate Health Care Network	36,508	-	29,195	123	933	213	5,221	823
Intercompany accounts and notes receivable	-	(53,077)	40,848	503	86	10,394	253	993
Prepaid expenses, inventories, and other current assets	30,885	-	21,066	156	1,199	4,650	2,749	1,065
Total current assets	141,488	(53,587)	103,563	5,057	17,572	45,101	12,227	11,555
Assets limited as to use:								
Internally and externally designated investments limited as to use	77,460	-	13,496	20,133	36,304	-	34	7,493
Intercompany notes receivable	-	(49,783)	283	49,500	-	-	-	-
Investments and other noncurrent assets	-	(98,769)	98,769	-	-	-	-	-
Interest in health care and related entities	21,857	-	6,509	-	-	1,634	-	13,714
Deferred costs and intangible assets, less allowances for amortization	12,254	-	9,511	-	-	2,729	14	-
	111,571	(148,552)	128,568	69,633	36,304	4,363	48	21,207
Property and equipment - at cost:								
Land and land improvements	13,684	-	6,138	1,004	-	5,488	567	487
Buildings	81,113	-	2,382	9,492	370	45,423	21,304	2,142
Movable equipment	78,364	-	8,184	18,506	7,849	25,804	13,747	4,274
Construction-in-progress	1,215	-	-	502	-	633	9	71
	174,376	-	16,704	29,504	8,219	77,348	35,627	6,974
Less allowances for depreciation	110,532	-	10,572	23,449	5,436	45,077	24,322	1,676
	63,844	-	6,132	6,055	2,783	32,271	11,305	5,298
	\$ 316,903	\$ (202,139)	\$ 238,263	\$ 80,745	\$ 56,659	\$ 81,735	\$ 23,580	\$ 38,060

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Evangelical Services Corporation and Subsidiaries  
d/b/a Advocate Network Services, Inc. and Subsidiaries

Details of Consolidated Balance Sheet (continued)  
(Dollars in Thousands)

	Consolidated	Eliminations	Advocate Network Services, Inc.	High Technology, Inc.	Advocate Home Care Products, Inc.	Dreyer Clinic, Inc.	Advocate Health Centers, Inc.	BoMenn Medical Group
<b>Liabilities and net assets/shareholder's equity</b>								
Current liabilities:	\$ 1,581	\$ -	\$ -	\$ -	\$ -	\$ 1,581	\$ -	\$ -
Current portion of long-term debt	-	(760)	-	-	-	260	-	500
Current portion of intercompany long-term debt	13,951	-	2,704	497	1,240	5,273	3,604	633
Accounts payable	21,482	-	3,392	856	571	7,144	8,202	1,317
Accrued salaries and employee benefits	32,264	(510)	353	795	37	1,690	29,601	298
Accrued expenses	2,427	-	-	-	994	1,433	-	-
Amounts due to primary third-party payors	2,279	-	-	-	-	-	2,124	155
Current portion of accrued insurance and claims costs	24,422	-	7,865	658	1,157	316	11,559	2,867
Notes and accounts payable to Advocate Health Care Network and subsidiaries	-	(52,317)	11,719	375	832	27,543	11,578	270
Intercompany payables	98,406	(53,587)	26,033	3,181	4,831	45,240	66,668	6,040
Total current liabilities	5,889	-	-	-	-	5,889	-	-
Noncurrent liabilities:	2,483	(49,783)	-	-	-	283	-	49,500
Long-term debt, less current portion	19,260	-	315	116	86	-	1,705	261
Long-term intercompany debt, less current portion	33,486	-	29,701	-	-	-	17,840	1,420
Pension plan liability	61,118	(49,783)	30,016	116	86	9,957	19,545	51,181
Accrued insurance and claims cost, less current portion	159,524	(103,370)	56,049	3,297	4,917	55,197	86,213	57,221
Other noncurrent liabilities	177,163	(5,163)	177,163	3,250	50	1,862	-	1
Total liabilities	982	(125,591)	177,163	22,294	9,098	27,528	32,080	34,591
Shareholders' equity:	(20,767)	31,985	5,050	51,904	42,594	(3,834)	(94,713)	(53,753)
Common stock	157,379	(98,769)	182,214	77,448	51,742	26,538	(62,633)	(19,161)
Additional paid-in capital	316,903	(202,139)	238,263	80,745	56,659	81,735	23,580	38,060
Partnership capital	982	-	-	-	-	982	-	-
Non-controlling interest	(20,767)	31,985	5,050	51,904	42,594	(3,834)	(94,713)	(53,753)
Retained earnings (deficit)	157,379	(98,769)	182,214	77,448	51,742	26,538	(62,633)	(19,161)
Total shareholders' equity	\$ 316,903	\$ (202,139)	\$ 238,263	\$ 80,745	\$ 56,659	\$ 81,735	\$ 23,580	\$ 38,060

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**Evangelical Services Corporation and Subsidiaries**  
**d/b/a Advocate Network Services, Inc. and Subsidiaries**

**Details of Consolidated Statement of Operations and Changes in Net Assets and Shareholders' Equity**  
*(Dollars in Thousands)*

December 31, 2012

	Consolidated	Eliminations	Advocate Network Services, Inc.	High Technology, Inc.	Advocate Home Care Products, Inc.	Dreyer Clinic, Inc.	Advocate Health Centers, Inc.	BoMenn Medical Group	CyberKnife
<b>Unrestricted revenues, gains, and other support</b>									
Net patient service revenue	\$ 230,772	\$ (7,853)	\$ -	\$ 24,658	\$ 25,265	\$ 122,837	\$ 37,581	\$ 28,284	\$ -
Provision for uncollectible accounts	(11,025)	-	-	(923)	(3,847)	(2,550)	(3,368)	(337)	-
Capitation revenue	219,747	(7,853)	-	23,735	21,418	120,287	34,213	27,947	-
Other revenue	378,287	-	-	-	1,264	60,012	316,748	263	-
	60,348	(4,424)	35,889	145	5,473	8,038	6,856	8,371	-
	658,382	(12,277)	35,889	23,880	28,155	188,337	357,817	36,581	-
<b>Expenses</b>									
Salaries, wages, and employee benefits	221,614	-	24,682	8,734	6,314	68,354	99,012	14,518	-
Purchased services and operating supplies	169,472	(4,423)	4,659	8,980	14,969	93,092	24,571	27,624	-
Contracted medical services	223,422	(7,853)	-	-	-	11,271	220,004	-	-
Insurance and claims costs	5,953	-	50	763	211	890	2,601	1,438	-
Other	31,780	-	1,826	1,508	1,864	10,564	13,698	2,320	-
Depreciation and amortization	10,440	-	873	1,556	773	3,714	2,805	719	-
Interest	439	(2,832)	2	-	-	492	187	2,590	-
Operating (loss) income	663,120	(15,108)	32,092	21,541	24,131	188,377	362,878	49,209	-
	(4,738)	2,831	3,797	2,339	4,024	(40)	(5,061)	(12,628)	-
<b>Nonoperating income (loss):</b>									
Investment income (loss)	10,815	(2,831)	2,269	6,174	4,440	-	4	759	-
Other nonoperating items, net	5,705	-	7,070	(2,777)	(2,394)	41	1,914	1,851	-
Revenues in excess of (less than) expenses	11,782	-	13,136	5,736	6,070	1	(3,143)	(10,018)	-
Transfers to/from Advocate Health Care Network and subsidiaries	35	(467)	1,068	-	-	3,203	-	-	(3,769)
Other	1	-	-	-	-	-	-	-	-
Increase (decrease) in unrestricted net assets	11,818	(467)	14,204	5,736	6,070	3,204	(3,143)	(10,017)	(3,769)
Change in non-controlling interest	16	-	-	-	-	16	-	-	-
Increase in non-controlling interest	16	-	-	-	-	16	-	-	-
Total change in shareholders' equity	11,834	(467)	14,204	5,736	6,070	3,220	(3,143)	(10,017)	(3,769)
Shareholders' equity at beginning of year	145,545	(98,302)	168,010	71,712	45,672	23,318	(59,490)	(9,144)	3,769
Shareholders' equity at end of year	\$ 157,379	\$ (98,769)	\$ 182,214	\$ 77,448	\$ 51,742	\$ 26,538	\$ (62,633)	\$ (19,161)	\$ -

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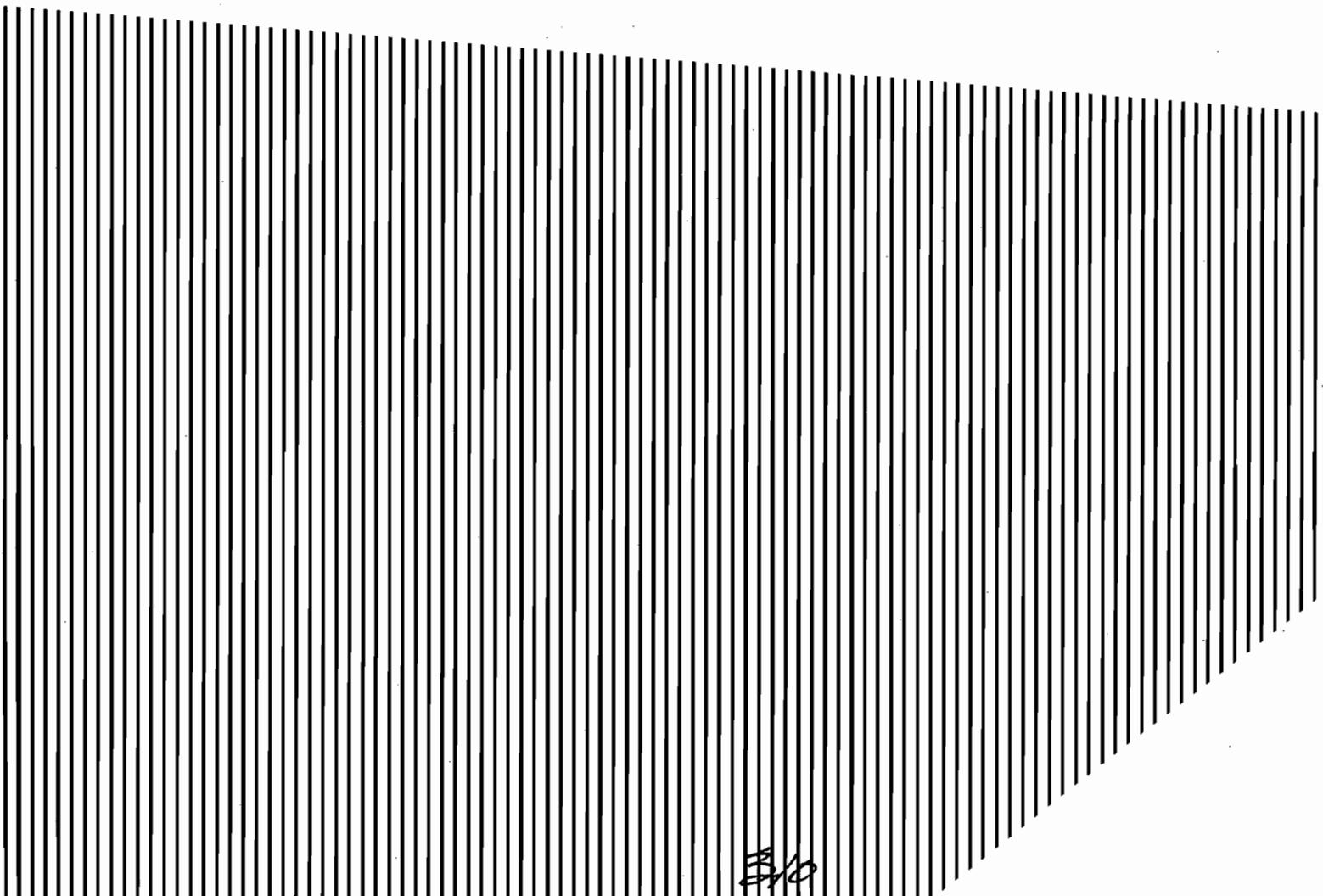
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